State of Illinois
Illinois Finance Authority

Financial Audit
For the Year Ended June 30, 2021

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

State of Illinois
Illinois Finance Authority
(A Component Unit of the State of Illinois)

Financial Audit
For the Year Ended June 30, 2021

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Agency Officials

Chair of the Authority (July 17, 2020 – Present)	Mr. William Hobert
Chair of the Authority (April 18, 2017 – July 15, 2020)	Mr. Eric Anderberg
Executive Director	Mr. Christopher Meister
Deputy Executive Director (Apr 22, 2019- Feb 28, 2021)	Mr. Jacob Stuckey
Manager of Finance & Administration	Ms. Ximena Granda
General Counsel	Ms. Elizabeth Fleming Weber

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

Member (September 14, 2020 – Present)	Mr. Peter Amaro
Member (April 18, 2017 – July 15, 2020)	Mr. Eric Anderberg
Member (July 17, 2020 – Present)	Mr. Drew Beres
Member	Mr. James J. Fuentes
Member (January 1, 2004 – March 18, 2021)	Mr. Michael Goetz
Member	Mr. William Hobert
Member	Ms. Arlene Juracek
Member (October 5, 2012 – July 15, 2020)	Mr. Lerry Knox
Member (January 5, 2016 – September 24, 2020)	Mr. Lyle McCoy
Member	Ms. Roxanne Nava
Member	Mr. George Obernagel
Member	Mr. Terrence O'Brien
Member	Mr. Roger E. Poole
Member (September 28, 2020 – September 15, 2021)	Mr. José Restituyo
Member (July 25, 2016 – September 22, 2020)	Ms. Beth Smoots
Member (September 25, 2020 – Present)	Mr. Eduardo Tobon
Member	Mr. J. Randal Wexler
Member	Mr. Jeffrey Wright
Member	Mr. Bradley Zeller

ILLINOIS FINANCE AUTHORITY

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December 8, 2021

Will Hobert, Chair
Members of the Illinois Finance Authority
and Residents of the State of Illinois

The annual financial report for the Illinois Finance Authority ("Authority") for the year ended June 30, 2021 is hereby submitted. Responsibility for the accuracy of the data in this report and completeness of its presentation lies solely with the Authority's management. The Authority has established internal controls that are designed to protect the Authority's assets from loss, theft and misuse and to compile complete and reliable information. As the cost of internal control should not exceed its benefits, the controls in place have been designed to provide reasonable, rather than absolute assurance, that the financial statements presented are free from material misstatements. To the best of our knowledge, this financial report is accurate and complete in all material aspects and fairly reflects the Authority's financial position and changes in financial position of the various funds of the Authority and the Authority as a whole.

We are pleased to report that the independent audit firm RSM US LLP has issued an unmodified opinion on the Authority's financial statements for the year ended June 30, 2021. The independent auditor's report is located at the front of the financial section of this report.

Included with the financial statements is a narrative overview and analysis of the financial statements in the form of Management's Discussion and Analysis (MD&A). The MD&A complements this transmittal letter and should be read in conjunction with it. The financial statements include a view at the government-wide level, the fund level, and are supplemented by notes to the financial statements.

The Illinois Finance Authority Act, as amended (20 ILCS 3501/801-1 et seq.) (the "Act"), mandates in Section 845-50 that the Authority prepare a complete report and financial statement of its operations and of its assets and liabilities. In the view of Authority management, this letter of transmittal in conjunction with the audited financial statements satisfies the requirements of Section 845-50 of the Act and each will be made available for distribution.

The Authority reports an ending Fiscal Year 2021 net position of $124.2 million, which represents a decline of $234 thousand or 0.2% from the previous fiscal year. This was the first decline in the Authority's net position since Fiscal Year 2010 when the Authority exited its Venture Investment Fund (20 ILCS 3501/810-5 *et seq.*). The decline in the Authority's net position in Fiscal Year 2021 resulted from the continuing negative impact of COVID-19, a decline in the Authority's investment earnings, and the continuing negative impact on Authority revenues of certain provisions of the federal Tax Cuts and Jobs Act that took effect on January 1, 2018. A full discussion of the factors contributing to this decline are found in the MD&A section of this report.

