



STATE OF ILLINOIS  
**OFFICE OF THE  
AUDITOR GENERAL**

William G. Holland, Auditor General

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**SUMMARY REPORT DIGEST**

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**ILLINOIS HOUSING AUTHORITY, LLC**

**Financial Audit and Compliance Examination  
For the Year Ended: June 30, 2012**

**Release Date: December 20, 2012**

**Summary of Findings:**

**Total this audit: 3**

**Total last audit: N/A**

**Repeated from last audit: N/A**

**INTRODUCTION**

The Illinois Housing Authority, LLC was organized on August 10, 2011 and is a component unit of the Illinois Housing Development Authority, a body politic and corporate of the State of Illinois.

**SYNOPSIS**

- The Illinois Housing Authority, LLC disclosed in their June 30, 2012 financial statements that they did not have a formal policy addressing custodial credit risk.
- The Illinois Housing Authority, LLC did not instruct its property agent to transfer any excess funds related to property operations into a bank account controlled by or in the name of the LLC.

{Expenditures and Activity Measures are summarized on the reverse page.}

**ILLINOIS HOUSING AUTHORITY, LLC**  
**FINANCIAL AUDIT AND COMPLIANCE EXAMINATION**  
**For the Year Ended June 30, 2012**

<b>STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS</b>	<b>June 30, 2012</b>
Total Operating Income.....	\$ 1,731,064
Operating Expenses.....	
Advertising and renting.....	31,702
Other general and administrative.....	238,980
Salaries and benefits.....	279,009
Operating expenses.....	104,315
Utilities.....	170,272
Maintenance expenses.....	121,380
Taxes and insurance.....	323,296
Depreciation.....	72,727
Miscellaneous.....	25,722
Total Operating Expenses.....	\$ 1,367,403
Operating Income.....	\$ 363,661
Transfer from Illinois Housing Development Authority, foreclosed property..	\$ 6,307,176
Net assets at beginning of year.....	-
Net assets at end of year.....	\$ 6,670,837

<b>SELECTED ACCOUNT BALANCES</b>	<b>June 30, 2012</b>
Cash.....	\$ 1,067,007
Land.....	\$ 2,600,000
Building.....	\$ 3,600,000
Accrued property taxes.....	\$ 415,000
Net assets.....	\$ 6,670,837

<b>AGENCY DIRECTOR</b>
During Engagement and Current: Mary Kenney

**FINDINGS, CONCLUSIONS, AND**  
**RECOMMENDATIONS**

**NO FORMAL POLICY ADDRESSING CUSTODIAL CREDIT RISK**

**The LLC lacks a formal policy that addresses custodial credit risk**

The Illinois Housing Authority, LLC (LLC) disclosed in their June 30, 2012 financial statements that they did not have a formal policy addressing custodial credit risk.

The LLC's financial statements are prepared in accordance with generally accepted accounting principles (principles). The Governmental Accounting Standards Board (GASB) established those principles. GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires disclosure information regarding deposits and investments that are subject to various risks, with custodial credit risk being one of those risks. (Finding 1, Page 9)

We recommended that the LLC develop a formal policy to address custodial credit risk as it relates to cash balances and investments.

**LLC agrees with the auditors**

LLC management concurred with the recommendation.

**NEED TO TRANSFER EXCESS FUNDS**

The Illinois Housing Authority, LLC (LLC) did not instruct its property agent to transfer any excess funds related to property operations into a bank account controlled by or in the name of the LLC.

**Bank accounts are not in the name of the LLC**

During our audit of the LLC, we noted that their property agent was managing three bank accounts on behalf of the LLC. These three bank accounts had a total balance of \$1,073,000 as of June 30, 2012. None of these bank accounts were in the name of the LLC and none of them were in interest bearing accounts. There was not a process or procedure to instruct the property agent to transfer any excess funds that were not required to operate the property to an account controlled by or in the name of the LLC. (Finding 2, Page 10)

We recommended that the LLC implement procedures to ensure any excess funds are transferred to the LLC to a bank account in their name.

**LLC agrees with the auditors**

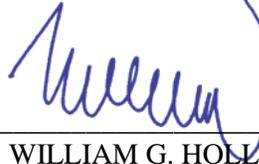
LLC management concurred with the recommendation and stated that they will create procedures that will allow it to track property cash flows and instruct as necessary, the agent to transfer any excess funds not required for use by the property to a bank account controlled by the LLC.

**OTHER FINDING**

The remaining finding is reportedly being given attention by the LLC. We will review the LLC's progress towards the implementation of our recommendations in our next engagement.

**AUDITORS' OPINION**

Our auditors state the June 30, 2012 financial statements of the Illinois Housing Authority, LLC are presented fairly in all material respects.



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WILLIAM G. HOLLAND  
Auditor General

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**SPECIAL ASSISTANT AUDITORS**

McGladrey LLP was our Special Assistant Auditors for this engagement.