



**Illinois Finance Authority  
Report of the Senior Staff  
September 9, 2009**

**To: IFA Board of Directors and Office of the Governor**

**From: Chris Meister, Deputy Director – General Counsel  
Yvonne Towers, Chief Financial Officer and Chief Technology Officer  
Stuart Boldry, Chief Administrative Officer  
Rich Frampton, Vice President and Director of Funding Managers  
Pam Lenane, Vice President and Associate General Counsel  
Eric Reed, Southern Illinois Regional Manager**

**Financial Performance:**

**General Fund:**

The Illinois Finance Authority's General Fund unaudited financial position for the month ending August, 2009, reports total assets of \$41,028,848, liabilities of \$1,267,296 and total equity of \$39,761,552. This compares favorably to the August 2008 balance sheet, with \$38,714,836 in total assets, liabilities at \$2,185,256 and total equity of \$36,529,580.

Gross revenue YTD (other than loan repayments) for the period ending August, 2009 was \$1,504,947, or \$139,733 (10.2%) above the approved FY10 budget. The favorable variance is primarily due to fee income. Total operating expenses were \$868,265, or \$17,670 (2.1%) higher than budget. This is primarily due to a retroactive adjustment for an operational change to the IFA 401(a) Plan.

Gross revenue YTD of \$1,504,947 was \$552,762 (58%) higher than same period last fiscal year 2009. This is primarily due to fee income. Operating expenses YTD were \$868,265, or \$105,368 (-10.8%) lower than same period last fiscal year 2009. This is mainly due to a reduction in legal and accounting fees, office supplies and miscellaneous office services.

Year-to-date net income for August was \$668,620 or \$154,002 higher than budget and \$676,944 higher than same period last fiscal year.

**Consolidated Results:**

The Illinois Finance Authority's unaudited financial position for its fourteen (14) funds, as of August 31, 2009, reports consolidated total assets of \$172,407,210, liabilities of \$58,701,089 and total equity of \$113,706,121. This compares favorably to the August 2008 balance sheet of \$176,333,730 in total assets, liabilities of \$63,268,927 and total equity of \$113,064,803.

## **Audit and Compliance:**

The fiscal year 2009 audit field work is underway.

Attached is the status of fiscal year 2008 audit findings for your review.

## **Financial Services**

- ***Tax-Exempt Volume:*** Municipal issuers totaled \$33.21 billion in tax-exempt issues in August, according to *Thomson Reuters*, a 2.2% decline from August 2008. Investors continue to purchase high quality fixed-rate bonds. Consistent with post-ARRA (Recovery Act) activity trends, Taxable Build America Bonds (see below) continue to drive volume. State and Local Governments sold \$10.23 billion of taxable bonds in August, which comprised a record 30.8% of all municipal debt sold in August, according to *Thomson Reuters*. Although fixed rate volume continues to dominate the market (due to the scarcity and high cost of credit enhancement (which is necessary to support variable rate financings), August volume declined by 25.4% compared to August 2008.
- ***Trends for Conduit Borrowers:*** Confirming experiences of many Illinois borrowers, *The Bond Buyer* reported that Conduit Borrowers with stressed credit or hopes for selling credit-enhanced, variable-rate bonds continue to face market access challenges. Additionally, *The Bond Buyer* noted that pricing for Bank Letters of Credit is still high by historical standards. As a result, Letter of Credit-secured issuance volume fell by 76.5% compared to August 2008. Issuers sold \$3.18 billion of Letter of Credit-backed securities down from \$8.52 billion in August 2008.