Purposes and Projects of the Authority

The Authority is a body politic and corporate created by State law. The Authority is governed by up to fifteen volunteer Members who are appointed by the Governor and confirmed by the Senate. The Governor directly appoints the Authority Chair. As of June 30, 2021, the Authority had a staff of 19 whose compensation and benefits were paid with Authority locally held funds, not State tax dollars appropriated by the General Assembly. Moreover, none of the Authority staff participate in the State's pension system or health insurance programs.

The issuance of long-term debt is the primary public function of the Authority. The Authority supports its operations with fees charged in connection with the issuance of conduit bonds, as well as interest payments and investment returns. The Authority's ability to generate revenue without State tax dollars appropriated by the General Assembly generally limits the impact of any State budget issues on the Authority's operations, with the exception of certain specific finance programs and transactions (see agricultural guarantee programs; State component units; moral obligation/contingent State taxpayer guarantees; and fire truck and ambulance loan programs). Despite this degree of autonomy from the State budget, the Authority's financial operations are included within and reported as a component unit of the State of Illinois.

Long-term debt is incurred only to raise the capital necessary to provide financing or refinancing for projects, including, but not limited to, health care facility projects, educational facility projects, housing projects, cultural institution projects, public purpose projects, industrial projects, agricultural projects, PACE projects (as defined herein), and environmental facility projects as well as projects to or on behalf of, or in connection with, businesses, local governments and other public borrowers, water systems, senior living facilities, farmers, agribusinesses, student loans and others. The Authority finances the aforementioned projects in order to (i) promote a vigorous growing economy and avoid involuntary unemployment for Illinois residents; (ii) reduce the cost of indebtedness to State taxpayers and residents; and (iii) otherwise enhance the quality of life in Illinois by benefiting the health, welfare, safety, trade, commerce, industry and economy of the people of Illinois consistent with its statutory declarations of policy.

Conduit Debt – Not the Debt of the Authority or the State

The Authority's primary product and revenue source is the issuance of federally tax-exempt conduit bonds as allowed by the federal tax code and State law, generally on behalf of non-profit borrowers in the hospital, healthcare, education, cultural, senior living, and public sectors. The Authority also issues federally tax-exempt conduit bonds on behalf of certain individuals and for-profit companies (e.g., beginning farmers; manufacturing businesses; water utilities and operators of solid waste projects or other "exempt facilities" defined by the federal tax code).

From a credit and security perspective, federally tax-exempt conduit bonds generally pose no (or little) risk to the Authority's funds as: (i) the key credit decision is made, not by the Authority, but by the capital markets or banks that purchase the Authority bonds; (ii) it is the borrower's decision to borrow for a qualified tax-exempt project under the federal tax code; (iii) importantly, the obligations to repay debt and to maintain contractual covenants belongs to the borrower, not the Authority or the State of Illinois or any political subdivision therein; and (iv) finally, the Authority is not the regulator of either the borrower, the borrower's project, or the borrower's bond transaction.

From time to time, the Authority has and may issue taxable conduit bonds (without federal exemption on interest earnings). Borrowers may see an advantage in issuing such taxable conduit bonds through the Authority with a CUSIP number, for example. Furthermore, in accordance with the Property Assessed Clean Energy Act, 50 ILCS 50 et seq. (the "PACE Act"), the Authority has and may issue PACE bonds (i.e., taxable conduit bonds) to finance or refinance certain "energy projects" (as defined in PACE Act, and "PACE projects" as defined in the Act). As of June 30, 2021, the Authority has issued bonds in the aggregate principal amount of $50.34 million without relying on State appropriation of taxpayer dollars.

Under Generally Accepted Accounting Principles ("GAAP") promulgated by the Governmental Accounting Standards Board ("GASB"), conduit debt refers to certain limited-obligation revenue bonds issued for the express purpose of providing capital financing for a specific third party. Importantly, conduit debt does not constitute indebtedness or an obligation, general or moral, or a pledge of the full faith or a loan of credit of the Authority, the State of Illinois, or any political subdivision thereof. All of the Authority's conduit debt is payable solely from revenues or funds pledged or available for their repayment from the project or by the borrower, not the Authority or the State of Illinois or any political subdivision thereof, as authorized by the Act and as reflected by the applicable bond indenture or loan agreement for an applicable project or transaction. The vast majority of the Authority's debt is classified as conduit debt. Accordingly, the Authority's conduit debt obligations are not reported as liabilities in the Authority's basic financial statements.

