

Meeting of the Illinois Finance Authority Audit Committee

The Audit Committee (the "Committee") of the Illinois Finance Authority (the "IFA"), pursuant to notice duly given, held its regularly scheduled meeting at 3:00 p.m., on July 13, 2004 at the Illinois Finance Authority, located at the Sears Tower, 233 South Wacker Drive, Suite 4000 in Chicago, Illinois.

MEMBERS PRESENT:

Joe Valenti – Chair
Natalia Delgado
Terrence O'Brien

STAFF PRESENT:

Michael Pisarcik

MEMBERS ABSENT:

Demetris Giannoulis

Call to Order

The meeting was called to order by Chairman Valenti at 3:05 p.m.

Chairman's Comments

Mr. Valenti welcomed every one and noted that this was the initial meeting of the Committee. He asked Mr. Pisarcik to provide an overview of the Authority's accounting and financial system as well as audit matters.

Recent History Overview

Mr. Pisarcik provided the Committee with a history of the Authority's financial and accounting systems and the challenges confronted and the changes made by the Authority since January. A summary of his presentation is as follows:

I. Major Events

- A. Consolidate/integrate financial processes and procedures of the IHFA, IDFA, IRBB, IEFA and IFDA into the new Authority, which was culminated by the adoption of the IFA Policies and Procedures Manual by the Board at its August 2004 meeting
- B. Jeff Pruyn, Accountant for IEFA, retained (and continues to be retained) by IFA to assist with the on-going financial and accounting consolidation, especially as it relates to the IRBB and IFDA
- C. Laura Lanterman, IFDA CFO, retained from January 2004 through May 2004
- D. Each Predecessor Authority had its own accounting platforms – Elite, Peachtree, Quicken, Excel, others – which the Authority has consolidated into a single platform – Great Plains – effective as of May 2004

II. Current Staff & Responsibilities

- A. Mike Pisarcik – CFO, Comptroller, Treasurer, Signatory
- B. Joy Kuhn – Account integration, Treasury, Cash, Receivables, Risk Management
- C. Ximena (Six) Granda – Great Plains Power-user, general ledger, compliance, payroll, loans

- D. Gill Stein – Accountemps – Payables, Check issuance, integration projects, Elite

III. Current Systems

- A. Microsoft Great Plains general ledger platform
- B. Financial Statements
- C. Bond bookkeeping for outstanding issues
- D. Incentive Pay system
- E. Budget maintenance

Role of the Audit Committee

The Committee discussed the role that it should play and after discussing the matter agreed that it would focus on the following five matters:

- i. Committee as oversight role
- ii. Review progress toward resolving outstanding audit findings
- iii. Review IFA investment performance
- iv. Review loan portfolio and aging
- v. Review monthly check register

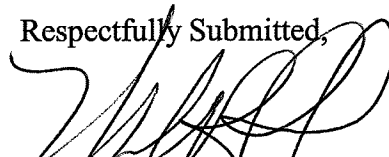
Prioritization of Financial/Accounting Matters

The Committee sought to prioritize those financial and accounting matters that need to be addressed or reviewed. After discussing this topic, the Committee agreed that the following items should be given priority:

- 1. IFA Audit process and the stub period audit findings
- 2. Bond recordkeeping
- 3. GAAP package
- 4. Compliance calendar
- 5. Loan amortization and receivables
- 6. Annual fee collection process
- 7. IFA Annual Report
- 8. Bond bank financials
- 9. Subsidies
- 10. Fund consolidation

The Chairman asked if there was any other business to come before the Committee or if any member of the public wished to address the Committee. There being no further business and no one seeking to address the Committee, Chairman Valenti adjourned the meeting at approximately 10:00 a.m.

Respectfully Submitted,



Michael Pisarcik, Secretary