## *Market Trends*

- ***Bank Qualified Issuance:*** Bank-Qualified (“BQ”) issuance continues to grow in the wake of Federal Government’s expansion of municipal debt eligible to be held by banks. Normally, banks have to pay taxes on the interest they receive on municipal Bonds investments. For the years 2009 and 2010 the American Recovery and Reinvestment Act (“ARRA”) raised the “bank qualification” ceiling for municipal Issuers from \$10 million or less of bond issuance to \$30 million per year. This resulted in an increase in Bank Qualified Bonds. ARRA has allowed these BQ issuers to come to market and retain their BQ status, in pooled bond issuances. BQ Issuance jumped almost 80% in August to \$2.06 billion. BQ issuance for the year has almost doubled according to *The Bond Buyer*. Most of IFA’s 2009 501(c)(3) issuances and reissuances this year have taken advantage of the opportunity to reissue under ARRA as Bank Qualified Bonds.
- ***Build America Bonds (“BAB’s”):*** Consistent with prior reports, the emergence of BAB’s has had a favorable impact on pricing in the Tax-Exempt market with rates and credit spreads declining due to a significant diversion of prospective Government Purpose Issues to the Taxable BAB market. Accordingly to *The Bond Buyer*, over 92% of taxable issuance volume in August was through the BAB Program. Issuers have sold \$28.42 billion BAB’s since April representing almost 17% of municipal issuance volume. (Issuance of BAB’s is limited to Governmental Purpose Projects – rather than the conduit financings for non-governmental third parties that are IFA’s focus).

## **Interest Rate Data:**

### Tax-Exempt Rates:

- Variable Index (\* SIFMA): 0.39% (8/26), down 2 basis points from last month's report.
- Fixed GO Bond (\*\* MMD-30yr-AA): 4.54% (9/1), up 18 basis points from last month's report.

### Taxable Rates:

- Fed Reserve Benchmark Target Rate: 0.25% (9/1) unchanged from last month
- \*\*\* 90-day LIBOR: 0.41% (9/1), down 7 basis points from last month
- \*\*\*\* Prime Rate: 3.25% (9/1), unchanged since 12/15/2008.
- 2-yr Treasury: 1.18%, (9/1) up 18 basis points from last month
- 30-yr Treasury: 4.42% (9/1) down 8 basis points from last month

\* *SIFMA (i.e., "Securities Industry and Financial Markets Association"); The SIFMA Variable Index is an index of High-Grade 7-Day Floating Rate (VRDN) bonds compiled from market sources; [www.sifma.org](http://www.sifma.org).*

\*\* *MMD (i.e., "Municipal Market Data"); Thomson Financial compiles several proprietary indices of High Grade Municipal Bonds of varying maturities under their "MMD" indices.*

\*\*\**LIBOR (i.e., London Interbank Offering Rate); "LIBOR" is the world's most widely used benchmark for short-term interest rates.*

\*\*\*\**Prime Rate: the interest rate benchmark most commercial banks charge their most creditworthy customers (typically for Revolving Lines of Credit and other short-term loans).*

The Tax-Exempt SIFMA Variable Rate Index dropped 2 basis points from July, following an 11 basis point increase in July. Still, the SIFMA Index remains near historical lows.

The 30-Year MMD (AA-rated) rate increases 18 basis points from last month, while the 30-Year Treasury dropped 9 basis points from July. The observed increase in 30-Year MMD (while the 30-Year Treasury dropped) is indicative of an undersupply of long-term investors in the tax-exempt market.

Among Taxable rates, 90-day LIBOR, which is used to determine borrowing rates for many interbank loans, continued its decline in with a 7 basis point decline in August, approaching its lowest levels since 2004. 90-day LIBOR (plus a margin) is frequently used as a benchmark for determining variable rate commercial loan interest rates.

## **Economic Data:**

### **Gross Domestic Product Estimate:**

According to an estimate released by the Bureau of Economic Analysis on August 27th, Real Gross Domestic Product (“GDP”) -- the output of goods and services produced by labor and property located in the United States -- decreased at an annual rate of 1.0% in the second calendar quarter of 2009 (“Q2 2009”), compared to a Q1 2009 decrease of 6.4%. (The 6.4% decline reported in Q1 2009 was the sharpest contraction in nearly 30 years.)