In Fiscal Year 2021, the Authority issued more than $2.5 billion in conduit bonds across a variety of economic sectors, including but not limited to: (i) nearly $1.25 billion for not-for-profit healthcare, including but not limited to, the Carle Foundation, OSF Healthcare System, The University of Chicago Medical Center, Memorial Health System, Sarah Bush Lincoln Health Center, and Riverside Health System; (ii) $500 million for the Clean Water Initiative Revolving Fund Green Bonds, Series 2020 ("Series 2020 Green Bonds"), on behalf of the Illinois Environmental Protection Agency's ("IEPA") federal—State-local State Revolving Fund ("SRF"); (iii) $250 million for exempt facilities, including on behalf of Navistar and the

American Water Capital Corporation on behalf of the Illinois American Water Operations; (iv) nearly $250 million not-for-profit senior living facilities; and (v) nearly $150 million on behalf of Provident Resources UIC Surgery, the seventh in a series of innovative public-private partnerships issued on behalf of public universities in Illinois.

Debt Issued on behalf of the Primary Government and Component Units of the State of Illinois

The Authority also issues federally tax-exempt bonds for the purpose of providing loans to other public agencies of the Primary Government and component units of the State of Illinois. Although similar to conduit bonds, these bonds are issued for the benefit of third parties that are part of the Authority's financial reporting entity, the State of Illinois. They do not meet the definition of conduit debt under GAAP and thus are reported as liabilities on the Authority's basic financial statements. Since this type of debt is also reported as a receivable on the Authority's basic financial statements, the impact to the Authority's net position is zero. Currently, the vast majority of the Authority's "component unit" debt consists of the SRF bonds issued on behalf of the IEPA including the Series 2020 Green Bonds more fully described below.

Clean Water Initiative Revolving Fund Revenue Green Bonds, Series 2020

On December 30, 2020, on behalf of the Authority's longstanding partner, the IEPA, the Authority successfully closed the $500 million Series 2020 Green Bonds, netting the IEPA SRF programs a total of $634 million in bond proceeds and premium that finances essential safe drinking water and wastewater infrastructure at a lower cost, in addition to putting women and men to work building this infrastructure. Importantly, residents and taxpayers across Illinois will benefit from cleaner water at a lower cost as a result of projects funded with proceeds of the Series 2020 Green Bonds. The Series 2020 Green Bonds were assigned the highest credit rating of 'AAA' from both Fitch Ratings and Standard & Poor's Global Ratings and obtained the lowest cost of funds in the history of the Illinois SRF leveraged bond program (i.e., begun in 2002) with an all-in True Interest Cost ("TIC") of 1.81%. The professionals on the transaction team for the Series 2020 Green Bonds also reflected the diversity of Illinois.

The Series 2020 Green Bonds advance the goals of both Governor Pritzker's Executive Order No. 2019-06 on climate change and the Authority's enhanced focus on sustainable financing and addressing climate change through the ***Transformation Initiative*** and ***Climate Process***. For the first time in the Authority's history, the Series 2020 Green Bonds incorporated both applicable United Nations Sustainable Development Goals and current performance indicators posted on the IEPA website in alignment with the International Capital Market Association's Green Bond Principles. The issuance of the Series 2020 Green Bonds was the Authority's second green-designated bond issue for the benefit of the Clean Water Initiative in the past two years.

Innovative Local Government Natural Gas Loans in Response to Winter Disaster

On February 16, 2021, Governor Pritzker, in his Gubernatorial Disaster Proclamation for all 102 Illinois counties due to the dangerous winter storm of February 13-14, 2021, called on all State organizations "to use all resources at our disposal to keep our communities safe amid dangerous and ongoing winter weather." This dangerous winter storm also impacted Texas, Oklahoma, and Kansas as well as other parts of the United States with extreme cold. The winter disaster caused unprecedented increases in energy demand and constrained the supply of natural gas, thus resulting in large price spikes for wholesale natural gas. Illinois natural gas utilities operated by local governments were adversely exposed to the dramatic price spikes despite prior measures taken to mitigate both financial and weather-related risks.

