STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
COMPLIANCE EXAMINATION

(In Accordance with the Single Audit Act
and OMB Circular A-133)
For the Year Ended June 30, 2011

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

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
COMPLIANCE EXAMINATION
(In Accordance with the Single Audit Act and OMB Circular A-133)
For the Year Ended June 30, 2011

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ILLINOIS FINANCE AUTHORITY
COMPLIANCE EXAMINATION
(In Accordance with the Single Audit Act and OMB Circular A-133)
For the Year Ended June 30, 2011

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AGENCY OFFICALS

Executive Director	Mr. Christopher Meister
Chairman - Board of Directors	Mr. William Brandt, Jr.
Chief Financial Officer (7/1/2010 - 8/20/2010)	Ms. Yvonne Towers
Assistant Chief Financial Officer	Ms. Ximena Granda
Chief Human Resources Officer (7/1/2010 - 7/20/2011)	Mr. Arthur Friedson
General Counsel (7/13/2010 - 12/09/2011)	Mr. Brendan Cournane

Members of the Illinois Finance Authority Board during the period were as follows:

Dr. William Barclay
Roderick Bashir (7/1/2010 - 7/16/2010)
Gila Bronner (10/08/2010 - present)
Ronald DeNard (7/1/2010 - 5/6/2011)
John Durburg
James Fuentes
Michael Goetz
Norman Gold (9/14/2010 - present)
Dr. Roger Herrin (7/1/2010 - 5/12/2011)
Edward Leonard Sr.
Joseph McInerney (7/1/2010 - 3/23/2011)
Terrence O'Brien
Heather Parish (8/25/2010 - present)
Barrett Pedersen (5/9/2011 - present)
Roger Poole
Juan Rivera (7/1/2010 - 10/12/2010)
Bradley Zeller

Agency offices are located at:

Chicago Office
180 North Stetson Avenue, Suite 2555
Chicago, Illinois 60601

Springfield Office
500 East Monroe Street 3rd Floor
Springfield, Illinois 62701

Mount Vernon Office
2929 Broadway Street #7B
Mount Vernon, Illinois 62864

Peoria Office
100 South West Water Street
Peoria, Illinois 61602

ILLINOIS FINANCE AUTHORITY

180 North Stetson Ave.
Suite 2555
Chicago, IL 60601
312-651-1300
312-651-1350 fax
www.il-fa.com

April 17, 2012

E.C. Ortiz & Co., LLP
Certified Public Accountants
333 South Des Plaines Street, Suite 2-N
Chicago, Illinois 60661

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the State of Illinois, Illinois Finance Authority. We are responsible for and we have established and maintained an effective system of, internal controls over compliance requirements. We have performed an evaluation of the State of Illinois, Illinois Finance Authority's compliance with the following assertions during the year ended June 30, 2011. Based on this evaluation, we assert that during the year ended June 30, 2011, the State of Illinois, Illinois Finance Authority has materially complied with the assertions below.

A. The State of Illinois, Illinois Finance Authority has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.

B. The State of Illinois, Illinois Finance Authority has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.

C. The State of Illinois, Illinois Finance Authority has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

D. State revenues and receipts collected by the State of Illinois, Illinois Finance Authority are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.

Mt. Vernon | 2929 Broadway Street, Ste. 7B, Mt. Vernon IL 62864 | 618.244.2424 | 618.244.2433 fax
Peoria | 100 S. W. Water Street, Peoria, IL 61602 | 309.495.5959 | 309.676.7534 fax
Springfield | 500 E. Monroe St., Third Floor, Springfield, IL 62701 | 217.782.5792 | 217.782.3989 fax
TTY: 1.800.526.0844 | VOICE: 1.800.526.0857

E. Money or negotiable securities or similar assets handled by the State of Illinois, Illinois Finance Authority on behalf of the State or held in trust by the State of Illinois, Illinois Finance Authority have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Very truly yours,

ILLINOIS FINANCE AUTHORITY

Christopher Meister, Executive Director

X. Granda

Ximena Granda, Assistant Chief Financial Officer

Pamela Lenane

Pamela Lenane, Acting General Counsel

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
COMPLIANCE REPORT
For the Year Ended June 30, 2011

SUMMARY

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

ACCOUNTANTS' REPORT

The Independent Accountants' Report on State Compliance, on Internal Control Over Compliance and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

Number of	Current Report	Prior Report
Findings	13	8
Repeated findings	5	0
Prior recommendations implemented or not repeated	3	2

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Item No.	Page	Description	Finding Type
		FINDING (*GOVERNMENT AUDITING STANDARDS*)	
		No matters were reported.	
		FINDING AND QUESTIONED COST (FEDERAL COMPLIANCE)	
11-1	18	Noncompliance with the program loan agreement	Noncompliance and Significant deficiency
11-2	20	Noncompliance with the Economic Adjustment Assistance Program	Noncompliance and Significant deficiency

SUMMARY (continued)

Item No.	Page	Description	Finding Type
		FINDINGS (STATE COMPLIANCE)	
11-3	23	Inadequate control over travel and marketing expenditures	Noncompliance and Significant deficiency
11-4	27	Noncompliance with required contracting procedures	Noncompliance and Significant deficiency
11-5	29	Delinquent reporting of bond activity	Noncompliance and Significant deficiency
11-6	31	Failure to monitor outstanding bonded indebtedness of the Illinois Farm Development Bonds	Noncompliance and Significant deficiency
11-7	33	Noncompliance with the Illinois State Officials and Employee Ethics Act	Noncompliance and Significant deficiency
11-8	35	Noncompliance with the Venture Capital Investment Program	Noncompliance and Significant deficiency
11-9	37	Internal auditing program not implemented	Noncompliance and Significant deficiency
11-10	39	Noncompliance associated with an interagency agreement	Noncompliance and Significant deficiency
11-11	41	Noncompliance with laws and regulations	Noncompliance and Significant deficiency
11-12	43	Failure to file reports in implementing the American Recovery and Reinvestment Act	Noncompliance and Significant deficiency
11-13	45	Vacancies in the membership of the Illinois Finance Authority Board	Noncompliance

SUMMARY (continued)

In addition, the following findings which are reported as current findings and questioned costs relating to federal awards also meet the reporting requirements for State Compliance.

11-1	18	Noncompliance with the program loan agreement	Noncompliance and Significant deficiency
11-2	20	Noncompliance with the Economic Adjustment Assistance Program	Noncompliance and Significant deficiency

PRIOR FINDINGS NOT REPEATED

Item No.	Page	Description
A	46	Noncompliance with the investment requirements of the Bond Indenture
B	46	Inaccurate State property records
C	47	Administrative reports not filed timely

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Authority personnel at an exit conference on April 2, 2012. Attending were:

Illinois Finance Authority

Christopher Meister, Executive Director
Ximena Granda, Assistant Chief Financial Officer
Joy Kuhn, Assistant Treasurer
Pamela Lenane, Acting General Counsel

Bronner Group

Scott Bailey, Representative of the Audit Committee Chair

Office of the Auditor General

Jon Fox, Audit Manager

E.C. Ortiz & Co., LLP

Edilberto Ortiz, Partner
Marites Sy, Partner
Analie Hoyle, Manager

Responses to the recommendations were provided by Ximena Granda in letter dated April 13, 2012.

E.C. ORTIZ & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

Independent Accountants' Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes

Honorable William G. Holland
Auditor General
State of Illinois

and

Ms. Gila Bronner
Honorable Chairman of the Audit Committee
of the Board of Directors
Illinois Finance Authority

Compliance

As Special Assistant Auditors for the Auditor General, we have examined the State of Illinois, Illinois Finance Authority's compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the year ended June 30, 2011. The management of the State of Illinois, Illinois Finance Authority is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Illinois Finance Authority's compliance based on our examination.

A. The State of Illinois, Illinois Finance Authority has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.

B. The State of Illinois, Illinois Finance Authority has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.

C. The State of Illinois, Illinois Finance Authority has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

D. State revenues and receipts collected by the State of Illinois, Illinois Finance Authority are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.

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E. Money or negotiable securities or similar assets handled by the State of Illinois, Illinois Finance Authority on behalf of the State or held in trust by the State of Illinois, Illinois Finance Authority have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the State of Illinois, Illinois Finance Authority compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the State of Illinois, Illinois Finance Authority compliance with specified requirements.

In our opinion, the State of Illinois, Illinois Finance Authority complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the year ended June 30, 2011. However, the results of our procedures disclosed instances of noncompliance with the requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings and questioned costs as items 11-1, 11-2, 11-3, 11-4, 11-5, 11-6, 11-7, 11-8, 11-9, 11-10, 11-11, 11-12, and 11-13.

Internal Control

Management of the State of Illinois, Illinois Finance Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the State of Illinois, Illinois Finance Authority's internal control over compliance with the requirements listed in the first paragraph of this report as a basis for designing our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Illinois Finance Authority's internal control over compliance.

A *deficiency in an entity's internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the requirements listed in the first paragraph of this report on a timely basis. A *material weakness over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we considered to be significant deficiencies as described in the accompanying schedule of findings and question costs as items 11-1, 11-2, 11-3, 11-4, 11-5, 11-6, 11-7, 11-8, 11-9, 11-10, 11-11 and 11-12. A *significant deficiency in an entity's internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Additionally, the results of our procedures disclosed other matters involving internal control over compliance, which is required to be reported in accordance with criteria established by the Audit Guide issued by the Illinois Office of the Auditor General and which is described in the accompanying schedule of findings and questioned costs as item 11-13.

As required by the Audit Guide, immaterial findings excluded from this report have been reported in a separate letter to your office.

The State of Illinois, Illinois Finance Authority's responses to the findings identified in our examination are described in the accompanying schedule of findings and questioned costs. We did not examine the State of Illinois, Illinois Finance Authority's responses and, accordingly, we express no opinion on the responses.

<u>Supplementary Information for State Compliance Purposes</u>

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the business-type activities, each major fund and the aggregate remaining fund information of the State of Illinois, Illinois Finance Authority as of and for the year ended June 30, 2011, which collectively comprise the State of Illinois, Illinois Finance Authority's basic financial statements, and have issued our report thereon dated March 9, 2012. The accompanying supplementary information, as listed in the table of contents as Supplementary Information for State Compliance Purposes, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the State of Illinois, Illinois Finance Authority. The 2011 Supplementary Information for State Compliance Purposes, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2011, taken as a whole.

We have also previously audited, in accordance with auditing standards generally accepted in the United States, the State of Illinois, Illinois Finance Authority's basic financial statements for the years ended June 30, 2010 and June 30, 2009. In our reports dated May 5, 2011 and

January 22, 2010, respectively, of prior reports on basic financial statements, we expressed unqualified opinions on the respective financial statements of the business-type activities, each major fund, and the aggregate remaining fund information. In our opinion, the 2010 and 2009 Supplementary Information for State Compliance Purposes, except for the portion marked "unaudited," is fairly stated in all material respects in relation to the basic financial statements for the years ended June 30, 2010 and June 30, 2009, taken as a whole.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, the State of Illinois, Illinois Finance Authority's Board of Directors, State of Illinois, Illinois Finance Authority's management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

E. C. Ortiz & Co., LLP

Chicago, Illinois
April 17, 2012 except for the Supplementary Information for State Compliance Purposes paragraph, as to which the date is March 9, 2012.

E.C. ORTIZ & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Honorable William G. Holland
Auditor General
State of Illinois

and

Ms. Gila Bronner
Honorable Chairman of the Audit Committee
of the Board of Directors
Illinois Finance Authority

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the business-type activities, each major fund and the aggregate remaining fund information of the State of Illinois, Illinois Finance Authority, a component unit of the State of Illinois, as of and for the year ended June 30, 2011, which collectively comprise the State of Illinois, Illinois Finance Authority's basic financial statements and have issued our report thereon dated March 9, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the State of Illinois, Illinois Finance Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the State of Illinois, Illinois Finance Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of the State of Illinois, Illinois Finance Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Illinois Finance Authority's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

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A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of Illinois, Illinois Finance Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, the State of Illinois, Illinois Finance Authority's Board of Directors, State of Illinois, Illinois Finance Authority's management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

E. C. Ortiz & Co., LLP

Chicago, Illinois
March 9, 2012

E.C. ORTIZ & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program, on Internal Control Over Compliance, and on the Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133

Honorable William G. Holland
Auditor General
State of Illinois

and

Ms. Gila Bronner
Honorable Chairman of the Audit Committee
of the Board of Directors
Illinois Finance Authority

Compliance

We have audited the State of Illinois, Illinois Finance Authority's, a component unit of the State of Illinois, compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the State of Illinois, Illinois Finance Authority's major federal programs for the year ended June 30, 2011. The State of Illinois, Illinois Finance Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the State of Illinois, Illinois Finance Authority's management. Our responsibility is to express an opinion on the State of Illinois, Illinois Finance Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State of Illinois, Illinois Finance Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the State of Illinois, Illinois Finance Authority's compliance with those requirements.

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In our opinion, the State of Illinois, Illinois Finance Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 11-1 and 11-2.

Internal Control Over Compliance

The management of the State of Illinois, Illinois Finance Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the State of Illinois, Illinois Finance Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Illinois Finance Authority's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of control deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 11-1 and 11-2. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The State of Illinois, Illinois Finance Authority's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the State of Illinois, Illinois Finance Authority's responses and, accordingly, we express no opinion on the responses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the business-type activities, each major fund and the aggregate remaining fund information of the State of Illinois, Illinois Finance Authority, a component unit of the State of Illinois, as of and for the year ended June 30, 2011, and have issued our report thereon dated March 9, 2012. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the State of Illinois, Illinois Finance Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, the State of Illinois, Illinois Finance Authority's Board of Directors, State of Illinois, Illinois Finance Authority's management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

E. C. Ortiz & Co., LLP

Chicago, Illinois
April 17, 2012, except for the Schedule of Expenditures of Federal Awards paragraph, as to which the date is March 9, 2012.