Following this anticipated Q2 2009 GDP decline, the US economy will have contracted for four consecutive quarters for the first time on record since 1947.

Based on the Q2 2009 decline in the rate of GDP contraction, many economists believe that Q1 2009 represented a “bottoming” in economic performance (as widely reported).

### **Employment:**

New claims for US unemployment benefits dipped over the past week in a sign of modest improvement in the job situation for the recession-mired economy, according to a U.S. Labor Department report released August 27th. Seasonally adjusted initial jobless claims fell to 570,000 in the week ending August 22 from the previous week's revised figure of 580,000..

According to the Federal Reserve Bureau, the number for seasonally adjusted insured unemployment or continuing claims filed during the week ending August 15 was 6.133 million, a decrease of 119,000 from the preceding week.

A survey by ADP Employer Services showed businesses reduced payrolls by 298,000 in August, following a decline of 360,000 in July.

Illinois unemployment rate has reached 10.4% for July 2009 reported by the Illinois Department of Unemployment Securities; the data for August will be available on September 17<sup>th</sup>.

### **Manufacturing:**

According to the August Purchasing Manager’s Index (“PMI”) report, the manufacturing sector ended 18 consecutive months of decline in August as the PMI registered 52.9, which is 4 points higher than the 48.9 percent reported in July. August’s 52.9 reading is the highest since June 2007. (A PMI reading over 50.0 indicates that the manufacturing sector is generally expanding; while a reading under 50.0 indicates that it is generally contracting.)

## **Other Economic News:**

- Ford Motor Co., Toyota Motor Corp. and Honda Motor Co. led U.S. auto sales to the first monthly gain since 2007 as the governments “cash for clunkers” rebates lured shippers to showrooms.

- Mortgage bankers are pushing Congress to expand the U.S. government's support of the market by guaranteeing private-industry home-loan securities and replacing finance companies Fannie Mae and Freddie Mac.
- Waterbury, Connecticut, raised \$313 million to bolster its public employee retirement system in the largest pension bond sale by a U.S. municipality since March.

### **IFA Sales, Marketing and Credit**

**Marketing** – Spurred by the 2009 Recovery Act (or “ARRA”), and the related need to upgrade public infrastructure and educational facilities, IFA’s Local Government Team is implementing marketing and development plans to encourage (1) conduit financings for large municipalities, school districts, and community college districts and (2) pooled financings for small municipalities.

IFA’s Local Government team continues to focus marketing efforts to associations including the Illinois Municipal League, the Illinois State Board of Higher Education, the Illinois Government Finance Officers Association, the Illinois City and County Management Association, and the Illinois Association of School Business Officials. IFA will continue to submit newsletter articles and arrange to speak at regularly scheduled conferences held by these organizations. Ongoing emphasis will be educating prospective users on the benefits of using IFA as a conduit issuer for use of the double exemption and the state revenue intercept.

### **Program Development**

**Fire Truck and Ambulance Revolving Loan Funds** –All loans for this Fiscal Year have been completed, Staff has resumed servicing the portfolio.

**Local Government Pooled Bond Issue** -- Local Government Staff is continuing to work with prospective borrowers to facilitate interim financing of credit-approved borrowers with a dedicated \$1,744,074 (unencumbered balance as of September 3, 2009) IRBB Special Reserve Fund (established and capitalized for the benefit of the Illinois Rural Bond Bank, an IFA predecessor). Today’s agenda includes \$625,000 interim loan request from the Village of Kane interim financings would enable (i) creditworthy borrowers to proceed with their financings immediately and (ii) provide additional time for each IFA Local Government Pool to aggregate sufficient volume to provide optimal economies of scale to participants.

### **Sales Activities**

Funding Managers will be presenting twelve financings totaling \$382,389,000 for consideration at the September, 2009 Board Meeting:

- Agriculture projects total \$1,589,000
- Business and Industry projects total \$300,000
- Healthcare projects total \$115,000,000
- Non-Healthcare Projects (Cultural and other 501(c)(3) projects) total \$265,500,000.