On February 25, 2021, the Authority held a special meeting to address the winter disaster. One local government leader, who spoke at the meeting, anticipated an immediate 900% cost increase for natural gas on local ratepayers due to the winter disaster. In response, the Authority created the Natural Gas Municipal Loan program with low-interest rates and favorable loan terms for local governments hurt by the winter disaster. In just 65 days, the Authority made 14 direct loans to local governments from its General Fund in a total estimated amount of $7.9 million. This fast action mitigated the harm to local ratepayers by allowing the local government borrowers to spread increased natural gas costs over a manageable timeframe. While some may want to continue to debate whether climate change made this specific winter storm more likely, scientists have acknowledged that with climate change continuing, the outcomes of these extreme weather events have implications on the existing energy infrastructure, including natural gas, for jurisdictions other than Texas such as Illinois, which was directly and negatively impact by decisions in Texas[1].

Authority *Transformation Initiative* and *Climate Process*

My Transmittal Letter, dated December 16, 2020, more fully describes the Authority's ***Transformation Initiative*** and ***Climate Process***. Throughout Fiscal Year 2021, the Authority advanced the goals of the ***Transformation Initiative*** and ***Climate Process*** through the Series 2020 Green Bonds and the Natural Gas Municipal Loan program (both described above) as well through continued work to develop the statewide market for PACE projects and the ongoing lending relationship with the Police Officers' Pension Investment Fund and the Firefighters' Pension Investment Fund created by Public Act 101-610 (also known as the SB 1300 Funds).

Continuing COVID-19 Response

During Fiscal Year 2021, the Authority conducted all of its operations remotely, including its scheduled (and special) public meetings, consistent with applicable public health mandates and guidelines.

Moral Obligation or Additional Security Pledge

If the Governor has provided written approval, the Authority may issue revenue bonds with the State's pledge of moral obligation or additional security. This credit enhancement is a contingent State taxpayer guarantee. In the event that projected revenues with this pledge are insufficient to pay the principal and interest of or to restore the debt service reserve fund of bonds, the Authority Chair shall certify to the Governor the amount necessary to make up the shortfall. As soon as practicable, the Governor then must submit the certified amount to the General Assembly no later than the end of the current State fiscal year. The General Assembly, however, is under no obligation to appropriate the amount to make up the shortfall necessary to pay the principal and interest of or to restore the debt service reserve fund of bonds with such a pledge.

In Fiscal Year 2021, the Authority did not issue any bonds with a pledge of the State's moral obligation, additional security or any kind of contingent State taxpayer guarantee. As of June 30, 2021, the amount of outstanding bonds issued by the Authority with the State's pledge of moral obligation or additional security was zero.

Respectfully Submitted,

SIGNED ORIGINAL ON FILE

Christopher B. Meister
Executive Director
Illinois Finance Authority

[1] See, *Cascading risks: Understanding the 2021 winter blackout in Texas*, Energy Research & Social Science, J.W. Busby, K. Baker, M.D. Bazilian, A.Q. Gilbert, E. Grubert, V. Rai, J.D. Rhodes, S. Shidore, C.A. Smith, M.E. Webber, May 6, 2021.

Financial Statement Report

Summary

The audit of the financial statements of the Illinois Finance Authority (Authority) was performed by RSM US LLP in accordance with *Government Auditing Standards*. This report is an integral part of that audit.

Based on their audit, the auditors expressed an unmodified opinion on the Authority's basic financial statements.

RSM US LLP

Independent Auditor's Report

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Board of Directors
Illinois Finance Authority

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Illinois Finance Authority (Authority), a component unit of the State of Illinois, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Authority, as of June 30, 2021, and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements of the Authority are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of the business-type activities, each major fund, and the aggregate remaining fund information of the State of Illinois that is attributable to the transactions of the Authority. These financial statements do not purport to, and do not, present fairly the financial position of the State of Illinois as of June 30, 2021, the changes in financial position, or, where applicable, its cash flows for the year ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 10-23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements.

The combining statement of net position – nonmajor funds, combining statement of revenues, expenses and changes in net position – nonmajor funds, and combining statement of cash flows – nonmajor funds, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying introductory section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2021, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE

Schaumburg, Illinois
December 8, 2021

Our discussion and analysis of the financial performance of the Illinois Finance Authority (the "Authority"), a component unit of the State of Illinois, provides an overview of financial activities for the fiscal year ended June 30, 2021. Because the intent of this management discussion and analysis is to look at financial performance as a whole, readers should also review the financial statements, and notes to the basic financial statements, to further enhance their understanding of the Authority's financial performance.