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011

Summary of Auditors' Results

Financial Statements

Type of Report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	____ Yes __X__ No
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	____ Yes __X__ None Reported
• Noncompliance material to financial statements noted?	____ Yes __X__ No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	____ Yes __X__ No
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	__X__ Yes ____ None Reported
Type of auditor's report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	__X__ Yes ____ No

Identification of major programs:

CFDA Numbers	Name of Federal Programs
10.767	Intermediary Relending Program
11.307	Economic Adjustment Assistance

Dollar threshold used to distinguish between type A and type B programs:	$ 300,000
Auditee qualified as low-risk auditee?	____ Yes __X__ No

CURRENT FINDINGS – FEDERAL COMPLIANCE

11-1. **Finding** (Noncompliance with the program loan agreement)

Federal Agency:	U.S. Department of Agriculture Rural Development
Program Name:	Intermediary Relending Program
CFDA #:	10.767
Questioned Costs:	None

The Illinois Finance Authority (Authority) did not comply with certain monitoring and reporting requirements of the Intermediary Relending Program.

The Authority is a recipient of a loan from the U.S. Department of Agriculture Rural Development (USDARD). The Authority acts as the intermediary of the USDARD to provide loans to ultimate recipients to fund community development projects, establishment of new businesses, expansion of existing businesses, and creation and retention of jobs.

During our testing of the Intermediary Relending Program (IRP), we noted the following:

- The Authority did not obtain the required information and certificates in accordance with the IRP loan agreement. In our fiscal year 2010 report, we noted the Authority did not perform on-site visits to funded projects in accordance with the approved program work plan of the loan agreement. During fiscal year 2011, the Authority conducted the required on-site visits. However, we noted the Authority did not request or obtain certificate of management adherence to covenants of employment practices from ultimate recipients as a supplement to on-site visits. The approved program work plan requires the Authority to monitor progress status of the funded project through on-site visits. As a supplement to the on-site visits, on an annual basis, the Authority should obtain from ultimate recipients its financial statements and management certification of adherence to covenants of employment practices.

- The semi-annual IRP Lending Activity Report obtained from the Authority showed no evidence of review other than the preparer. The semi-annual reports were prepared by the Assistant Chief Financial Officer and no independent review was performed prior to submission to USDARD. Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments, Standards for Financial Management Systems (7 CFR 3016.20) requires non-federal entities receiving federal awards to establish and maintain internal control designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements. A good internal control requires an independent review of reports other than the preparer.

Authority management stated that due to staff turnover, new personnel was not aware of the program work plan requirement such as certification of management adherence to covenants of employment practices from ultimate recipients. Because of lesser activity in the program, the Authority did not think it was necessary that the reports were reviewed by independent personnel.

Failure to comply with the program requirements may disqualify the Authority from making loans and administering federal relending programs in the future. (Finding Code No. 11-1, 10-2)

Recommendation

We recommend Authority management require staff to become familiar with the requirements of the Intermediary Relending Program. Further, the Authority should improve internal controls over reporting and comply with the monitoring requirements of the Intermediary Relending Program.

Authority Response

The Authority accepts the Auditor's recommendation. The Authority is implementing controls to ensure compliance with the Intermediary Relending Program (IRP). The Authority will implement a second review of all reports submitted to the U.S. Department of Agriculture (USDA).

11-2. **Finding** (Noncompliance with the Economic Adjustment Assistance Program)

Federal Agency:	U.S. Department of Commerce Economic Development Administration
Program Name:	Economic Adjustment Assistance
CFDA #:	11.307
Questioned Costs:	None

The Illinois Finance Authority (Authority) did not meet the capitalization utilization requirements of the Economic Adjustment Assistance Program.

The Authority is a recipient of a grant from the U.S. Department of Commerce Economic Development Administration (EDA) through the Illinois Department of Commerce and Economic Opportunity. The grant was used to establish the Title IX Revolving Loan Fund (RLF) to provide low-cost supplemental financing to manufacturing companies located in areas declared eligible for economic adjustment assistance. The RLF fund was capitalized with a federal grant of $424,000 and the Authority contributed $141,334 as its share of the total project amount.

The program had been inactive since 1998 and the Authority had not been meeting the capital utilization requirements of the program, i.e. at least 75% of the RLF's capitalization is loaned or committed. In March 2002, EDA sequestered the excess cash of the program because of the Authority's continued noncompliance with the capital utilization requirement. Discussions between the Authority and EDA occurred subsequent to 2002 to either mutually terminate the program or revitalize the program until a final agreement was reached in 2008 whereby, the Authority paid back interest for sequestered excess cash from the time of noncompliance up to 2008. As of June 30, 2011, the RLF fund has a cash balance of $748,763 which includes the sequestered cash of $519,378.

During our audit of the Economic Adjustments Assistance Program (program), we noted the following:

- The Authority did not pursue negotiations with EDA to revitalize the program by submitting an updated revolving loan fund plan to EDA. In addition, the Authority continued to be noncompliant with the capitalization requirement of the program beyond reasonable time. Although the Authority had discussions with EDA in prior years, no further discussions or negotiations were made as to whether to continue or discontinue the program and return the federal portion of the fund.

  The Code of Federal Regulation (13 C.F.R. 307.16(c)) requires capital utilization standard during the Revolving Phase. RLF recipients must manage their repayment and lending schedules to provide that at all times at least seventy-five (75) percent of the RLF Capital is loaned or committed. According to Code of Federal Regulation (13 C.F.R. 307.16(c)(2)(ii)), RLF recipient will generally be allowed a reasonable period of time to lend excess funds and achieve the applicable capital utilization percentage. However, if an RLF recipient fails to achieve the applicable capital utilization percentage after a reasonable period of time, as determined by EDA, it may be subject to sanctions such as suspension or termination. The Code of Federal Regulation(13 C.F.R. 307.9(c)) states that recipients must update its Plan as necessary in accordance with changing economic conditions, however, at a minimum, an RLF recipient must submit an updated plan to EDA every five (5) years.

- The Authority did not remit to EDA the federal portion of interest from sequestered cash on a quarterly basis as required. The Authority remitted an interest of $278 for first quarter ending September 30, 2010 on June 28, 2011, 241 days after it was due. The interest for December 31, 2010, March 31, 2011 and June 30, 2011 was remitted to EDA as of the date of the report.

  The Code of Federal Regulation (13 C.F.R. 307.16(c)(2)(i)) states that portion of interest earned on the account holding excess funds attributable to the Federal Share of the RLF Grant shall be remitted to the U.S. Treasury. The EDA Revolving Loan Fund Financial Assistance Award Standard Terms and Conditions Part I Section (E)(3) requires the portion of the interest earned on the account holding sequestered funds that is attributable to the EDA share of the Award must be remitted quarterly to EDA within thirty (30) days of the end of each quarter (for EDA's purposes, quarters end on March 31, June 30, September 30 and December 31).

Authority management stated that the grant was initially administered by predecessor authorities and the program had been inactive because the interest rates offered in the program are not competitive with the market rates. Due to other priorities that took precedence, negotiations with EDA were put on hold. The Authority did not remit interest timely because the Authority deemed it appropriate to accumulate interest due to EDA and remits when it reaches a reasonable amount to justify cost of remittance.

Failure to pursue negotiations with the federal awarding agency and continued noncompliance with the capital utilization requirement may result in sanctions such as suspension or termination of the program. The non-remittance of interest as required denied the federal agency of additional income or funding for its grants. (Finding Code No. 11-2)

Recommendation

We recommend Authority management revisit the requirements of the grant and reinitiate negotiations with EDA to determine whether to continue or terminate the program and return the grant funds to EDA.

Authority Response

The Authority accepts the Auditor's recommendation. The Authority has been in contact with the EDA to modify the requirements of the grant and the work plan. The Authority will work closely with the EDA to ensure compliance with the grant agreement. The Authority will submit the federal portion of interest from sequestered cash on a quarterly basis.

CURRENT FINDINGS – STATE COMPLIANCE

11-3. **Finding** (Inadequate control over travel and marketing expenditures)

The Illinois Finance Authority (Authority) did not exercise adequate control over travel and marketing expenditures to ensure compliance with the Travel Guide for State of Illinois Employees (Travel Guide).

Based on our review of the Authority's travel policy (policy) and travel and marketing expenditures we noted the following:

- The Authority's policy does not require seeking approval from the Governor's Travel Control Board for any exception from the Travel Guide. Exceptions to the travel regulations are required to be approved by the Authority's Chief Financial Officer in accordance with its policy.

Governor's Travel Control Board Rules, (80 Ill. Adm. Code 2800.700) states exceptions to the operation of specific provisions of the rules may be granted in advance by the Chairman of the Governor's Travel Control Board when necessary to meet special or unavoidable circumstances and when in the best interest of the State. Exceptions are to be requested in writing by the Agency Head and submitted sufficiently in advance to allow meaningful consideration. These exceptions are granted to specific individuals or specified groups or individuals in a single agency.

- The Authority's policy does not require seeking the approval from the Governor's Office of the Management and Budget (GOMB) prior to any out-of-state travels. Out-of-state travels are approved by the immediate supervisor of the individual traveling in accordance with its policy. In our review of 51 travel vouchers, 13 (26%) vouchers totaling $18,317.11 were expenditures for out-of-state travels. There were no written requests for approval submitted by the Authority to GOMB prior to the travel.

Travel Control Board - Travel Update 03-09 (dated March 27, 2003) requires all requests for travel outside the borders of the State of Illinois must be received by the Bureau of Budget (now GOMB) no later than three (3) weeks prior to the anticipated departure date. All requests shall be submitted and must be personally reviewed and signed by the Agency Head.

- Seven of 51 (14%) travel vouchers tested contained unallowable travel expenses totaling $308.93. Unallowable travel expenses consist of food and beverage sales taxes, purchases from hotel restaurant and mini bar, gift shop charges, airline perks such as early check-in fee and boarding and flexibility package purchased during air flights. These expenses were either charged against the government charge card or reimbursed to employees. The Authority did not seek reimbursement of the overpayment in travel expenses because they contend it is reasonable for board of trustees' members who are lending their expertise to the Authority free of charge to exceed the Travel regulations limits on expenses at times.

Governor's Travel Control Board Rules, (80 Ill. Adm. Code 2800.230(c)) states Government Charge Card may only be used for business related travel expenses, specifically, transportation, lodging meals, and other expenses considered reimbursable. Travel Regulation Council Rules, (80 Ill. Adm. Code 3000.600 states cost of business related special expenses, if reasonable, shall be reimbursable such as; (1) hire of room, exhibit space, set up, and such for official business, (2) laundry and dry cleaning if on travel status for at least seven consecutive days, (3) storage and handling of baggage, (4) taxis including reasonable tips, (5) telephone calls on official business, and (6) telephone calls to secure lodging.

- Three of 51 (6%) travel vouchers tested were submitted for reimbursement from 92 and 141 days after the completion of travel.

Illinois Finance Authority Employee Handbook Section 4.5 states all reimbursement requests must be submitted no later than 90 days after the event.

- Certification for the license and insurance of a privately owned aircraft used on State travel was not provided. In fiscal year 2011, the Authority paid a total of $3,018 travel reimbursements related to charges for the use of a privately owned aircraft.

Governor's Travel Control Council Rules, (80 Ill. Adm. Code 3000.300), states employees using privately owned aircraft on State business shall be duly licensed by the appropriate licensing body for the particular aircraft to be flown, shall carry insurance in at least the amount of $500,000 combined single limit, and shall certify this to the Agency Head. Such certification shall be available for review and shall be noted on the travel voucher.

- Four of 51 (8%) travel vouchers and 1 of 16 (6%) marketing expense reports did not have supporting receipts totaling $1,764.77 and $79.57, respectively. These expenses which individually exceeded $10 were for transportation and lodging expenses. The Authority did not seek reimbursement of the unsupported travel expenses.

Governor's Travel Control Board Rules, (80 Ill. Adm. Code 2800.240(e)), states that expense reimbursements shall be supported by receipts in all instances for railroad and airplane transportation, lodging, taxis, and all other items in excess individually of $10 except for meals.

- Eight of 51 (16%) travel vouchers and 1 of 16 (6%) marketing expense reports had lodging reimbursements in excess of the maximum allowed by the Governor's Travel Control Board. Authority policy allows these reimbursements to be approved by the Executive Director instead of the Travel Control Board as required by the State travel rules. In addition, there was no evidence that three or four hotels were contacted before reservations were made. The total excess payment made by the Authority against the maximum allowed was $1,549.37. The Authority did not seek reimbursement of the overpayment in travel expenses because they contend it is reasonable for board of trustees' members who are lending their expertise to the Authority free of charge to exceed the Travel regulations limits on expenses at times.

Travel Regulation Council Rules, (80 Ill. Adm. Code 3000.410) states it is the responsibility of each employee to request the lowest available lodging rate at the time of making reservations. The traveler should require confirmation that "State rates" offered by hotels-motels are within the maximums allowed. In addition Governor's Travel Control Board Rules (80 Ill. Adm. Code 2800.710) states, in cases of request for approval for payment of hotel rates which exceed the maximum rate permitted, a diligent effort must have been made to obtain lodging in a hotel honoring the State rate. A reasonable number of hotels must be contacted. Contacting three or four additional hotels in urban areas is considered reasonable.

- Nine of 51 (18%) travel vouchers and 8 of 16 (50%) marketing expense vouchers with mileage reimbursements totaling $1,436.00 and $1,355.03, respectively, did not have the points of departure and arrival information. Without specific points of departure and arrival information we could not verify the reasonableness of mileage reimbursements.

- Three of 51 (6%) travel vouchers tested had mileage reimbursements in excess of the normal mileage between two locations. The excess mileage ranges from 14 to 43 miles against normal mileage totaling $7.00 to $21.50. No explanation attached to the travel vouchers to support the cause of mileage deviation.

Governor's Travel Control Board Rules, (80 Ill. Adm. Code 2800.240(d)) states that when a privately owned vehicle is used, the travel voucher shall show, at minimum, commuting mileage, the dates, points of travel and mileage. If the distance between any given points is greater than the usual route between these points shown on a road map, the reason for the greater distance shall be explained and detailed separately.

According to Authority management they are undertaking a comprehensive review of its travel policies to determine whether the compliance regime set forth by the Travel Control Board is appropriate to the Authority's funding sources, mission and available resources. Their understanding as a self funded agency, the Authority is not under the jurisdiction of the Governor's Travel Control Board, thus, is not required to adopt the Travel Guide. Expenditures without receipt and incomplete information on the travel expense reports were due to oversight.