**The twelve financings presented for consideration today are expected to create 150 new jobs and 760 construction jobs.**

**IFA Industry Updates and Closing Reports:**

**Agriculture**

During the month of August, the Ag Staff fielded calls from 8 producers and small business, as well as 14 lenders seeking information about IFA programs for potential projects. Project inquiries ranged from Beginning Farmer Bonds, Rural Development loans, Participation loans, and Agricultural Guarantees.

Staff was also heavily involved in the planning for future energy workshops to be held around the State in order to promote the new Treasury Department's Direct Subsidy payment program. Other major project inquiries requiring significant time are a potential Food Grade Ethanol Plant in Benton, which is seeking State assistance for financing its operations. Staff also spent significant time on a potential Industrial Revenue Bond to reopen a boat manufacturer in West Frankfort. Both of these projects could bring significant new jobs back to Southern Illinois if successful.

Staff spent a half day with the Bank of Jacksonville to tour a large hog farm, which has an IFA guarantee in place. The credit has been discussed with the credit committee and the Board of Directors on several occasions. Staff has been receiving many calls from lenders involved in the swine industry seeking new guarantees or modifications to existing guarantees, as this industry continues to struggle financially.

The most significant development in the Ag Market was the signing of SB260 by Governor Quinn, which makes IFA statutory parameters consistent with federal legislation that had expanded eligibility under the Beginning Farmer Bond program nationally. Now, IFA's Statute will enable the maximum bond limit to be increased from \$250,000 to \$469,200 while the previous land ownership limit of \$125,000 has been removed. The increased expenditure limits significantly enhance the utility of the Beginning Farmer Bonds Program for IFA and the Ag Market. As with many changes to federal tax law, these changes in eligibility parameters had required years of effort to support.

In late August, AG staff attending the annual Illinois Bankers Association's ("IBA") Ag Lender's conference in Springfield. As a sponsor of the event, IFA was provide for a booth to promote our new limit for Beginning Farmer Bonds. The IBA conference was attended by 65 lenders from across the State.

For the September board meeting, staff will present 4 Beginning Farmer Bonds, 2 Agri-Debt Guarantees, and 1 Amendment.

*There were no Agriculture Closings in August, 2009.*

## **Business and Industry**

Members of the B&I Team are working with the Illinois Development Council (“IDC”) to resume more active participation in regional seminars and educational events. The Illinois Development Council is a statewide membership organization comprised of local (municipal and county) economic development organizations statewide. IDC meetings provide an effective forum for IFA to discuss

IFA’s B&I Team met with the Village of Tinley Park – Economic Development and the Will County Center for Economic Development to discuss prospective Industrial Revenue Bond financings and to discuss prospective opportunities for Recovery Zone Facility Bond financings in Tinley Park and Will County.

IFA’s B&I Team continues to focus calling activity on Illinois-based manufacturers servicing industries that have remained relatively healthy during the current recession including (1) component suppliers to the wind turbine and other alternative energy sources, (2) the medical products industry. There have been several potential borrowers who have expressed interest in both the Participation Loan Program and the Industrial Revenue Bond Program.

Separately, discussions with several commercial lenders in Northern and Central Illinois confirm a lack of lending activity for new Business and Industry projects, and a general reluctance by owners of these companies to undertake expansions given current market conditions.

Additionally, it has become evident from informal discussions with Borrowers and investment bankers who serve this market that Bank Letter of Credit for prospective Industrial Revenue Bond, Intermodal, and Solid Waste Transactions is continues to see substantially higher pricing.. As a result, Bank LOC-enhanced Tax-Exempt Financings for these Borrowers provide relatively less benefit now than at any time in recent years.

IFA’s B&I team expect American Water Capital Corp. to close a \$28.5 million fixed rate issue in late September or early October.