Financial Highlights

The Authority has two major funds - the General Operating Fund and the Other State of Illinois Debt Fund. All other funds are aggregated and reported as Nonmajor funds. The Other State of Illinois Debt Fund accounts for debt obligations issued on behalf of borrowers who are part of the State of Illinois' reporting entity. Thus, although similar to conduit debt issues, these debt issues must be included in the Authority's financial statements.

On the basic financial statements under Statement of Net Position, Total Assets and Deferred Outflows of Resources among the General Operating Fund, Other State of Illinois Debt Fund, and Nonmajor Funds equaled $2.3 billion in Fiscal Year 2021, while Total Liabilities across all three categories equaled $2.2 billion. Total Assets and Deferred Outflows of Resources increased $523.9 million and Total Liabilities similarly increased $524.1 million from Fiscal Year 2020. These overall increases in Total Assets, Deferred Outflows of Resources, and Total Liabilities primarily occurred in the Other State of Illinois Debt Fund and are attributable to an increase in accrued interest payable of $9.4 million, the amortization of bond premium of $35.6 million, the retirement of $87.6 million Illinois Finance Authority State of Illinois Clean Water Initiative Revolving Fund Revenue Bonds (the Series 2013, 2016, 2017 and 2019 Green Bonds, collectively "SRF Bonds"), and the issuance of $500.0 million Illinois Finance Authority State of Illinois Clean Water Initiative Revolving Fund Revenue Bonds Series 2020 Green Bonds on behalf of the Illinois Environmental Protection Agency ("IEPA"), which is part of the primary government of the State of Illinois.

On the Statement of Revenues, Expenses and Changes in Net Position, Total Revenues were $45.2 million or 2.9% higher than Fiscal Year 2020, while Total Expenses were $45.5 million or 5.9% higher than Fiscal Year 2020. Total Revenue increased $10.1 million due to greater interest income from loans in the Other State of Illinois Debt Fund as a result of the $500 million State of Illinois Clean Water Initiative Revolving Fund Revenue Bonds, Series 2020 Green Bonds, issued on behalf of the IEPA ("2020 SRF Green Bonds"). The increase in interest income from loans was offset by a decrease in interest and investment income of $8.6 million in the Other State of Illinois Debt Fund. Operating expenses increased $2.5 million, primarily due to greater interest expense in the Other State of Illinois Debt Fund as a result of the issuance of $500 million of Illinois CWI Green Bonds, Series 2020 Green Bonds on behalf of the IEPA.

Net Position in the General Operating Fund decreased by $0.5 million, while the Net Position in the Nonmajor Funds increased by $0.3 million, resulting in a Total Net Position of $124.2 million, which was a decrease of 0.2% compared to Fiscal Year 2020.

Overview of the Financial Statements

The basic proprietary fund financial statements, including the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, Statement of Cash Flows, Statement of Fiduciary Net Position-Custodial Fund, and Statement of Changes in Net Fiduciary Position, provide both short-term and long-term information about the Authority's financial status. The accompanying notes to the financial statements provide essential information that is not disclosed on the face of the financial statements, and as such, are an integral part of the basic financial statements.

Proprietary Funds

These funds are used to show activities that operate more like those of commercial enterprises. Because these funds charge user fees for services provided to outside customers including local governments, they are known as enterprise funds. Proprietary funds use the accrual basis of accounting and provide both long and short-term financial information. The proprietary fund financial statements provide separate information for the Authority's two major Funds which consist of the General Operating Fund and the Other State of Illinois Debt Fund and also the remaining aggregated nonmajor proprietary funds and are included on:

- The **Statement of Net Position** presents the financial position of the Authority as of June 30, 2021, and includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Authority.

- The **Statement of Revenues, Expenses and Changes in Net Position** presents the Authority's results of operations. The Authority's revenues and expenses are classified into three categories: operating, nonoperating, or fund transfers.

- The **Statement of Cash Flows** provides additional information about the Authority's financial results by reporting the major sources and uses of the Authority's cash.