Inadequate control over travel expenditures and failure to comply with the Travel Guide resulted in overpayments to travelers and is an inefficient use of State funds. (Finding Code No. 11-3, 10-7)

Recommendation

We recommend the Authority comply with the Travel Guide and strengthen its internal control over travel and marketing expenditures to ensure expenditures comply with the Travel Guide.

Authority Response

The Authority accepts the Auditor's recommendation. The Authority plans to update its travel policies and procedures to be in compliance with the Governor's Control Travel Guide. Given the unique financing structure and mission of the Authority, and its mandated reliance on a state-wide volunteer citizen board requiring monthly travel, the Authority will re-visit the applicability of the Travel Guide to its operations. Further, the Authority will review employee travel and marketing expense reimbursement forms for proper documentation and mathematical accuracy prior to approval of the reimbursement claim.

11-4. **Finding** (Noncompliance with required contracting procedures)

The Illinois Finance Authority (Authority) did not comply with certain required contracting procedures.

During our testing of 16 contracts, including 4 contracts for real property leases, we noted the following:

- Seven (44%) contracts totaling $510,938 had not been signed by all parties before the earliest service allowed under the contract agreement terms. The length of time between the beginning dates of the contractual agreements and dates of final signatures ranged from 18 to 393 days. Two of the seven contracts were for lease of real property and payments totaling $11,852 were already made before the contract was signed by all parties. Five of the seven contracts were for legal, marketing and communication consulting services. No payment was made before the contract was signed by all parties on these contracts.

- Eight (50%) contracts each exceeding $10,000 were not filed with the Illinois Office of the Comptroller (Comptroller). Seven contracts were for legal services and the other contract was for a lease of real property. The contracts totaled $454,330.

The Illinois Procurement Code (30 ILCS 500/20-80(d)) Timely Execution of Contracts states all contracts subject to the Illinois Procurement Code must be reduced to writing and signed by all necessary parties before services are rendered or goods are received.

Statewide Accounting Management Systems (SAMS) Manual Procedure 15.10.40, page 1 requires contracts exceeding $10,000 must be reduced to writing and filed with the Comptroller within 15 days of execution. SAMS Procedure 15.20.10, page 5 states “File Only” contracts, including contracts paid entirely from locally held funds, do not require obligation and are not entered into the SAMS system. They must, however, be filed with the Comptroller and must meet all Comptroller documentation and certification requirements.

Authority management stated that untimely execution of contracts was due to vendor’s failure to timely return signed contracts. Prompt action to secure and commence legal services was necessary to protect the Authority’s interest while the contract process was completed. Non-filing of contracts with the Comptroller was due to lack of a designated person to handle filing of contracts as a result of staff turnover.

Failure to have the contract agreements signed before the beginning of the contract period does not bind the service provider for compliance with the applicable laws, rules and regulations of the State and increases the Authority's risk of liability. Failure to file contracts as required with the Comptroller prevents the Comptroller from fulfilling its duties to monitor the contractual obligations of the State. (Finding Code No. 11-4, 10-5)

Recommendation

We recommended Authority management take the necessary steps to ensure contract agreements are signed by all the required parties before contract services begin. We also recommend management designate a person to ensure contracts exceeding $10,000 are filed with the Comptroller as required by the SAMS Manual.

Authority Response

The Authority accepts the Auditor's recommendation. The Authority commits material resources to compliance with the Procurement Code. The Authority recognizes that this is a repeat finding. The Authority will continue to work towards compliance in light of the State's Procurement Reforms.

11-5. **Finding** (Delinquent reporting of bond activity)

The Illinois Finance Authority (Authority) did not timely submit the bond closing notifications to local legislatures and did not timely submit required transaction reporting for its revenue bonds to the Illinois Office of the Comptroller (Comptroller).

During our testing of conduit bond issuances, we noted the following:

- The Authority is required to notify local legislatures for new bond issuances in accordance with its policies and procedures. Notification letters to local legislatures for 12 (100%) new issuances tested were not timely transmitted. Notification letters were transmitted from 68 to 376 days after they were due.

- 25 of 223 (11%) Notice of Payment of Bond and/or Principal (form C-08) tested were not submitted timely with the Office of the Comptroller. Form C-08s were submitted from 4 to 148 days after they were due.

The Illinois Finance Authority Policies and Procedures section 70.10.000 requires preparation of letters to local legislatures informing them of the financing within 30 days of bond closing.

The Statewide Accounting Management System (SAMS) Manual procedure 31.30.20, page 1, requires agencies to submit Form C-08 to the Office of the Comptroller within 30 days from the date the voucher is processed for payment for those agencies who are the "paying agent" to bond owners. For agencies who utilize trustees as their "paying agent", a Form C-08 should be prepared and submitted within 15 days of the agency's receipt of the trustee's monthly statement.

Authority management stated that staff assigned to prepare notification to local legislatures failed to do. The bond trustees did not submit Form C-08 to the Comptroller timely as required.

By not notifying the local legislature of new bond issuances it may inhibit the Authority's ability to work effectively with local stakeholders in public financing projects. Failure to submit accurate Form C-08 to the Office of the Comptroller on a timely basis inhibits the Comptroller from performing its responsibilities to record and monitor State debt. (Finding Code No. 11-5, 10-6)

Recommendation

We recommend Authority management train new personnel responsible for notifying the local legislatures about the Authority's policies and procedures related to processing bond transactions. Further, we recommend the Authority monitor its trustee's submission of the form C-08s to the Comptroller to ensure compliance with the SAMS requirements.

Authority Response

The Authority accepts the Auditor's recommendation. The Authority will train and provide the policies and procedures to new personnel. The Authority takes very seriously the process of the C-08's. The Authority receives over 7,000 C-08's per fiscal year. The Authority process is that any C-08 that has not been received within 10 calendar days of the "scheduled" payment date, an email reminder is sent out with weekly reminders until it's received. The Authority is in constant communication with the Office of the Comptroller and will continue to work with them to try to eliminate the lateness of the C-08's.

11-6. **Finding** (Failure to monitor outstanding bonded indebtedness of the Illinois Farm Development Bonds)

The Illinois Finance Authority (Authority) did not properly monitor the outstanding bonded indebtedness of the Illinois Farm Development Bonds as of June 30, 2011.

The Authority, as an issuer of bonds including conduit Illinois Farm Development Bonds (bonds) is required to annually report the aggregate outstanding bonded indebtedness of the bonds to the Illinois Office of the Comptroller (Comptroller). In order to do this, the Authority uses a loan database system to track bond issuances and balances. The database has been designed to generate verification letters that are sent to the lender banks each fiscal year to determine outstanding balances of the bonds. The lender banks are required to verify the principal, interest, and outstanding balance of a borrower. The verification letters received from the lender banks are encoded into the loan database and a report is generated by the database summarizing bond issuances by type, loan amount, and current balance and details of each borrower such as the borrower name, type of loan, loan number, loan amount and current balance. This report is submitted to the Comptroller within 90 days after the year ends.

During our testing of 25 loans issued under the Illinois Farm Development Bonds program, we noted the Authority did not send verification letters to monitor and obtain an updated outstanding bonded indebtedness on 3 (12%) loans tested totaling $519,577.26. The loan database system did not generate the annual verification letters. As a result these loans have not been verified since fiscal year 2008 and, therefore, the outstanding loan balances reported to the Comptroller may not be accurate.

The Statewide Accounting Management System (SAMS) Procedure 31.10.10 page 1 requires State agencies to submit bond issues information with the Comptroller relating to periodic transactions involving redemption of principal, payment of interest and outstanding bonded indebtedness. Good internal control requires adequate oversight of processes to ensure errors are prevented, detected, and timely corrected.

Authority management stated that the exceptions were due to errors in the loan database system not immediately identified because of inadequate maintenance of the system.

Failure to monitor outstanding bonded indebtedness increases the likelihood of misstatements on the reports submitted to the Comptroller and inhibits its ability to compile accurate Statewide indebtedness information. (Finding Code No. 11-6)

Recommendation

We recommend Authority management strengthen controls over the maintenance of its loan database system to ensure outstanding loans are properly verified and accurate reports are submitted to the Comptroller.

Authority Response

The Authority accepts the Auditor's recommendation. The Authority is in the process of acquiring a consultant to review and provide feedback on the loan database system. The Authority will take the appropriate steps to improve the loan database system once the review has been completed.

11-7. **Finding** (Noncompliance with the Illinois State Officials and Employee Ethics Act)

The Illinois Finance Authority (Authority) did not comply with the Illinois State Officials and Employee Ethics Act.

During our testing, we noted the following:

- The Authority did not ensure newly hired employees and board members complete the required ethics training within 30 days after commencement of employment and office with the Authority. Three and two newly hired employees and board members, respectively, completed the initial ethics training 16 to 238 days after they were due.

- The Authority did not have adequate controls over completion and maintenance of time sheets to ensure employees' work hours are properly recorded and documented. We noted missing time sheets in two of seven (29%) employees tested. One employee did not have timesheets for two pay periods and another employee did not have a timesheet for one pay period.

The Illinois State Officials and Employees Ethics Act (the Act) (5 ILCS 430/5-10(c)) states a person who fills a vacancy in an elective or appointed position that requires training must complete his or her initial ethics training within 30 days after commencement of his or her office or employment. Further, the Act (5 ILCS 430/5-5(c)) requires State employees to periodically submit time sheets documenting the time spent each day on official State business to the nearest quarter hour.

According to Authority management, these exceptions were due to oversight.

Failure to provide ethics training within the required timeframe may result in employees being unaware of specific ethical requirements of State employees. By not consistently requiring appropriate timesheets from employees, the Authority does not have documentation of the time spent by employees on official state business as contemplated by the Act. (Finding Code No. 11-7)

Recommendation

We recommend the Authority's Ethics Officer reinforce the efforts to monitor completion of ethics training within the required timeframe and ensure employees complete timesheets to ensure compliance with the Act.

Authority Response

The Authority accepts the Auditor’s recommendation. The Authority has established a more comprehensive process for the required ethics training of newly hired employees and board members. The Authority is in the process of modifying its current employee timesheet web based system to address this finding.

11-8. **Finding** (Noncompliance with the Venture Capital Investment Program)

The Illinois Finance Authority (Authority) did not develop and maintain a list of manufacturing firms located within the State that are available for purchase, merger, or acquisition as required by the Illinois Finance Authority Act (Act).

The Illinois Finance Authority Act – Venture Investment Fund (20 ILCS 3501/810-20(g)) states the Authority shall develop and maintain a list of firms, or divisions thereof, located within the State that are available for purchase, merger, or acquisition to facilitate and promote the acquisition and revitalization of existing manufacturing enterprises. During our testing, we noted the Authority did not develop and maintain the list as required by the statute.

According to Authority officials, on March 15, 2011, an amendment to House Bill 2097 was introduced that would amend the section of the Act that requires the Authority to develop and maintain a list of manufacturing firms. That amendment would make the requirement voluntary or subject to a specific request by the General Assembly. House Bill 2097 was referred to the Rules Committee of the General Assembly on March 17, 2011. No further action has been taken to repeal this statutory mandate as of the date of the report.

Authority management stated their understanding of the introductory paragraph of Section 810-20 of the Act, the litanies (a) through (g) are enumerated powers and not mandatory requirements.

Failure to develop and maintain a list of manufacturing companies located within the State that are available for purchase, merger, or acquisition reduces the availability of information to promote economic development within the State of Illinois. (Finding Code No. 11–8, 10-8)

Recommendation

We recommend the Authority develop and maintain a list of manufacturing firms or divisions thereof, located within the State that are available for purchase, merger, or acquisition to comply with the State statute or continue to seek legislative remedy from the statutory requirement.

Authority Response

The Authority accepts the Auditor's recommendation. The Authority has provided the appropriate language to the 97th General Assembly and has been included as an amendment to HB 2097. In 2012 the Authority again introduced a bill to address this issue, HB5452. See www.ilga.gov for current bill status. The Authority has worked intensively in 2012 with the General Assembly on this issue. In regard to Venture Capital, the Board and staff of IFA are taking steps to properly dispose the assets and to close out the program.

11-9. **Finding** (Internal auditing program not implemented)

The Illinois Finance Authority (Authority) did not implement the internal auditing program in fiscal year 2011 in accordance with the Fiscal Control and Internal Auditing Act.

Although the Authority contracted with an external firm to provide performance of internal auditing program in fiscal year 2010 for a three year term ending fiscal year 2013, the Authority did not actually implement the internal auditing program during the current fiscal year. The Authority did not prepare an internal audit plan and no internal audits were undertaken in fiscal year 2011. The Authority approved a two-year internal audit plan for fiscal year 2012 and fiscal year 2013 created by the external firm on June 27, 2011.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/2001) (Act) states each designated State agency shall maintain a full-time program of internal auditing. Section 1003 of the Act defines designated State agencies to include the office of the Secretary of State, the State Comptroller, the State Treasurer, and the Attorney General, the State Board of Education, the State colleges and universities, the Illinois Toll Highway Authority, the Illinois Housing Development Authority, the public retirement systems, the Illinois Student Assistance Commission, the Illinois Finance Authority, the Environmental Protection Agency, the Capital Development Board, the Department of Military Affairs, the State Fire Marshal. In addition, section 2003(a)(1) of the Act requires the Chief Internal Auditor to ensure that the program of internal auditing includes a two-year plan, identifying audits scheduled for the pending fiscal year, approved by the chief executive officer before the beginning of the fiscal year.

Authority management stated that due to staff turnover, the development of the internal audit was not completed within the required timeframe.

Failure to establish and properly implement an internal auditing program as mandated by the Act weakens the overall internal control environment of the Authority. (Finding Code No. 11-9)

Recommendation

We recommend Authority management comply with the Act and implement an internal auditing program.

Authority Response

The Authority accepts the Auditor's recommendation. The Authority had an internal audit plan developed by the end of fiscal year 2011. However, the internal audit plan was not completed within the required reporting time. The Authority is a comparatively small headcount agency, not supported by State appropriations. The Authority has devoted material resources to comply with this mandate on an ongoing basis. The internal audit is in progress with the final internal audit report due by the end of fiscal year 2012. The Authority anticipates subsequent audit plans and reports through its mandated program of internal audit.