*There were no Business and Industry Closings in August, 2009.*

## **Healthcare**

The Health Care Market continues to improve. This month, there were successful pricings for (1) Riverside Health System (6.34%) and (2) University of Chicago Medical Center (5.75%), while (3) OSF Healthcare System, (4) The Joliet Franciscans, and (5) Aunt Martha’s Youth Project were all privately placed with banks (i.e., Bank Direct Purchase transactions). IFA’s Healthcare Team expect activity to increase moderately before the end of this year, with Edward Hospital and Lake Forest Hospital coming this month for refinancing and new money financing, respectively. Prior to the end of the calendar year, we anticipate two additional financings to close.

IFA’s Healthcare Team presented the structure of the HAP program to Assured Guaranty on August 4, 2009, which provided an opportunity for Assured Guaranty to ask questions to facilitate their due diligence review of the structure. The interest rate for HAP Pool is tentatively scheduled for the second week of September.

The Healthcare Team has been preparing to implement a rigorous marketing effort once the final commitment and pricing from Assured is received. The effort will include calls and emails to all Illinois hospital CFOs, with personal follow-up meetings to spur participation in the Program. We have already met with several of the HAP participants to discuss the Program. These meetings have also provided an opportunity to discuss their future financing plans. Hospitals contacted this month included: Northwestern University, Children’s Memorial, OSF Health System, Rockford Memorial, Swedish American, Rush, University of Chicago, Advocate, Riverside, and Edward.

Another key initiative of the Healthcare Team has been organizing the Underwriter Diversity Forum Seminar which will be held on September 10, 2009. The Healthcare Team has contacted 115 financial professionals from Illinois hospitals, financial advisory firms, and minority and women owned underwriting firms to attend the Underwriter Diversity Forum at the Oak Brook DoubleTree Hotel. Currently, 14 minority and women owned underwriting firms are scheduled to participate in the Forum. All 11 hospitals that we met this month to discuss the HAP program, were also personally invited to attend the Diversity Forum. The Forum will be used not only to introduce Illinois minority and women owned underwriting firms to the Illinois hospital community, but also to publicly introduce the IFA HAP Program.

The Association of Safety Net Community Hospitals also invited Pam Lenane and the Healthcare Team to present the HAP Program at an Association meeting on September 8, 2009. The Team utilized this opportunity to promote both the HAP Program and the Diversity Forum. The Hospitals that will attend include: Swedish Covenant, Mercy, St. Bernard, Loretto, Norwegian American, and Roselyn.

Finally, the Authority is hosting the Annual Conference of the National Association of Health and Education Facilities Finance Authorities in Chicago on September 23rd through 25<sup>th</sup>. Chairman Brandt will be opening the conference and the Healthcare Team will be moderating 3 sessions. IFA Staff (also including IFA’s General 501(c)(3) Team) have encouraged minority and women owned firms to participate in the conference, to gain exposure to the executive directors and staffs of authorities and issuers nationally.

**Healthcare August, 2009 Closing(s)**

<b>Closing Date</b>	<b>Amount</b>	<b>Borrower</b>
08/13/09	66,500,000.00	Riverside Health System
08/18/09	70,000,000.00	OSF Healthcare System
08/20/09	7,911,000.00	Joliet Franciscans
08/20/09	225,000,000.00	University of Chicago Medical Center
08/20/09	8,924,194.63	Aunt Martha's Youth Project

**Non-Healthcare 501(c)(3)’s:**

Members of the Not for Profit Team continue to meet with market participants to discuss both opportunities and challenges in the Higher Education and Cultural subsectors, as well as other K-8 education, social services, and other 501(c)(3) subs-markets.



The Team continued to work with local banks on converting LOC backed transactions to Direct Purchase mode transactions.