Fiduciary Funds

Fiduciary funds are used primarily to account for resources held for the benefit of parties outside of the primary government. The Authority is the agent, or fiduciary, for specific transactions attributable to the Metro East Police District Commission ("MEPDC"). The Authority uses a fiduciary fund to account for transactions for assets held by the Authority as agent for MEPDC.

For the transactions authorized by the Metro East Police District Act (70 ILCS 1750/15) and the Illinois Finance Authority Act (20 ILCS 3501/825-115), the Authority is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds are reported in a separate statement of fiduciary net position with the fund accounting being much like that used for proprietary funds. The Metro East Police District Act was repealed by operation of law on December 31, 2019. The Authority has no statutory powers or duties with respect to the wind-up of the Commission and is not the statutory successor of the Commission. Until the General Assembly directs the Authority with respect to the disposition of the remaining dollars in this Fund, the Authority will continue to act in a custodial capacity with respect to the remaining dollars in this fiduciary fund.

Authority Component Unit

The Illinois Finance Authority Development Fund Not-For-Profit ("NFP") is reported as a blended component unit. Activities for this fund are presented in the combining schedules for the nonmajor funds.

Notes to the Basic Financial Statements

The notes provide additional information that is essential for a full understanding of data provided in the Authority's financial statements. The notes to the basic proprietary fund financial statements can be found immediately following the fiduciary fund basic financial statements and complement the financial statements by describing qualifying factors and changes throughout the fiscal year.

Additional Information

The combining statements, which include nonmajor funds, are presented immediately following the notes to the basic financial statements.

Condensed Statement of Net Position
(Amounts in Thousands)

	Business-type Activities			
	2021	2020	Difference ($)	Change (%)
Current assets	$ 892,220	$ 421,550	$ 470,670	111.7%
Capital assets, net	32	46	(14)	-30.4%
Noncurrent assets	1,404,830	1,351,607	53,223	3.9%
Total assets	2,297,082	1,773,203	523,879	29.5%
Total deferred outflow of resources	48	70	(22)	-31.4%
Total assets and deferred outflows of resources	2,297,130	1,773,273	523,857	29.5%
Current liabilities	149,637	128,735	20,902	16.2%
Noncurrent liabilities	2,023,285	1,520,096	503,189	33.1%
Total liabilities	2,172,922	1,648,831	524,091	31.8%
Investment in capital assets	32	46	(14)	-30.4%
Restricted	60,528	60,258	270	0.4%
Unrestricted	63,648	64,138	(490)	-0.8%
Total net position	$ 124,208	$ 124,442	$ (234)	-0.2%

Current assets of $892.2 million increased $470.7 million or 111.7%, primarily due to the increase in cash and cash equivalents of $297.4 million and an increase in investments of $172.0 million due to the issuance of $500 million Series 2020 Revenue Bonds.

Capital assets, net of depreciation decreased $14.0 thousand or (30.4%) due to depreciation expense.

Non-current assets of $1,404.8 million increased $53.2 million or 3.9% primarily due to the increase in loans receivable of $7.7 million, the increase in bonds and notes receivable from the primary government of $58.5 million, while the long-term portion of the Authority's unrestricted investment portfolio decreased by $11.6 million.

Current liabilities of $149.6 million increased $20.9 million or 16.2% primarily due to the increase in the current portion of bonds and notes payable of $10.9 million, interest payable of $9.4 million due to the additional debt issued on behalf of the other State of Illinois component units and an increase in the obligation under securities lending of the State of Illinois Treasurer of $0.9 million.

Non-current liabilities of $2.0 billion increased $503.2 million or 33.1%, due to the increase in the long term portion of bonds and notes payable of $401.5 million and $101.7 in the noncurrent unamortized bond premium.

Net position may serve, over a period of time, as a useful indicator of the Authority's financial position. As of June 30, 2021, total net position was $124.2 million, a decrease of $234 thousand or 0.2% from the balance of $124.4 million in Fiscal Year 2020. Of this amount, $32.0 thousand represents the Authority's net investment in capital assets. Restricted net position of $60.5 million is reported separately to present legal constraints from debt covenants, grantors and/or enabling legislation. The $63.6 million of unrestricted net position represents the excess the Authority would experience if it had to liquidate all of its non-capital liabilities as of June 30, 2021.