11-10. **Finding** (Noncompliance associated with an interagency agreement)

The Illinois Finance Authority (Authority) did not reimburse the Department of Central Management Services (CMS) for the salary and salary related expenses of a State employee shared among the Authority, CMS, and the Department of Revenue (DOR) in accordance with the interagency agreement among the three agencies.

During fiscal year 2011, the Authority entered into an interagency agreement (agreement) with CMS and DOR to share the services of a CMS employee (liaison) for procurement consulting services. The agreement states that the liaison will serve 40% of her time with CMS, 40% with the Authority and 20% with DOR. The agreement also states that the Authority, the CMS and DOR are responsible for 40%, 40% and 20%, respectively, of the liaison's salary, State-paid contributions for retirement and Social Security.

Our testing disclosed that CMS paid 100% of the liaison's salary, State-paid contributions for retirement and Social Security and did not bill the Authority for the agreed-upon 40% share of services rendered by the liaison from December 1, 2010 through June 30, 2011. The Authority had reached out to CMS at the start of the interagency agreement to determine what was needed on the part of the Authority to share on the liaison's salary and salary related expenses. There were discussions with CMS; however, no agreement was reached with CMS on how to bill the Authority for its share of the liaison's salary and salary related expenses.

During our testing we also noted the Authority had no documentation to support the 40% allocated share of the liaison's salary and salary related expenses. The liaison officer had not indicated her time spent at the Authority on her time sheets submitted to CMS nor had she submitted a time sheet to the Authority for her time spent on Authority procurement consulting services.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) states, all State agencies shall establish and maintain a system, or systems, of internal fiscal and administrative controls, which shall provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources. By paying the employee solely at CMS for work performed at the Authority, agencies party to the agreement circumvented the appropriation authority of the General Assembly as described in the State Finance Act (30 ILCS 105/9.03).

Further, the State Officials and Employees Ethics Act (5 ILCS 430/5-5(c)) (the Act) requires State employees to periodically submit time sheets documenting the time spent each day on official State business to the nearest quarter hour.

Authority management stated that they made every effort to comply with the interagency agreement by communicating with CMS for the reimbursement process of the liaison's salary and State paid contributions.

Failure to require the liaison to prepare timesheets resulted in the Authority not documenting the time spent by the liaison on official state business as contemplated by the Act. By entering into an interagency agreement with an arbitrary 40% allocation of an employee's salary and salary related expenses, the Authority may under or overpay CMS for services rendered. (Finding Code No. 11-10)

Recommendation

We recommend the Authority enforce timekeeping requirements and require the interagency employee to submit timesheets for time spent on Authority work to the nearest quarter hour. Further, we recommend that the Authority amend the interagency agreement to pay CMS for salary and salary related expenses of the interagency employee for work pertaining to the actual time spent on Authority related matters.

Authority Response

The Authority accepts the Auditor's recommendation. The Authority has made efforts to comply with the interagency agreement. The Authority is grateful to CMS for its ongoing partnership with the Authority and its overall commitment to responsibly conserve public funds. The Authority has long advocated responsible stewardship of public funds through cooperation among state agencies. The Authority will work with CMS to resolve the issue.

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011

11-11. **Finding** (Noncompliance with laws and regulations)

The Illinois Finance Authority (Authority) did not have an adequate process to timely identify new laws and regulations applicable to the Authority to ensure compliance.

During our testing, we noted the Authority did not develop and implement the following policies and procedures to comply with federal and state statutes recently enacted:

- The Authority did not draft and approve an identity protection policy to comply with the Identity Protection Act. The Identity Protection Act (5 ILCS 179/37) effective June 1, 2010 states that each State agency must draft and approve an identity protection policy within 12 months after the effective date of the Act. In addition, each State agency must implement the components of its identity protection policy that are necessary to meet the requirements of the Identity Protection Act within 12 months after the identity protection policy is approved.

- The Authority did not develop and implement written identity theft prevention programs on or before December 31, 2010 to enforce the Federal Trade Commission's (FTC) rules on identity theft, known as "Red Flags Rule." The Authority as a creditor is required to comply with the Red Flags Rule. The Fair and Accurate Credit Transactions Act of 2003 section 114 requires each financial institution or creditor to develop and implement a written Identity Theft Prevention Program to detect, prevent, and mitigate identity theft in connection with the opening of certain accounts or certain existing accounts. The mandatory compliance date for this rule was extended to December 31, 2010.

- The Authority did not designate employees, officers or members to receive training on compliance with the Open Meetings Act on or before July 1, 2010. The Open Meetings Act (5 ILCS 120/1.05) states every public body shall designate employees, officers or members to receive training on compliance with the Open Meetings Act. Each public body shall submit a list of designated employees, officers, or members to the Public Access Counselor. Within 6 months after January 1, 2010, the designated employees, officers and members must successfully complete an electronic training curriculum, developed and administered by the Public Access Counselor, and thereafter must successfully complete an annual training program. Thereafter, whenever a public body designates an additional employee, officer or member to receive this training, that person must successfully complete the electronic training curriculum within 30 days after that designation.

Adequate internal control over compliance with laws and regulations would require the Authority to develop a process to timely identify and monitor, federal, state, and local laws and regulations that apply to the Authority to ensure compliance with those laws and regulations.

According to Authority management noncompliance of the statutes was due to the lack of awareness of the Identity Protection Act and oversight of the Open Meetings Act.

Failure to monitor laws and regulations applicable to the Authority increases the risk that the Authority would not comply with those laws and regulations and could potentially result in the Authority incurring unexpected cost. (Finding Code No. 11-11)

Recommendation

We recommend the Authority comply with the Identity Protection Act, the "Red Flags Rule" of the FTC, and the Open Meetings Act. Further, we recommend the Authority establish adequate policies and procedures to timely identify, monitor and comply with new laws and regulations applicable to the Authority to ensure compliance.

Authority Response

The Authority accepts the Auditor's recommendation. The Authority is in the process of updating its policies and procedures to comply with the Identity Protection Act and the "Red Flags Rule" of the FTC. The Authority is very aware of and complies strictly with the Open Meetings Act. It was an oversight that the Authority did not designate employees, officers or members to receive training on the Open Meeting Act during fiscal year 2011, there were four attorneys at the Authority, all of whom were well versed in the requirements of the Open Meetings Act. The Authority has designated an employee, who is an attorney and who has taken both the online training as well as the Attorney General's CLE Open Meetings Act training as the Open Meeting Act Officer.

11-12. **Finding** (Failure to file reports in implementing the American Recovery and Reinvestment Act)

The Illinois Finance Authority (Authority) did not file the required reports to the General Assembly for its issuance of Recovery Zone Bonds in implementing the provisions of the American Recovery and Reinvestment Act of 2009.

In accordance with the provisions of the American Recovery and Reinvestment Act of 2009 (ARRA), all counties and municipalities of the State with a population of 100,000 or more have received an allocation of recovery zone bonds authorizations to spur economic development. In accordance with the Federal law, the allocation maybe voluntarily waived by counties and municipalities to the State for reallocation to other jurisdictions and other projects in the State. The Authority, on behalf of the State, will receive unused allocations and ensures that the incentive will be used to the fullest extent possible. The Authority received a total reallocation cap of $295,923,000 and issued eight bonds totaling $211,488,000 from August 24, 2010 through December 31, 2010. In accordance with the statute, the Authority is required to submit monthly reports to the General Assembly starting September 15, 2010 detailing its implementation of the ARRA provision. The Authority did not submit the monthly reports as required. The Authority filed a report detailing its implementation of the ARRA provisions regarding the recovery zone bonds on June 28, 2011.

The Illinois Finance Authority Act (20 ILCS 3501/825-107(f)) states starting 60 days after the effective date and ending on January 15, 2011, the Authority shall file a report before the 15^{th} day of each month with the General Assembly detailing its implementation of the ARRA provisions regarding recovery zone bonds, including but not limited to the dollar amount of the allocation amount that has been reallocated by the Authority pursuant to this Section, the recovery zone bonds issued in the State as of the date of the report, and descriptions of the qualifying projects financed by those recovery zone bonds.

According to Authority management, the failure to file monthly reports was due to oversight.

Failure to file the ARRA reports with the General Assembly may inhibit its ability to exercise oversight over the usage of the incentives provided by the American Recovery and Reinvestment Act of 2009. (Finding Code No. 11-12)

Recommendation

We recommend Authority management improve its controls over monitoring amendments to the Illinois Finance Authority Act to ensure it complies with any new or amended provisions of the Act.

Authority Response

The Authority accepts the Auditor's recommendation. The Authority submitted the report in late June. The Authority is implementing an agency wide reporting monitoring mechanism. This will help the Authority to submit all reports in a timely manner.

11-13. **Finding** (Vacancies in the membership of the Illinois Finance Authority Board)

The Illinois Finance Authority (Authority) Board was not composed of 15 members as required by the Illinois Finance Authority Act (Act).

The Authority's Board is currently composed of 13 instead of 15 members as required by the Act. The vacancies, which originated in April 2011, are to be filled through an appointment from the Office of the Governor.

The Illinois Finance Act (20 ILCS 3501/801-15) states the Authority shall consist of 15 members, who shall be appointed by the Governor, with the advice and consent of the Senate.

Authority management stated appointments and reappointments are at the discretion of the Governor and not of the Authority.

Board members should be appointed in a timely manner in order to properly formulate the direction and policies of the Authority as intended. A full board is necessary to properly conduct meetings and operate effectively and efficiently. (Finding Code No. 11-13)

Recommendation

We recommend the Authority comply with the requirements of the Act by communicating with the Office of the Governor regarding the vacancies in the Authority's Board until the vacancies are filled.

Authority Response

The Authority accepts the Auditor's recommendation. The Authority provides regular reports to the Office of Governor in regards to vacancies and other matters and makes every effort to comply with the Act. The Authority management lacks the statutory power to name and confirm its Board members.

PRIOR FINDING NOT REPEATED

A. **Finding** (Noncompliance with the investment requirements of the Bond Indenture)

The Illinois Finance Authority (Authority) did not ensure that its investments of bond proceeds were in accordance with the Bond Indenture.

Monies relating to the issuance of the 2002 and 2004 bonds were invested in a short term obligations of a corporation that exceeded the cap required per the Bond Indenture. (Finding Code No. 10-1)

Status: Implemented

During the current year, the bond trustee of the series 2002 and 2004 bonds cured the default that resulted from its noncompliance by investing monies relating to the issuance of these bonds in a short-term obligation of different corporations so that investment in a single corporation did not exceed the cap as required by the Bond indenture.

B. **Finding** (Inaccurate State property records)

The Illinois Finance Authority (Authority) did not submit an accurate annual State property inventory listing to the Department of Central Management Services (DCMS) or the Illinois Office of the Comptroller (Comptroller).

The annual State property inventory listing (listing) submitted to DCMS did not include 45 pieces of equipment located in the Chicago and Springfield office with acquisition costs exceeding $500 that are required to be included in the listing in accordance with regulations. Also, the listing submitted to DCMS included 331 pieces of equipment without cost and/or purchase date information consisting of office furniture, telephones and computers that were acquired from predecessor authorities and consolidated into the Authority.

The Agency Report of State Property (Form C-15) submitted to the Comptroller did not include 20 pieces of surplus equipments transferred to DCMS and was not reconciled with the listing submitted to the DCMS and Authority's equipment records. (Finding Code No. 10-3)

Status: Implemented

PRIOR FINDING NOT REPEATED (continued)

During the current fiscal year, our testing disclosed that the Authority submitted an annual State property inventory listing to the DCMS or Comptroller. In addition the Authority performed 100% physical inventory of its capital assets and reconciled its inventory listing with the general ledger and Form C-15.

C. **Finding** (Administrative reports not filed timely)

The Illinois Finance Authority (Authority) did not timely file its administrative reports as required.

The Authority filed the fiscal year 2009 Agency Workforce Report due January 1, 2010 with the Secretary of State and the Office of the Governor 68 days and 60 days late, respectively. In addition, the Travel Headquarter (Form TA-2) report for the period July 1 through December 31, 2009 was filed with the Legislative Audit Commission 4 months after it was due. (Finding Code No. 10-4)

Status: Implemented

During the current year, the Authority's fiscal year 2010 Agency Workforce Report due January 1, 2011 with the Secretary of State and the Office of the Governor was filed timely. We did however note some errors in the information filed within the Agency Workforce Report and reported an immaterial finding IM11-5 to the Authority. Form TA-2 reports for the periods of January 1 through June 30, 2010 and July 1 through December 31, 2010 were timely filed with the Legislative Audit Commission.

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
For the Year Ended June 30, 2011

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

- Fiscal Schedules and Analysis:

    Schedule of Expenditures of Federal Awards
    Notes to the Schedule of Expenditures of Federal Awards
    Schedule of Appropriations, Expenditures and Lapsed Balances
    Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
    Comparative Schedule of Revenues and Expenses
    Schedule of Changes in State Property
    Comparative Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller
    Analysis of Significant Variations in Expenses
    Analysis of Significant Variations in Revenues
    Analysis of Significant Account Balances
    Analysis of Accounts Receivable
    Schedule of Cash Funds and Depositories
    Schedule of Investments
    Schedule of Contracts
    Schedule of Conduit Debt

- Analysis of Operations:

    Authority Functions and Planning Program
    Employee Compensation Plan
    Average Number of Employees
    Ten-Year Schedule of Jobs Created or Retained by Loans, Revenue Bonds, and Investments Made by the Authority (Unaudited)
    Summary of Agriculture, Fire Truck and Ambulance Loan Programs:
        Agricultural Development Bonds
        State Guarantee Program for Restructuring Agricultural Debt
        Farmer and Agri-Business Loan Guarantee Program
        Young Farmer Loan Guarantee Program
        Specialized Livestock Loan Guarantee Program
        Fire Truck Revolving Loan Program
        Ambulance Revolving Loan Program

SUMMARY (continued)

Historical Summary of Agricultural Loans Issued by Program by County (Unaudited)
Service Efforts and Accomplishments (Unaudited)
Schedule of Federal and Nonfederal Expenditures

The accountants’ report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states that it has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in the auditors’ opinion, except for that portion marked “unaudited” on which they express no opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2011

Federal Grantor/ Pass-through Agency/ Program Title	Federal CFDA Number	Project Number or Pass-through Entity Identifying Number	Program or Award Amount	Total Program Expenditures
U.S. Department of Agriculture Rural Development				
Intermediary Relending Program	10.767	150618484	$ 1,500,000	$ 603,137
U.S. Department of Commerce Economic Development Administration				
Passed-through the Illinois Department of Commerce and Economic Opportunities				
Economic Adjustment Assistance	11.307	06-19-01916	424,000	630,204
Total			$ 1,924,000	$ 1,233,341

The federal expenditures for the Economic Adjustment Assistance were calculated as follows:

Balance of loans outstanding	$ 91,484
Cash and investment balance	748,788
Total	840,272
Federal percentage of loan funds	75%
Federal expenditures	$ 630,204

See Notes to Schedule of Expenditures of Federal Awards.