The Not for Profit Team participated in the following events:

- Met with commercial lending teams at Fifth Third Bank and RBS/Charter One Bank to discuss options for restructuring existing Letter of Credit secured transactions as (1) Direct Bank Purchases or (2) with the addition of a Confirming LOC from a Federal Home Loan Bank.
- Served as exhibitors at the Lumpkin Foundation Downstate Non Profit Conference held in Champaign. The Lumpkin Foundation serves as a support organization providing grants and educational programs that support over 200 not for profits throughout Central and Southern Illinois.
- Teleconference call on The Jewish Federation's Revenue Anticipation Note program hosted by the CFO of the Jewish Federation and their counsel for not for profit organizations. More that 60 representatives from Not for Profits participated in the conference call.

**Non-Healthcare 501(c)(3) August, 2009 Closing(s)**

<b>Closing Date</b>	<b>Amount</b>	<b>Borrower</b>
8/27/2009	\$5,431,485	St. Patrick High School

**Local Government**

Progress is being made by IFA Local Government Staff on finalizing financial due diligence reports with approximately nine municipalities primarily located in Central and Southern Illinois for participation in the next Local Government Pooled Program.

The target date for the next issue is in late October. IFA's Local Government Team anticipates an approximately \$5 million pool to support various community infrastructure projects. Pursuant to proposals secured under a Request for Proposal/Request for Qualifications, Bond Counsel, Underwriter, and Issuer Counsel have been selected for the initial pool and will be discussed briefly.

In August, the Local Government Team discussed IFA financing with approximately 15 other communities, including school districts.

*There were no Local Government Closings in August, 2009*

**Energy**

**US Department of Energy Loan Guarantee Program**

IFA is in ongoing discussions with DOE's consultants regarding their pending solicitation for public sector Designated Lenders for a new Loan Guarantee program, Section 1705. Designated Lenders will be authorized to sponsor qualifying projects for DOE Loan Guarantees. Designated Lenders will be charged with underwriting projects,

completing due diligence and submitting detailed credit memorandums that DOE will use to evaluate requests for guarantees. DOE expects Designated Lender to support recommended financings with their own capital. DOE is expected to issue this solicitation in August.

### IFA Energy Initiative

Staff has been working closely with the Energy Committee and Scott Balice Strategies to begin developing policies and procedures for the IFA Energy Initiative. This effort has included preparing credit criteria for wind power and other renewable energy projects, developing a fee structure, developing plans for how IFA will respond to inquiries, generate interest, qualify, and evaluate financing requests, close financings, and monitor projects after closing.

### Project Vetting

In July, staff invited developers of 15 projects that IFA and DCEO believes are most ready for development to participate in vetting sessions to be attended by IFA staff, Scott Balice Strategies and members of the Illinois Energy Team. The purpose of the vetting sessions is to complete a high level evaluation of each project's technology, environmental attributes and financial viability to identify a manageable set of projects that merit further consideration for State Moral Obligation and perhaps, sponsorship for a DOE Loan Guarantee. Written responses are due August 15. In-person vetting sessions are expected to be scheduled in late August and in September, with preliminary vetting to be completed by September.

### Energy Efficiency

IFA is aggressively evaluating opportunities for financing energy efficiency projects. These projects are very attractive from a development and environmental perspective. The Federal government has announced numerous incentives to encourage investment in energy efficiency technology and renewable energy systems. These projects are often relatively low cost (ranging from several thousands to several million dollars), relatively easy to implement, promise significant cost savings and environmental benefits and represent an opportunity to quickly put many people back to work. IFA continues to receive financing requests for energy efficiency projects from a wide variety of project sponsors. To respond to these inquiries, develop financing programs and enhance outreach efforts, management has assigned the following funding managers to this effort:

Bill Claus:	Health Care
Townsend Albright:	501(c)(3) Non Healthcare
Kim DuPrey:	Local Government
Chris Meister and Eric Reed	Commercial and Industrial Organizations

To enhance our efforts, IFA recently began working with the Clinton Climate Initiative, an entity funded by the William Clinton Foundation that is charged with implementing energy efficiency projects in Chicago and other major US cities. Staff is also investigating an opportunities for funding and technical assistance that may be available from DOE and various foundations that are interested in encouraging energy efficiency.