The following table presents the changes in net position from Fiscal Year 2020 to 2021:

Changes in Net Position
(Amounts in Thousands)

	Business-type Activities			
	2021	**2020**	**Difference ($)**	**Change (%)**
Revenues:				
Closing fees	$ 2,309	$ 2,360	$ (51)	-2.2%
Annual fees	208	231	(23)	-10.0%
Administrative service fees	164	192	(28)	-14.6%
Application fees	25	42	(17)	-40.5%
Miscellaneous fees	-	1	(1)	-100.0%
Interest income - loans	41,739	31,623	10,116	32.0%
Transfer of funds and interest in program from the State of Illinois	120	260	(140)	-53.8%
Bad debt recoveries and other	56	1	55	5500.0%
Interest and investment income	623	9,265	(8,642)	-93.3%
Total revenues	45,244	43,975	1,269	2.9%
Expenses:				
Employee related expenses	2,294	2,566	(272)	-10.6%
Professional services	974	1,365	(391)	-28.6%
Occupancy costs	205	185	20	10.8%
General and administrative	357	370	(13)	-3.5%
Bad debt expense	-	39	(39)	-100.0%
Depreciation and amortization	19	18	1	5.6%
Interest expense	41,629	38,386	3,243	8.4%
Total expenses	45,478	42,929	2,549	5.9%
Change in net position	(234)	1,046	(1,280)	-122.4%
Net position - beginning	124,442	123,396	1,046	0.8%
Net position - ending	$ 124,208	$ 124,442	$ (234)	-0.2%

Operating revenues included closing fees from conduit bond issuances of $2.3 million, a decrease of $51 thousand or (2.2%). This decrease in closing fees was mostly attributable to the Authority issuing a lower aggregate principal amount of conduit debt for its exempt facilities and C-PACE economic sectors year-over-year, and such economic sectors have either no fee cap or higher fee cap in comparison to the Authority's other economic sectors. Annual, administrative service, application, and miscellaneous fees showed a collective decrease of $69 thousand or (14.8%), due to a decrease in all fees. The interest income on loans shows an increase from Fiscal Year 2020 of $10.1 million, or 32.0%, due to the increase on outstanding loans. Interest and investment income of $0.6 million was lower than Fiscal Year 2020 by 93.3% due to reduced interest rates and lower amounts to invest.

All expenses totaled $45.5 million in Fiscal Year 2021, an increase of $2.5 million due mainly from the increase in interest expense caused by the additional debt issued on behalf of the other State of Illinois component units.

Capital Assets

The Authority has established a policy of capitalizing assets as described in Note 1 to the financial statements. The Authority's investment in capital assets, net of accumulated depreciation, for business-type activities as of June 30, 2021, was $31.5 thousand.

Additional information about capital assets can be found in Note 8 to the financial statements.

Amounts in Thousands

	2021	2020	Difference ($)	Change (%)
Furniture and equipment	$ 194	$ 194	$ -	0.0%
Computers	152	148	4	2.7%
Software	288	288	-	0.0%
Total capital assets	634	630	4	0.6%
Less: accumulated depreciation	(602)	(584)	(18)	3.1%
Total capital assets, net	$ 32	$ 46	(14)	-30.4%

Long-Term Debt Obligations

The Authority's primary product and revenue source is the issuance of federally tax-exempt conduit bonds as allowed by the federal tax code and State law. In limited circumstances, the Authority may also issue taxable conduit bonds. Conduit bonds are not the debt or obligation of the Authority, the State or any subdivision thereof, but are solely the debt of the conduit borrower. The Authority issued bonds in connection with 38 separate conduit bond debt transactions in Fiscal Year 2021, with an aggregate principal amount of $2.5 billion.

The Authority also issues federally tax-exempt bonds for the purpose of providing loans to other public agencies of the Primary Government and component units of the State of Illinois. Although similar to conduit bonds, these bonds are issued for the benefit of third parties that are part of the Authority's financial reporting entity the State of Illinois. They do not meet the definition of conduit debt under GAAP and thus are reported as liabilities on the Authority's basic financial statements. Since this type of debt is also reported as a receivable on the Authority's basic financial statements, the impact to the Authority's net position is zero.