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2011

1. ORGANIZATION

The Illinois Finance Authority (Authority) is a body politic and corporate created July 17, 2003 by Public Act 93-205, effective January 1, 2004. Public Act 93-205 consolidated seven of the State's existing finance authorities into the Authority. The Authority succeeded to the rights and duties of the existing finance authorities as of January 1, 2004. Public Act 93-205 also repealed existing finance authorities' authorizing legislation. The mission of the Authority is statutorily defined as follows (20 ILCS 3501/801 et seq.):

> The mission of the Illinois Finance Authority is to foster economic development to the public and private institutions that create and retain jobs, and improve the quality of life in Illinois by providing access to capital.
>
> The Authority sponsors a variety of lending programs including direct lending and direct lending participation loans. The Authority also makes loans through its two federal programs, the Economic Adjustment Assistance Program and the Intermediary Relending Program.

2. BASIS OF PRESENTATION

The schedule of expenditures of federal awards includes federal grant activity of the Authority under federal programs of the U.S. Department of Agriculture Rural Development and the U.S. Department of Commerce Economic Development Administration for the year ended June 30, 2011. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization.*

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of measurements made, regardless of the measurement focus applied.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The schedule of expenditures of federal awards is prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues and expenditures are recognized when incurred.

(b) Terms of Agreements

Intermediary Relending Program (Major Program)

The Intermediary Relending Program participates with the Rural Development Administration's (the former Farmers Home Administrations) Intermediary Relending Program to provide loans to business facilities and community development projects in rural areas for land acquisitions, facility construction and renovation, and machinery and equipment purchases. The Authority will contribute up to 75% or $250,000 of fixed asset costs at a 6% interest rate with maturity dates up to ten years. Total loans receivable outstanding as of June 30, 2011, were $303,782.

Economic Adjustment Assistance Program (Major Program)

The Economic Adjustment Assistance Program provides low-cost supplemental financing to manufacturing companies located in areas declared eligible for Title IX assistance by the Economic Development Administration. Loans under this program are up to $100,000 for small and mid-sized manufacturers, and carry a fixed interest rate of 7.5% with maturity dates up to ten years. Total loans receivable outstanding as of June 30, 2011, were $91,484. The Economic Adjustment Assistance Program loans are fully reserved.

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Appropriations for Fiscal Year 2011
Fourteen Months Ended August 31, 2011

	Appropriations (Net After Transfers)	Expenditures Through 06/30/11	Lapse Period Expenditures 07/01 to 08/31/11	Total Expenditures	Balances Reappropriated July 1, 2011
Public Act 96-0956					
APPROPRIATED FUNDS					
FIRE TRUCK REVOLVING LOAN FUND - 572					
Loans to Fire Departments	$ 6,003,342	$ -	$ -	$ -	$ 6,003,342
AMBULANCE REVOLVING LOAN FUND - 334					
Loans to Fire Departments	7,006,800	-	-	-	7,006,800
TOTAL - ALL APPROPRIATED FUNDS	$ 13,010,142	$ -	$ -	$ -	$ 13,010,142

Note: Appropriations, expenditures and lapsed balances were obtained from Authority records and have been reconciled to the data of the State Comptroller.

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES

	Fiscal Years Ended June 30,		
	2011 PA 96-0956	**2010 PA 96-0035**	**2009 PA 95-0734**
FIRE TRUCK REVOLVING LOAN FUND - 572			
Appropriations (net after transfers)	$ 6,003,342	$ 6,003,342	$ 10,630,807
Expenditures			
Loans to Fire Departments	-	-	10,627,465
Total expenditures	-	-	10,627,465
Reappropriated balances	$ 6,003,342	$ 6,003,342	$ 3,342
AMBULANCE REVOLVING LOAN FUND - 334			
Appropriations (net after transfers)	$ 7,006,800	$ 7,006,800	$ 4,000,000
Expenditures			
Loans to Fire Departments and Ambulance Services	-	-	993,200
Total expenditures	-	-	993,200
Reappropriated balances	$ 7,006,800	$ 7,006,800	$ 3,006,800
TOTAL - APPROPRIATED FUNDS			
Appropriations (net after transfers)	$ 13,010,142	$ 13,010,142	$ 14,630,807
Total expenditures	-	-	11,620,665
Reappropriated balances	$ 13,010,142	$ 13,010,142	$ 3,010,142
NON-APPROPRIATED FUND			
ILLINOIS FARMER AND AGRI-BUSINESS LOAN FUND - 205			
Expenditures			
Awards and grants	$ -	$ -	$ 399,882
Total expenditures - non-appropriated fund	$ -	$ -	$ 399,882
GRAND TOTAL - ALL FUNDS			
Total expenditures	$ -	$ -	$ 12,020,547

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES
For the Years Ended June 30, 2011 and 2010

	2011	2010	Increase (Decrease)	% Variance
Revenues				
Interest on loans	$ 8,778,034	$ 9,779,437	$ (1,001,403)	(10%)
Interest and investment income	4,766,951	5,130,628	(363,677)	(7%)
Administrative service fees	4,736,371	5,031,842	(295,471)	(6%)
Annual fees	636,231	909,962	(273,731)	(30%)
Bad debt recoveries	229,224	139,163	90,061	65%
Miscellaneous	100,639	109,122	(8,483)	(8%)
Application fees	68,100	97,900	(29,800)	(30%)
Depreciation in fair value of investments	-	(2,864,822)	2,864,822	(100%)
Gain on sale of investments	871,767	-	871,767	-
Total revenues	20,187,317	18,333,232	1,854,085	10%
Expenses				
Interest expense	12,318,840	13,486,355	(1,167,515)	(9%)
Employee related expenses	2,079,082	3,161,671	(1,082,589)	(34%)
Professional services	1,376,247	1,295,949	80,298	6%
Loan loss provision	970,552	485,733	484,819	100%
Occupancy costs	345,249	371,620	(26,371)	(7%)
General and administrative	325,378	313,278	12,100	4%
Depreciation	29,446	49,963	(20,517)	(41%)
Total expenses	17,444,794	19,164,569	(1,719,775)	(9%)
Excess (deficiency) of revenues over expenses	$ 2,742,523	$ (831,337)	$ 3,573,860	430%

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
SCHEDULE OF CHANGES IN STATE PROPERTY
For the Year Ended June 30, 2011

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Cost				
Leasehold improvements	$ 2,000	$ -	$ 2,000	$ -
Furniture and equipment	249,842	1,819	26,763	224,898
Computers and software	207,065	91,986	20,505	278,546
Total capital assets being depreciated	458,907	93,805	49,268	503,444
Accumulated depreciation				
Leasehold improvements	2,000	-	2,000	-
Furniture and equipment	201,409	22,916	26,763	197,562
Computers and software	206,777	6,530	20,505	192,802
Total accumulated depreciation	410,186	29,446	49,268	390,364
Capital assets, net of accumulated depreciation	$ 48,721	$ 64,359	$ -	$ 113,080

This schedule has been reconciled to property reports submitted to the Office of the Comptroller.

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
COMPARATIVE RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE STATE COMPTROLLER

	Fiscal Years Ended June 30,		
	2011	2010	2009
ILLINOIS FARMER AND AGRI-BUSINESS LOAN FUND - 205			
Repayment of loan guarantees	$ 25,676	$ 8,652	$ 691,929
Add cash in transit, beginning of period	-	656,550	-
Less cash in transit, end of period	25,676	-	656,550
Deposits remitted to the Comptroller	$ -	$ 665,202	$ 35,379
AMBULANCE REVOLVING LOAN FUND - 334			
Repayment of loans	$ 160,987	$ -	$ -
Add cash in transit, beginning of period	-	-	-
Less cash in transit, end of period	-	-	-
Deposits remitted to the Comptroller	$ 160,987	$ -	$ -
FIRE TRUCK REVOLVING LOAN FUND - 572			
Repayment of loans	$ 1,243,527	$ 778,188	$ 586,672
Add cash in transit, beginning of period	-	-	-
Less cash in transit, end of period	-	-	-
Deposits remitted to the Comptroller	$ 1,243,527	$ 778,188	$ 586,672

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENSES
For the Years Ended June 30, 2011 and 2010

	2011	2010	Increase (Decrease)	% Variance	Explanation of Significant Variations (Variance of 20% and $100,000 or more)
Employee related expenses	$ 2,079,082	$ 3,161,671	$ (1,082,589)	(34%)	Decrease was due to lay-off of employees in fiscal year 2010 and the related cost of termination benefits.
Loan loss provisions	970,552	485,733	484,819	100%	Increase was due to provisions of allowance on two (2) participation loans that became delinquent in fiscal year 2011. Delinquencies were due to borrowers' business foreclosure.

** Information obtained from the Comparative Schedule of Revenues and Expenses*

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
ANALYSIS OF SIGNIFICANT VARIATIONS IN REVENUES
For the Years Ended June 30, 2011 and 2010

	2011	2010	Increase (Decrease)	% Variance	Explanation of Significant Variations (Variance of 20% and $100,000 or more)
Annual fees	$ 636,231	$ 909,962	$ (273,731)	(30%)	Decrease was due to the non-charging of annual fees on loans approved after January 1, 2004 and outstanding loan balances decline due to loan repayments in fiscal year 2011.
Depreciation in fair value of investments	-	(2,864,822)	2,864,822	(100%)	Decrease was due to the decline in the value of investments in venture capital based on appraisal on fiscal year 2010.
Gain on sale of investments	871,767	-	871,767	100%	Increase was due to gain on sale of two venture capital investments.

** Information obtained from the Comparative Schedule of Revenues and Expenses*

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
ANALYSIS OF SIGNIFICANT ACCOUNT BALANCES
For the Years Ended June 30, 2011 and 2010

Following are the account balances with significant change (greater than $2 million between June 30, 2011 and June 30, 2010)

	2011	2010	Increase (Decrease)	% Variance	Analysis of Significant Change
ASSETS					
Cash and cash equivalents	$ 80,872,206	$ 66,833,332	$ 14,038,874	21%	Increase was due to participation loan pay-offs, proceeds from gain on sale of investment in venture capital and excess of revenues over expenses due to cost cutting measures.
Investments	93,536,980	110,768,585	(17,231,605)	(16%)	Decrease was due to retirement of matured investments used to payout debt service for the Clean Water Bond Series 2002 and 2004.
Receivables, net	195,023,592	222,576,008	(27,552,416)	(12%)	Decrease was due to repayment of loans from bonds and notes receivable for $18.8M and collection from participation loans for $7.4M.
LIABILITIES					
Bonds payable	249,997,008	279,658,250	(29,661,242)	(11%)	Decrease was due to retirement of bonds for approximately $28.6M and amortization of issuance premium of $1.0M.

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
ANALYSIS OF ACCOUNTS RECEIVABLE
For the Year Ended June 30, 2011

The Authority's accounts receivable balance at June 30, 2011 totaled $10,521. The Authority's past-due accounts receivable at June 30, 2011 totaled $10,521. An aging of the past-due accounts receivable by number of days is as follows:

0-30 Days	31-90 Days	91-180 Days	Over 180 Days
$ -	$ -	$ -	$ 10,521

Analysis of Loans Receivable

The Authority's loans receivable balance at June 30, 2011 totaled $81,359,209. The Authority's past-due loans receivable at June 30, 2011 totaled $4,260,011. An aging of the past-due loans receivable by number of days is as follows:

0-30 Days	31-90 Days	91-180 Days	Over 180 Days
$77,099,197	$ -	$ -	$ 4,260,012

Analysis of Fees Receivable

The Authority's fees receivable balance at June 30, 2011 totaled $68,140. The Authority's past-due fees receivable at June 30, 2011 totaled $13,942. An aging of the past-due fees receivable by number of days is as follows:

0-30 Days	31-90 Days	91-180 Days	Over 180 Days
$ 54,198	$ -	$ -	$ 13,942

The majority of the Authority's receivables consists of loans, bonds and notes receivable derived from its lending programs. The Authority offers a variety of lending program including direct lending and direct lending participation loans. The Authority also makes loans through its two federal programs, the Economic Development Administration (EDA) Economic Adjustment Assistance Program and the Intermediary Relending Program. Bonds receivable from local governmental units represent amounts loaned to the units through the purchase of their securities.

The Authority's loans receivable are placed on a third party loan servicing provider. The loan servicing provider monitors and coordinates loan status with the banks. Loans which are 5-35 days delinquent are reviewed and coordinated with the bank for proper action. Delinquent receivables greater than 90 days are reserved for at 100% of principal outstanding. The Authority places delinquent receivables greater than 90 days with the Comptroller Offset system to collect delinquent receivable balances.