### **Human Resources**

Background work was completed for IFA's EEO/AA Plan for fiscal year 2010. The Plan draft was reviewed and approved by IFA's Authorized Officers.

A training session, Employee Management Process, for IFA management staff was completed this month.

A job description was developed for the State Purchasing Officer position.

Employment offers were extended to Janis Sinisi (to convert from part-time to full-time employment as IFA's State Purchasing Officer) and Marnin Lebovits who was hired as a Senior Funding Manager working on the Energy Team.

### **Procurement**

Janis Sinisi completed training for the Illinois Procurement Bulletin and REMEDY, both systems which will enable the IFA to generate new procurement solicitations.

Content was drafted for the three Treasury procurements for submission to REMEDY for approval.

### **Benefits**

An operational change to the way IFA's Individual Retirement Account Plan matching contributions are processed was approved and implemented. IFA staff received an employee communication explaining the change.

### **Venture Capital**

IFA participated in numerous Firefly Energy board meetings surrounding their efforts to raise additional investment capital. A summary of company activity was prepared and provided to the Energy Team.

IFA attended Board meetings for Riverglass and VHT.

**Legal/Legislative:** *An oral report will be provided at the September 9,, 2009 Committee of the Whole Meeting.*


**Illinois Finance Authority**  
**FY08 Audit Findings: Material and Immaterial**  
**Update as of August 31, 2009**

**Number of Findings - 7**

Item Number	Description	Finding Type	Comments	Percentage Completed																
				10	20	30	40	50	60	70	80	90	100							
<b>Government Auditing Standards:</b>																				
08-01	Draft Financial Statements Not Completed Timely	Significant Deficiency	People, processes and systems are in place to produce timely financial statements.	[Redacted]																
08-02	Failure to Provide a Listing of Laws and Regulations Applicable to the Authority	Significant Deficiency	Database developed; identification and tracking, and maintenance of the statutory mandate database have been executed.	[Redacted]																
<b>Federal Compliance:</b>																				
08-03	Missing Policy on Nondiscrimination	Noncompliance and Significant Deficiency	The product bulletin and the application for the Rural Development Program have been updated and posted to the IFA website.	[Redacted]																
<b>State Compliance:</b>																				
08-04	Failure to Report Revenue Bond Information to the Office of the Comptroller	Noncompliance and Significant Deficiency	Implemented a "reminder" process with trustees/paying agents. Changes required from the IOC to totally eliminate this finding.	[Redacted]																
08-05	No Established Rules to Administer Loan Program (Fire Sprinkler Dormitory Revolving Loan Program)	Noncompliance and Significant Deficiency	No appropriation to fund the program; rules filed with the Secretary of State.	[Redacted]																
08-06	Failure to Administer the Exporter Award Program	Noncompliance and Significant Deficiency	IFA posted an invitation on its website; nominated borrowers; actual award by DCEO were made on 06/29/09; none of the awardees were submitted by IFA.	[Redacted]																
08-07	No Formal Record Retention Plan	Noncompliance and Significant Deficiency	Applications on file with State Archives. Currently being reviewed by State Archives Field Representative and State Archive Director. Records Retention Schedule pending finalization by State Archives. State Record Commission review is scheduled during September, 2009.	[Redacted]																

**Illinois Finance Authority  
Audit Findings Material and Immaterial  
Update as of August 31, 2009**

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Item Number	Description	Percentage Completed
10 20 30 40 50 60 70 80 90 100		
Total Number of 2		
<b>FY 08 Immaterial Findings</b>		
<b>IM08-01</b>	Statement of Economic Interest Report Not Filed Timely	
<b>IM08-02</b>	Inadequate Documentation of Internal Control Procedures	