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
SCHEDULE OF CASH FUNDS AND DEPOSITORIES
For the Year Ended June 30, 2011

General Operating Fund	
Banterra Bank of Marion, Illinois - Money Market	$ 584,646
Bank of America in Chicago, Illinois	8,085,776
The Illinois Funds - Money Market	22,247,786
Bond Fund	
U.S. Bank in Minneapolis, Minnesota	35,642
First American Treasury Obligations Fund	1,255,868
Goldman Financial Square Treasury Obligations	11,009,314
Industrial Revenue Bond Insurance Fund	
Banterra Bank of Marion, Illinois - Money Market	2,849,200
JP Morgan in Chicago, Illinois - Prime Money Market Fund	1,880,259
The Illinois Funds - Money Market	6,917,650
Credit Enhancement Fund	
U.S. Bank - First American Government Obligation Fund	600,000
Federated Government Obligations - Tax Managed	17,750
Illinois Agricultural Loan Guarantee Fund	
Illinois Treasurer's - Cash	9,985,250
Illinois Farmer Agribusiness Loan Guarantee Fund	
Illinois Treasurer's - Cash	7,711,514
IRBB Special Reserve Fund:	
The Illinois Funds - Prime Fund	2,649,497
E.D.A. Title IX Restricted Revolving Loan Fund	
Banterra Bank of Marion, Illinois - Savings	748,763
Rural Development Revolving Loan Fund:	
Banterra Bank of Marion, Illinois - Money Market	97,067
Bank of America in Chicago Illinois	1,892,208
Illinois Housing Partnership Program Fund:	
The Illinois Funds - Money Market	1,828,305
Renewable Energy Development Fund	
Bank of America in Chicago, Illinois	475,711
	$ 80,872,206

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
SCHEDULE OF INVESTMENTS
For the Year Ended June 30, 2011

Description	Type	Interest Rate	Maturity Date	Recorded Value June 30, 2011
General Operating Fund				
Bank of America in Chicago, Illinois	Certificate of Deposit	0.45%	06/26/2012	$ 85,000
Venture Investment Fund				
ARCH Fund Partnership	Venture Capital			65,431
Lemko Corporation	Venture Capital			300,000
Moire, Inc.	Venture Capital			600,000
Open Channel Software, Inc.	Venture Capital			250,000
Ohmx Corporation	Venture Capital			300,000
Video Home Tour	Venture Capital			250,000
Zuchem, Inc.	Venture Capital			482,550
Bond Fund				
U.S. Bank in Minneapolis, Minnesota	Investment Contracts			8,409,982
U.S. Bank in Minneapolis, Minnesota	Federal Agency Securities			404,725
Amalgamated Bank of Chicago	Commercial Paper			39,813,124
Amalgamated Bank of Chicago	Federal Agency Securities			42,576,168
				$ 93,536,980

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
SCHEDULE OF CONTRACTS
For the Year Ended June 30, 2011

Contractor	Services Provided	Total Expenses Incurred
Acacia Financial Group, Inc.	Senior Financial Advisor	$ 55,237
ADP Total Source	Payroll and HR	177,149
Anthes, Pruyn & Associates	Accounting Services	5,824
Aronberg Goldgehn Davis and Garmisa, LLC	Issuers Counsel	374
Arthur J. Gallagher	Brokerage/Risk Management	202,208
Baker & Mckenzie	Legal	18,243
BFPRU I, LLC	Office Rent - Chicago	286,265
Bloomberg, LLP	Financial Information Database	22,800
Burke Burns & Pinelli	Issuers Counsel/Legal	76,000
Catalyst Consulting Group, Inc.	Electronic Data Consulting	33,381
CBIZ Information Systems	Computer Systems	4,919
Concorde Printing and Copying Inc.	Printing Services	8,647
CDW Government, Inc	Computer Systems	23,805
Chicago Solutions	Printer Services	470
Column Technologies	Printer Services	1,684
Dykema Gossett Law Offices	Legal	1,035
Electronic Learning Environments	Electronic Data Consulting	484
Franczek Radelt P.C.	Legal	29,653
Harleysville	Insurance	5,251
Hewlett-Packard Company	Computer Systems	44,896
Hill and Knowlton	Media Consulting	27,542
Holland & Knight, LLP	Issuers Counsel/Legal	200
Howard Kenner	Lobbyist	29,495
Illinois Coffee Service	Water cooler rental	419
Imagetec L.P.	Information Technology	1,946
Jones Day	Legal	16,080
K and L Gates	Issuers Counsel	988
Katten, Muchin Rosenma LLP	Audit and Compliance	121,459
Laner Muchin	Legal Services - 457 Plan	14,242
Mabsco Capital	Loan Management Services	75,083
Marj Halperin Consulting	Media Consulting	72,288
Mayer, Brown, Rowe & Maw LLP	Legal	51,698
McGuire Woods, LLP	Legal	127,448
MNJ Technoliges Direct, Inc.	Computer Systems	2,016
National Tek Services, Inc.	Computer Systems	1,172
Pitney Bowes	Mail Services	2,927
Pickens Kane	Storage	10,513
Presidio Networked Solutions	Computer Systems	10,755
RK Dixon Company	Copier Services	10,488

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
SCHEDULE OF CONTRACTS
For the Year Ended June 30, 2011

Contractor	Services Provided	Total Expenses Incurred
Seville Staffing	HR Recuitment	981
Scott Balice Strategies	Senior Financial Advisor	185,851
Shaw Gussis Fishman Glantz Wolfson & Towbin	Legal Services	27,012
Shefsky and Froelich Ltd.	Legal Services	32,111
Ten Oaks	Office Rent - Mt. Vernon	14,709
The Heartland Partnership	Office Rent - Peoria	5,145
Tallgrass Systems Ltd.	Computer Systems	1,226
Tri Lincoln Laser	Printer Services	1,252
	Total	$ 1,843,371

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
SCHEDULE OF CONDUIT DEBT
For the Year Ended June 30, 2011

	Principal Outstanding	Number of Issues Outstanding
Illinois Finance Authority		
Revenue Bonds	$ 18,302,804,802	524
Environmental Bonds	315,147,751	9
Notes	317,469,356	4
Distressed City Bonds	3,825,000	2
Leases	4,604,069	3
Beginner Farmer Bonds	47,342,130	322
Total Illinois Finance Authority	18,991,193,108	864
Predecessor Authorities:		
Illinois Development Finance Authority		
Total 501(c)3 Not-for-Profit Bonds and Leases	1,168,789,801	100
Total Environmental Bonds	356,895,000	19
Total Industrial Revenue Bonds	502,364,200	65
Total Infrastructure Bonds	430,094,938	31
Total Housing Bonds	130,520,761	13
Distressed City Bonds	3,565,000	1
Total Leases	496,388	1
Total Illinois Development Finance Authority	2,592,726,088	230
Illinois Health Facilities Authority	2,472,613,000	95
Illinois Educational Facilities Authority	1,401,337,000	47
Illinois Farm Development Authority	34,935,519	490
Total Predecessor Authorities	6,501,611,607	862
Grand Total Illinois Finance Authority	$ 25,492,804,715	1,726

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
AUTHORITY FUNCTIONS AND PLANNING PROGRAM
For the Year Ended June 30, 2011

<u>Description of Authority's functions and planning program</u>

The Illinois Finance Authority's (Authority) mission is to foster economic development to the public and private institutions that create and retain jobs, and improve the quality of life in Illinois by providing access to capital.

The Authority's role is to support the Governor's economic development agenda by providing required financing reserves for businesses, municipalities, and not-for-profit entities.

The governing and administrative power of the Authority is vested in the Board of Directors (Board) consisting of 15 members. The members are appointed by the governor and confirmed by the senate. The members appoint an Executive Director from a list of nominations submitted by the Governor.

The Illinois Finance Authority Act which created the Authority grants the Board of Directors powers including, but not limited to: (1) issuance of conduit debt; (2) facilitation of loans through full faith and credit guarantees; (3) facilitation of financing for local government and private borrowers credit enhancement through moral obligation additional security guarantees; and to (4) otherwise assist in financing through participation and direct loans.

To achieve its mission, the Authority established an annual strategic and operational planning program. This program includes the following operational initiatives:

1. Maintenance of relationships with existing borrowers, lenders, financing participants
2. Identification and marketing to new borrowers, lenders, financing participants
3. Enhancing staff professional development
4. Creating new business initiatives or programs

The Executive Director and senior staff meets weekly to discuss and obtain status of the Authority's operations. Performance measures such as number and amount of bond issues per industry category are monitored and reported to the Board and documented in the monthly board book. Financial reports, new markets and financing participants, legislation updates and operation reports are presented and discussed during monthly board meeting.

The Authority successfully worked with the General Assembly in enacting major policy initiatives which allowed the voluntary pooling of federal stimulus financing tools such as the Recovery Zone Bonds and Qualified Energy Conservation Bonds; allow stranded funds to be effectively utilized as an additional reserved funds; allowed multistate federally tax-exempt financing as long as there are demonstrated public and economic benefits to State of Illinois; clarified contingent State-backed credit enhancement for energy efficiency, renewable energy and clean coal projects; and increased transparency and accountability in conduit bond finance when the issuer is not directly accountable to Illinois policy makers.

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
AUTHORITY FUNCTIONS AND PLANNING PROGRAM
For the Year Ended June 30, 2011

During the year, the Executive Director together with members of the Board initiated a strategic planning process to revisit the Authority's current strategic focus, ensure long-term operational sustainability and evaluate potential additional revenue-generating opportunities.

<u>Head of the Agency, Location and Address</u>
Mr. Christopher Meister, Executive Director
Illinois Finance Authority
Two Prudential Plaza
180 North Stetson, Suite 2555
Chicago, Illinois 60601

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
EMPLOYEE COMPENSATION PLAN
For the Year Ended June 30, 2011

Merit Compensation Plan

The Authority has adopted the 2010 Compensation Plan (the "Plan") on December 14, 2010. Every year, the Compensation Committee of the Illinois Finance Authority Board of Directors (Board) reviews the Plan for merit compensation for the coming fiscal year based on prevailing business conditions for presentation to the full Board. Changes to an employee's individual compensation will be a function of the program approved by the Board and his/her individual performance. For fiscal year 2011, the Authority paid bonuses of $17,000 to four employees.

Defined Contribution Deferred Compensation Plan

The Authority created a new defined contribution deferred compensation plan for its employees on October 1, 2006, called the Illinois Finance Authority Individual Account Plan. The purpose of the plan is to provide incentive to employees to save for their retirement and serves as an effective recruiting tool for the Authority. Under the terms of the plan, the Authority will match 200% of employee contributions into their deferred compensation accounts up to 5% of their compensation. Total contributions by the Authority into the plan accounts for fiscal year 2011 were $102,569.

Severance Payments

Separation agreements the Authority agreed to with two employees granted them severance benefits. These benefits include continued payments of the employee's salary and health insurance premiums from one to eleven months depending on the agreement. The liability has been calculated based on the employee's last salary amount and includes salary related costs (e.g. Social Security and Medicare tax). Total cash payout of $80,715 in fiscal year 2011 was from the cost of termination benefits in fiscal year 2010. There is no cost of termination benefits incurred during fiscal year 2011.

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
AVERAGE NUMBER OF EMPLOYEES
For the Year Ended June 30, 2011

The following is a summary of the average number of employees employed at the Authority for the year ended June 30, 2011.

	June 30, 2011	June 30, 2010
Executive Director	1	1
General Counsel	1	1
Administrative Assistant	5	6
Executive Management Staff	3	5
Funding Manager	1	9
Accountant/Finance/Compliance	3	4
IT Manager	1	1
Financial/Legal Analyst	2	-
Intern/Temporary Employee	6	-
Total average number of employees	23	27

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
TEN-YEAR SCHEDULE OF JOBS CREATED OR RETAINED BY LOANS,
REVENUE BONDS AND INVESTMENTS MADE BY THE AUTHORITY (UNAUDITED)
For the Year Ended June 30, 2011

	Healthcare Bonds		Educational Bonds		Direct/Participation Loan		Industrial Revenue Bonds	
Fiscal Year	Amounts Closed	Jobs Created and/ or Retained	Amounts Closed	Jobs Created and/ or Retained	Amounts Closed	Jobs Created and/ or Retained	Amounts Closed	Jobs Created and/ or Retained
2011	$ 1,653,760,000	633	$ 221,290,000	241	$ -	-	$ 399,017,184	3,988
2010	2,698,885,448	844	298,745,000	147	768,262	53	2,700,000	2
2009	2,869,285,000	766	530,600,000	126	3,115,609	18	59,389,000	242
2008	3,755,647,778	2,438	872,831,000	283	7,273,579	59	100,525,005	756
2007	1,925,140,000	684	582,306,100	679	12,275,734	259	138,187,750	688
2006	968,185,000	821	231,410,000	101	9,019,869	141	25,931,000	118
2005	937,800,000	229	842,460,000	577	3,670,727	133	53,218,000	224
2004	1,819,401,340	790	563,445,000	802	1,224,878	82	437,339,500	799
2003	-	-	-	-	1,342,383	55	92,555,000	170
2002	-	-	-	-	1,902,658	180	253,645,000	665

Notes:

(1) *Information for the former Illinois Health Facilities Authority and the Illinois Educational Facilities Authority from 2002 through 2003 is not available.*

(2) *Information from 2002 through 2003 were obtained from the former Illinois Development Finance Authority, while 2004 information represents July 1, 2003 through December 31, 2003 obtained from the former Illinois Development Finance Authority and January 1, 2004 through June 30, 2004 provided by Illinois Finance Authority.*

(3) *In Fiscal Year 2011 Industrial Revenue Bonds increased due to the sunset date of December 31, 2010 for issuing Recovery Zone Facility Bonds.*

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
TEN-YEAR SCHEDULE OF JOBS CREATED OR RETAINED BY LOANS,
REVENUE BONDS AND INVESTMENTS MADE BY THE AUTHORITY (UNAUDITED)
For the Year Ended June 30, 2011

	FmHA & E.D.A Title IX		Investments in Venture Capital		Other Projects		
Fiscal Year	Amounts Closed	Jobs Created and/ or Retained	Amounts Closed	Jobs Created and/ or Retained	Amounts Closed	Jobs Created and/ or Retained	Total Construction Jobs
2011	$ -	-	$ -	-	$ 301,520,000	20	4,899
2010	-	-	-	-	359,802,520	132	6,601
2009	-	-	-	-	363,562,053	503	6,209
2008	516,250	4	300,000	10	707,188,230	727	12,112
2007	317,000	12	600,000	108	315,834,330	621	6,181
2006	109,000	6	875,000	27	294,337,360	341	7,151
2005	-	-	841,697	52	220,767,900	447	3,946
2004	-	-	2,124,098	28	-	-	8,147
2003	-	-	390,100	20	-	-	826
2002	-	-	1,934,270	85	-	-	579

Notes:

(1) *Information for the former Illinois Health Facilities Authority and the Illinois Educational Facilities Authority from 2002 through 2003 is not available.*

(2) *Information from 2002 through 2003 were obtained from the former Illinois Development Finance Authority, while 2004 information represents July 1, 2003 through December 31, 2003 obtained from the former Illinois Development Finance Authority and January 1, 2004 through June 30, 2004 provided by Illinois Finance Authority.*

(3) *In Fiscal Year 2011 Industrial Revenue Bonds increased due to the sunset date of December 31, 2010 for issuing Recovery Zone Facility Bonds.*

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
SUMMARY OF AGRICULTURE, FIRE TRUCK AND AMBULANCE LOAN PROGRAMS
For the Year Ended June 30, 2011

I. Agricultural Development Bonds

Overview

The Authority had three Agricultural Development Bond Programs in operation, the Beginning Farmer Bond, Agriculture Manufacturing Bond and Beginning Farmer Contract Bond. Through these programs, individuals and businesses ("participants") were screened for eligibility. If they were found to qualify, the Authority, the participants, and the lenders (local banks) entered into loan agreements whereby the proceeds from the issuance of a tax exempt bond were loaned to the participant for prequalified expenditures. Prior to May 2008 the limit for Agricultural Development Bonds was $250,000. In June 2008, as part of the 2007 Farm bill, Agricultural Development Bonds were further enhanced by increasing the maximum bond amount to $450,000. In addition, the maximum amounts were indexed to inflation and will adjust annually beginning January 1, 2009. State law was changed to take advantage of this higher Federal limits. For fiscal year 2011 the limits were raised from $470,100 to $477,000.

The loan agreements delineated the rights and responsibilities of each of the parties. The banks were considered trustees and were responsible for the receipt of the bond proceeds, payment of qualified expenditures, payment of bond interest and principal and maintenance of necessary records. The Authority had no equity interest in any of the property or equipment, and it was not liable in any way for payment due to bond holders.

This program benefited the participants by allowing them to borrow money at tax-exempt rates, which were generally around 2% below taxable rates.

Interest Rates

Because interest on the bonds was exempt from Federal income taxes, the interest rates were below the general market. To date, the rates charged ranged from 3.2% to 11.5%. Some of the bonds had variable rates, while others had fixed rates.

Revenues of the Program

The Authority's Operating Fund received $100 for an application fee and at closing, a fee of one and one-half percent of the principal amount of the bond (net of application fee).

Bonds Issued

A predecessor of the Authority began issuing bonds in December 1982. The following tables detail the bonds issued by purpose and by year.

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
SUMMARY OF AGRICULTURE, FIRE TRUCK AND AMBULANCE LOAN PROGRAMS
For the Year Ended June 30, 2011

I. Agricultural Development Bonds (continued)

Bonds issued and outstanding by purpose as of June 30, 2011

Purpose	Number	Amount	Percent of
Land and depreciable property	280	$ 36,993,629	11.97%
Farmland loans	2040	228,408,285	73.88%
New equipment	484	15,379,768	4.97%
Used equipment	91	2,460,490	0.80%
New improvements	179	10,558,830	3.42%
Used improvements	2	46,000	0.01%
Breeding stock	49	1,686,650	0.55%
Soil conservation-permanent	28	686,263	0.22%
Agri-Business	79	10,386,203	3.36%
Tiling	52	1,549,276	0.50%
New no-till equipment	55	998,271	0.32%
	3,339	$ 309,153,665	100.00%
Principal payments to June 30, 2011		$ 226,876,017	
Principal outstanding at June 30, 2011		$ 82,277,648	

Bonds issued by year:

Fiscal Year Ended June 30*	Number	Amount
1983	322	$ 13,580,269
1984	620	32,518,257
1985	459	29,628,084
1986	221	18,414,717
1987	55	4,554,117
1988	69	6,212,934
1989	52	4,078,217
1990	75	7,939,779
1991	90	9,018,835
1992	96	9,594,370
1994	101	11,835,969
1995	81	8,236,393

I. Agricultural Development Bonds (continued)

Fiscal Year Ended June 30*	Number	Amount
1996	99	11,899,866
1997	108	14,262,251
1998	118	14,138,025
1999	78	9,284,274
2000	92	12,085,703
2001	98	11,756,702
2002	63	8,639,030
2003	83	12,428,828
2004	49	6,565,001
2005	50	7,607,515
2006	24	3,488,437
2007	51	8,511,039
2008	48	8,159,662
2009	53	9,234,655
2010	44	8,478,672
2011	40	7,002,064
Total	3,339	$ 309,153,665

* *Information for years prior to 2004 obtained from former Illinois Farm Development Authority.*

II. State Guarantee Program For Restructuring Agricultural Debt

Overview

The Loan Guarantee Program was authorized by Legislation and passed in November 1985. It was designed to consolidate and spread out farmer's existing debt over a longer period of time at a reduced interest rate. This was accomplished by having the State of Illinois guarantee repayment of 85% of the amounts loaned under this program. Qualifications under the program dictated that a farmer must be credit-worthy, must have a debt-asset ratio of between 40% and 65%, must have sufficient collateral to secure the State guarantee and must be a principal operator of a farm.

II. State Guarantee Program For Restructuring Agricultural Debt (continued)

Loans were made through participating banks that were responsible for processing a farmer's application and for servicing the loan once it was approved by the Authority. These lenders were liable for the first 15% of loss on any loan. Loans could not exceed $500,000. Repayment schedules were tailored to suit the borrowers' collateral and financial position with a maximum of a thirty-year amortized payment schedule. The procedures for extending a loan were similar to the procedures for taking out a loan. Terms of the loan could be altered during the extension process. All extended loans must have been approved by the Authority's Board. Interest rates were adjusted annually and must have been less than the market rate of interest generally available to the borrower.

Any losses incurred under the State guarantees were paid from the Illinois Agricultural Loan Guarantee Fund.

Amount of Loans

During the year ended June 30, 2011, two (2) loans were approved totaling $910,000. New loan amounts were $410,000 and $500,000. Total outstanding loans at June 30, 2011, amounted to $17,330,482. There was a statutory limit of $160,000,000 for this guarantee program. A breakdown of loans issued by county immediately follows this section.

Revenues and Expenses of the Program

The Authority's Operating Fund received $300 for an application fee and at closing, a fee of one-half percent of the principal amount of the bond (net of application fee). The Authority also received an annual fee of one-quarter percent on the outstanding principal amount of these loans.

The expenses incurred in the program were administrative costs that were paid out of the Authority's Operating Fund.

Benefits to the Participants and Estimated Costs to the State

Projected benefits included lower interest rates on loans and a more readily available source of long-term financing. These benefits lowered operating costs to the farmer, as well as provided stability to his operations.

II. State Guarantee Program For Restructuring Agricultural Debt (continued)

Enterprise Fund

Financial activities of this Fund are detailed in the Illinois Agricultural Loan Guarantee Fund. This program was originally funded in fiscal year 1986 by capital contributions from the General Revenue Fund and by transfers from the Farm Emergency Assistance Fund, totaling $14,063,009. Operating revenues and operating expenses were recorded in the Authority's Operating Fund.

III. Farmer and Agri-Business Loan Guarantee Program

Overview

This Loan Guarantee Program was authorized by legislation passed in November 1985. Its guarantee was similar to the State Guarantee Program for Restructuring Agricultural Debt. Its target population was both agri-business and individual farmers. Its purpose was to encourage diversification and vertical integration of Illinois agriculture. The State issued an 85% guarantee for farmers/agri-business and lenders who met the qualifications of the program. Loans were made through participating banks that were responsible for processing a farmer's application and for servicing the loan once it was approved by the Authority. These lenders were liable for the first 15% of loss on any loan. There was no maximum loan amount for agri-business loans but loans shall not exceed $500,000 per farmer or an amount as determined by the Authority on a case-by-case basis for an agri-business. Loans must be repaid within fifteen years. Interest rates were adjusted annually and must have been less than the market rate of interest generally available to the borrower.

Any losses incurred under the State guarantees were paid from the Illinois Farmer and Agri-Business Loan Guarantee Fund.

Amount of Loans

No new loans were made under this program in fiscal year 2011. The amount of loans outstanding as of June 30, 2011 was $32,575,292. A breakdown of loans issued by county immediately follows this section.

III. Farmer and Agri-Business Loan Guarantee Program (continued)

Revenues and Expenses of the Program

The Authority's Operating Fund received $300 for an application fee and at closing, a fee of one-half percent of the principal amount of the loan (net of the application fee). The Authority also received an annual fee of one-quarter percent on the outstanding principal amount of these loans.

The program's administrative costs were paid out of the Authority's Operating Fund.

Benefits to the Participants and Estimated Costs to the State

Benefits to the participants were the same as the Illinois Agricultural Loan Guarantee Program. Additionally, this program sought to diversify the Illinois farm economy.

Enterprise Fund

Financial activities of this Fund were accounted for in the Farmer and Agri-Business Loan Guarantee Fund. This program, the Young Farmer Loan Guarantee Program and the Specialized Livestock Loan Guarantee Program, were funded by an operating transfer from the Farm Emergency Assistance Fund totaling $8,110,000 during fiscal year 1987. These monies were to secure State guarantees issued under these three programs. Operating revenues and operating expenses were recorded in the Authority's Operating Fund.

IV. Young Farmer Loan Guarantee Program

Overview

During fiscal year 1993 the Young Farmer Loan Guarantee Program was authorized by the Legislature.

The Young Farmer Loan Guarantee Program was a guarantee program designed to enhance credit availability for younger farmers who were purchasing capital assets. Loan funds could be used for new purchases of capital assets such as land, buildings, machinery, equipment, breeding livestock, soil and water conservation projects, etc. In some cases, the loan proceeds could be used to refinance existing debt as needed to improve lien positions.

IV. Young Farmer Loan Guarantee Program (continued)

All Young Farmer Loans Guarantee Program loans were made through conventional lenders. The Authority provided an 85% guarantee of principal and interest on the loan made to a qualified borrower by a qualified lender. The lender, in consideration for the 85% guarantee, agreed to charge an interest rate lower than conventional rates. This rate could be fixed or variable as agreed between the applicant and lender.

The applicant must have been able to provide sufficient collateral to adequately secure the Young Farmer Loan Guarantee Program loan. The maximum term for a Young Farmer Loan Guarantee Program loan was 15 years. Loans collateralized by real estate could be amortized up to 25 years with a 15 year balloon. Loans collateralized by depreciable property were amortized over a shorter period.

The eligible applicant must:

- Have been a resident of the State of Illinois
- Have been at least 18 years of age
- Have been the principal operator of a farm who derived or would derive at least 50% of annual gross income from farming
- Have had a debt to asset ratio of between 40% and 70% after purchase of the capital item
- Have had a net worth in excess of $10,000
- The borrower must have provided collateral sufficient to have secured the loan and kept the loan collateral through its term. The borrower must have also demonstrated the ability to have adequately serviced the proposed debt.

The maximum loan per applicant was $500,000. An eligible applicant could use the program more than once provided that the totals of the original loan amounts did not exceed $500,000. Any losses incurred under the State guarantees were paid from the Illinois Farmer and Agri-Business Loan Guarantee Fund.

<u>Amount of Loans</u>

There was one new loan of $500,000 in fiscal year 2011. The amount of loans outstanding as of June 30, 2011 was $3,391,476. A breakdown of loans issued by county immediately follows this section.

IV. Young Farmer Loan Guarantee Program (continued)

Revenues and Expenses of the Program

A nonrefundable application fee of $300 must have been paid to the Authority at the time of application. The applicant paid a fee of 1% of the loan amount at closing. This closing fee was the net of the $300 application fee; however, the minimum fee was $300. The Authority received ¾% and the lender received ¼%. The lender could charge no additional fees or points other than the fee received at closing. The applicant was liable for normal and customary attorney's fees, abstracting costs, filing fees, appraisal fees and other costs of the loan. The lender agreed to pay the Authority an annual administrative fee equal to ¼% of the outstanding balance of the Young Farmer Loan Guarantee Program loan on the payment date. The fee was not passed on to the borrower.

The program's administrative costs were paid out of the Authority's Operating Fund.

Benefits to the Participants and Estimated Costs to the State:

Benefits included lower interest rates on loans and a more readily available source of long-term financing. These benefits lowered costs to the farmer, as well as provided stability to his operations.

V. Specialized Livestock Loan Guarantee Program

Overview

This Loan Guarantee Program was authorized by legislation passed in July 1996 and is similar to the Farmers and Agri-Business Loan Guarantee Program. Its target population was both agri-business and individual farmers and was designed to encourage the development of the Illinois livestock industry, by spreading out over a longer term at a reduced interest rate. The State issued an 85% guarantee for farmers/agri-business and lenders who met the qualifications of the program. Loans were made through participating banks that were responsible for processing a farmer's application and for servicing the loan once it was approved by the Authority. These lenders were liable for the first 15% of loss on any loan. Loans could not exceed a maximum of $1,000,000 per farmer. Loans must have been repaid within fifteen years. Interest rates were adjusted annually and must have been less than the market rate of interest generally available to the borrower.

Any losses incurred under State guarantees were paid from the Illinois Farmer and Agri-Business Loan Guarantee Fund.

V. Specialized Livestock Loan Guarantee Program (continued)

Amount of Loans

No new loans were made under this program in fiscal year 2011. The amount of loans outstanding as of June 30, 2011 was $5,551,691. A breakdown of loans issued by county immediately follows this section.

Revenues and Expenses of the Program

The Authority's Operating Fund received $300 for an application fee and at closing, a fee of ¾% of the principal amount of the loan (net of the application fee). The Authority also received an annual fee of one-quarter percent on the outstanding principal amount of these loans.

The program's administrative costs were paid out of the Authority's Operating Fund.

The total outstanding loan balance under the Farmer and Agri-Business Loan Guarantee Program, Young Farmer Loan Guarantee Program, and the Specialized Livestock Loan Guarantee Program could not exceed $225 million. The total outstanding loan balance for these three programs at June 30, 2011 was $41,518,459.

VI. Fire Truck Revolving Loan Program

The fire truck revolving loan program was authorized by the legislature in June 2003. The total appropriation for this program was $27,700,000. The loan program provides zero-interest loans for the purchase of fire trucks by fire departments, fire protection districts, or township fire departments based on need, as determined by the State Fire Marshall.

Under the terms of the program the loans may not exceed $250,000 to any fire department or district. The repayment period for each loan may not exceed 20 years and requires a minimum repayment of 5% of the principal amount borrowed each year.

No new loans were made under this program in fiscal year 2011. The amounts of loans outstanding as of June 30, 2011 were $17,486,608.

VII. Ambulance Revolving Loan Program

The ambulance revolving loan program was authorized in June 2006 by the legislature. The total appropriation for this program was $8,000,000. This program was established to provide zero-interest loans for the purchase of ambulances by a fire department, a fire protection district, a township fire department or a non-profit ambulance service based on need, as determined by the State Fire Marshall. Under the terms of the program the loans may not exceed $100,000 to any fire department, fire protection district or non-profit ambulance service. The repayment period may not exceed 10 years and requires a minimum repayment of 5% of the principal borrowed each year.

No new loans were made under this program in fiscal year 2011. The amounts of loans outstanding as of June 30, 2011 were $832,213.

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
HISTORICAL SUMMARY OF AGRICULTURAL LOANS ISSUED BY PROGRAM BY COUNTY (UNAUDITED)
For the Year Ended June 30, 2011

	Agricultural Development Bonds (Issued)		State Guarantee Program of Restructuring Agricultural Debt Loans (Issued)		Farmer and Agri-Business Loan Guarantee Program Loans (Issued)		Young Farmer Loan and Farm Purchase Guarantee Program Loans (Issued)		Specialized Livestock Loan Guarantee Program Loans (Issued)	
County	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Adams	74	$ 6,564,068	27	$ 4,304,838	1	$ 36,000	4	$ 526,000	3	$ 1,917,000
Alexander	-	-	1	180,000	-	-	-	-	-	-
Bond	61	5,064,668	11	2,032,000	-	-	1	192,000	2	1,184,000
Boone	11	1,406,100	5	1,443,000	-	-	-	-	-	-
Brown	2	160,000	14	3,436,000	-	-	-	-	1	840,000
Bureau	135	10,650,807	21	4,422,014	-	-	2	356,000	4	1,246,000
Calhoun	2	181,000	5	936,110	-	-	2	340,000	-	-
Carroll	48	5,714,105	7	1,608,000	-	-	-	-	3	1,144,000
Cass	11	1,331,276	8	1,663,043	2	2,244,330	-	-	3	1,475,000
Champaign	67	4,662,464	22	3,831,011	1	362,000	-	-	-	-
Christian	83	8,257,292	11	2,611,500	-	-	3	445,000	2	1,572,000
Clark	9	497,000	12	1,718,000	-	-	-	-	-	-
Clay	48	3,240,879	6	1,079,000	-	-	1	85,000	1	780,000
Clinton	70	6,815,642	10	2,541,101	5	10,990,000	2	77,000	5	2,670,000
Coles	20	1,347,944	14	2,317,000	-	-	-	-	-	-
Crawford	42	3,070,122	33	8,189,625	6	2,676,000	3	51,500	4	501,500
Cumberland	19	1,654,500	3	606,000	1	150,000	-	-	-	-
DeKalb	62	5,510,839	36	10,057,000	-	-	1	40,000	8	4,032,000
DeWitt	14	685,675	3	940,000	1	225,000	-	-	-	-
Douglas	43	2,892,011	17	2,712,750	-	-	1	124,000	1	700,000
Edgar	49	5,003,963	28	5,770,164	1	625,000	4	513,000	1	75,000

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
HISTORICAL SUMMARY OF AGRICULTURAL LOANS ISSUED BY PROGRAM BY COUNTY (UNAUDITED)
For the Year Ended June 30, 2011

	Agricultural Development Bonds (Issued)		State Guarantee Program of Restructuring Agricultural Debt Loans (Issued)		Farmer and Agri-Business Loan Guarantee Program Loans (Issued)		Young Farmer Loan and Farm Purchase Guarantee Program Loans (Issued)		Specialized Livestock Loan Guarantee Program Loans (Issued)	
County	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Edwards	11	809,100	1	135,000	-	-	-	-	-	-
Effingham	44	$ 4,878,724	1	$ 85,000	-	$ -	-	$ -	-	$ -
Fayette	41	2,864,230	8	2,060,000	-	-	-	-	-	-
Ford	54	6,230,700	8	1,440,000	-	-	2	750,000	3	1,925,000
Franklin	49	2,860,615	16	3,892,000	2	3,695,000	-	-	-	-
Fulton	32	4,248,802	13	2,211,900	2	172,000	1	310,000	1	88,000
Gallatin	10	1,643,750	6	1,298,000	1	450,000	2	650,000	-	-
Greene	1	250,000	10	1,896,000	-	-	-	-	-	-
Grundy	11	903,375	11	2,408,000	1	160,000	-	-	-	-
Hamilton	40	3,580,050	2	840,000	-	-	1	171,000	2	1,280,000
Hancock	45	4,647,138	38	5,914,888	-	-	-	-	4	782,000
Hardin	-	-	-	-	2	1,900,000	-	-	-	-
Henderson	27	3,062,480	17	3,273,500	1	45,000	2	262,000	5	2,015,000
Henry	48	6,632,458	29	5,043,000	-	-	1	57,000	3	1,140,000
Iroquois	98	8,155,096	13	2,733,000	-	-	-	-	1	170,000
Jackson	6	607,780	7	1,246,000	-	-	1	71,000	-	-
Jasper	94	6,220,537	45	8,431,626	-	-	2	240,000	12	2,155,000
Jefferson	21	1,721,900	12	2,599,000	-	-	3	765,000	1	790,000
Jersey	4	433,500	1	300,000	-	-	-	-	-	-
JoDaviess	9	716,561	26	6,710,547	2	907,000	-	-	3	1,180,000
Johnson	4	413,650	7	1,990,000	-	-	-	-	-	-

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
HISTORICAL SUMMARY OF AGRICULTURAL LOANS ISSUED BY PROGRAM BY COUNTY (UNAUDITED)
For the Year Ended June 30, 2011

	Agricultural Development Bonds (Issued)		State Guarantee Program of Restructuring Agricultural Debt Loans (Issued)		Farmer and Agri-Business Loan Guarantee Program Loans (Issued)		Young Farmer Loan and Farm Purchase Guarantee Program Loans (Issued)		Specialized Livestock Loan Guarantee Program Loans (Issued)	
County	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Kane	4	351,200	18	4,616,000	-	-	-	-	3	1,915,000
Kankakee	10	1,269,270	2	438,000	-	-	1	46,000	-	-
Kendall	3	$ 273,000	9	$ 1,642,000	-	$ -	-	$ -	-	$ -
Knox	37	3,732,454	15	2,979,460	1	65,000	2	232,000	2	434,000
LaSalle	111	11,429,430	34	6,981,300	-	-	1	54,000	1	1,000,000
Lawrence	47	3,462,606	9	1,945,500	-	-	-	-	3	3,000,000
Lee	59	7,035,292	23	6,099,000	-	-	1	110,000	1	455,000
Livingston	148	14,460,761	24	6,176,210	9	7,939,000	2	388,000	4	1,230,000
Logan	38	2,376,460	13	2,200,000	-	-	2	190,000	1	520,000
Macon	11	1,035,000	5	700,000	-	-	1	75,000	-	-
Macoupin	34	4,605,252	22	4,453,000	-	-	3	416,000	6	3,400,000
Madison	22	2,498,868	16	4,359,000	-	-	9	1,756,000	-	-
Marion	13	1,113,510	32	6,522,160	1	3,200,000	3	640,000	2	507,000
Marshall	25	2,129,081	8	1,611,000	-	-	3	513,000	-	-
Mason	54	4,357,809	9	2,212,702	1	137,000	-	-	-	-
Massac	2	30,000	2	435,000	-	-	-	-	-	-
McDonough	14	1,660,050	14	3,116,000	1	300,000	1	87,000	1	520,000
McHenry	4	680,000	8	2,060,000	-	-	1	190,000	1	69,000
McLean	115	8,801,035	32	5,371,734	1	175,000	7	1,015,000	2	1,250,000
Menard	14	1,097,965	16	3,384,000	1	375,000	1	72,000	-	-
Mercer	30	3,660,461	17	3,304,600	-	-	7	707,000	11	5,838,300

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
HISTORICAL SUMMARY OF AGRICULTURAL LOANS ISSUED BY PROGRAM BY COUNTY (UNAUDITED)
For the Year Ended June 30, 2011

	Agricultural Development Bonds (Issued)		State Guarantee Program of Restructuring Agricultural Debt Loans (Issued)		Farmer and Agri-Business Loan Guarantee Program Loans (Issued)		Young Farmer Loan and Farm Purchase Guarantee Program Loans (Issued)		Specialized Livestock Loan Guarantee Program Loans (Issued)	
County	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Monroe	35	3,880,075	26	5,758,707	-	-	-	-	1	51,000
Montgomery	89	12,337,012	15	3,458,577	-	-	-	-	5	1,952,000
Morgan	14	1,193,830	25	5,433,319	1	1,000,000	1	194,000	1	668,000
Moultrie	30	$ 1,627,250	6	$ 995,500	1	$ 40,000	-	$ -	1	$ 250,000
Ogle	71	6,884,047	11	2,835,000	-	-	4	751,000	2	375,000
Peoria	24	2,470,520	25	6,037,000	-	-	2	322,000	1	150,000
Perry	10	636,256	19	3,672,900	3	1,020,000	-	-	-	-
Piatt	37	1,824,734	9	1,638,000	-	-	-	-	-	-
Pike	6	945,111	48	10,667,519	1	250,000	9	1,814,000	7	4,990,000
Pope	-	-	1	500,000	-	-	-	-	-	-
Pulaski	-	-	3	940,000	-	-	-	-	-	-
Putnam	11	1,222,859	5	568,681	-	-	-	-	1	615,000
Randolph	6	552,400	14	2,583,010	-	-	2	165,000	2	380,000
Richland	35	2,228,454	5	1,523,000	8	2,353,000	2	285,000	2	605,000
Rock Island	6	1,046,623	6	1,282,000	-	-	-	-	3	1,285,000
Saline	11	677,835	3	1,082,000	-	-	1	150,000	-	-
Sangamon	40	4,028,715	41	7,679,043	-	-	1	300,000	2	925,000
Schuyler	9	848,780	-	-	-	-	-	-	-	-
Scott	6	783,300	8	1,379,538	-	-	1	181,000	-	-
Shelby	76	5,712,279	18	3,770,267	1	47,000	1	81,000	-	-
St. Clair	29	2,163,180	5	1,156,000	1	40,000	-	-	-	-

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
HISTORICAL SUMMARY OF AGRICULTURAL LOANS ISSUED BY PROGRAM BY COUNTY (UNAUDITED)
For the Year Ended June 30, 2011

	Agricultural Development Bonds (Issued)		State Guarantee Program of Restructuring Agricultural Debt Loans (Issued)		Farmer and Agri-Business Loan Guarantee Program Loans (Issued)		Young Farmer Loan and Farm Purchase Guarantee Program Loans (Issued)		Specialized Livestock Loan Guarantee Program Loans (Issued)	
County	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Stark	26	3,039,600	15	3,612,000	-	-	1	300,000	-	-
Stephenson	31	2,816,710	28	6,304,498	13	17,184,495	2	176,000	4	2,317,000
Tazewell	80	6,572,336	23	4,515,049	-	-	1	255,000	1	218,000
Union	21	1,131,036	2	800,000	1	860,000	-	-	-	-
Vermillion	32	$ 3,747,807	26	$ 3,978,640	3	$ 24,848,000	1	$ 89,000	-	$ -
Wabash	5	181,300	3	676,000	-	-	-	-	-	-
Warren	55	7,087,746	17	3,507,000	1	4,000,000	3	589,000	8	3,845,000
Washington	36	2,453,570	10	2,045,000	-	-	-	-	2	1,250,000
Wayne	17	1,530,125	4	1,008,000	1	2,651,000	-	-	1	643,000
White	1	30,000	5	1,442,500	-	-	-	-	-	-
Whiteside	95	11,167,445	27	5,338,000	-	-	-	-	6	2,552,000
Will	18	1,432,940	1	300,000	-	-	-	-	-	-
Williamson	2	132,000	-	-	1	1,750,000	-	-	-	-
Winnebago	9	944,750	8	1,343,000	2	305,412	1	500,000	-	-
Woodford	52	4,172,735	18	3,011,810	2	635,000	1	100,000	3	227,000
	3,339	$ 309,153,665	1,373	$ 288,353,841	84	$ 93,812,237	118	$ 18,768,500	164	$ 73,097,800

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
SERVICE EFFORTS AND ACCOMPLISHMENTS (UNAUDITED)
For the Year Ended June 30, 2011

Issuance Performance		
Total number of new issues		45
New issue value	$	2,575,587,184
Application fees	$	68,100
Administrative service fees	$	4,736,371
Operating Performance		
Total number of issues		1,726
Total outstanding issue value	$	25,492,804,715
Annual fees	$	636,231
Annual fees/total outstanding issue value		0.0025%
Total expenses	$	17,444,794
Total expenses/total outstanding issue value		0.0684%
Total expenses/total number of issues	$	10,107

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
SCHEDULE OF FEDERAL AND NONFEDERAL EXPENDITURES
For the Year Ended June 30, 2011

Schedule A - Federal Financial Component		
Total federal expenditures reported on SEFA schedule	$ 1,233,341	
Total new loans made not included on SEFA schedule	-	
Amount of federal loan balances at beginning of the year (not included on the SEFA schedule and continued compliance is required)	-	
Other noncash federal award expenditures (not included on SEFA schedule)	-	
Total schedule A	$ 1,233,341	
Schedule B - Total Financial Component		
Total operating expenses (from financial statements)	$ 17,444,794	
Total nonoperating expenses (from financial statements)	-	
Total new loans made	-	
Amount of federal expenditures not reported as expense in the financial statements	1,233,341	
Other noncash federal award expenditures	-	
Total schedule B	$ 18,678,135	
Schedule C		Percent
Total schedule A	$ 1,233,341	6.6%
Total nonfederal expenses	17,444,794	93.4%
Total schedule B	$ 18,678,135	100%