As of June 30, 2021, the aggregate amount of intra-state debt outstanding is $1.8 billion, an increase of $411.9 million due to the issuance of the State of Illinois Clean Water Initiative Revolving Fund Revenue Bonds, Series 2020 Green Bonds on December 30, 2020 on behalf of the IEPA State Revolving Fund. SRF Bond leveraged debt does not constitute an indebtedness of the Authority, the IEPA, or the State of Illinois or any political subdivision thereof.

In Fiscal Year 2021, the Authority did not issue any bonds with a pledge of the State's moral obligation, additional security or any kind of contingent State taxpayer guarantee. As of June 30, 2021, the amount of bonds issued by the Authority with the State's pledge of moral obligation or additional security was zero.

Long-term debt information can be found in Note 1 and Note 9 to the financial statements

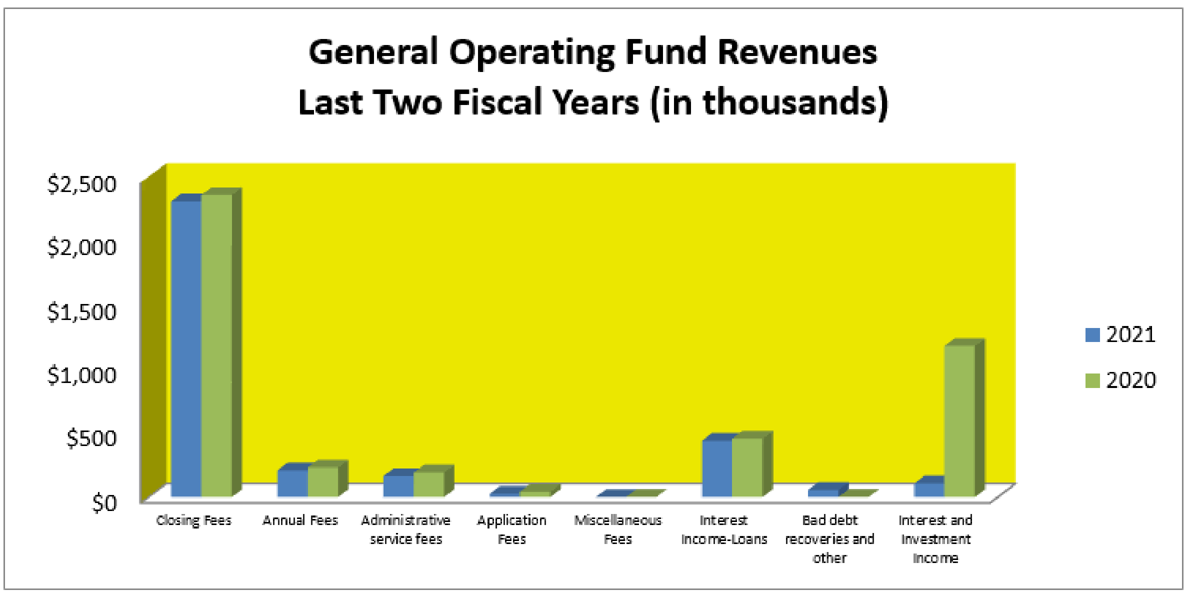
Financial Analysis of the Authority's Funds

The Authority has two major enterprise funds.

<u>General Operating Fund</u> – This fund is the primary operating fund of the Authority, which receives revenues from program applications, interest payments from direct loans, and investment income. All administrative expenses for establishing and monitoring the Authority's programs are paid out of this fund. In Fiscal Year 2021, closing fees accounted for 69.8% of total revenues in the fund, a decrease of $51 thousand or 2.2% when compared to 2020, due to a decrease in the number of closings and/or bonds issued in Fiscal Year 2021. Interest income on loans decreased by $17 thousand, or 3.7%, as a result of the continued decrease in the amount of outstanding indebtedness attributable to loans to Illinois local governments. This legacy portfolio of Illinois local government loans became part of the Authority's General Operating Fund in 2014 when the Authority used its own funds to defease (pay-off) outstanding bonds enhanced with the State's moral obligation pledge thus removing unnecessary risk to State taxpayers. Administrative service fees total $164 thousand, which is a decrease of $28 thousand or 14.6% from the prior fiscal year in this category. Interest and investment income decreased by $1.1 million or 91% in Fiscal Year 2021 due to a smaller investment portfolio and lower interest rates. Overall, revenues in the fund totaled $3.3 million, which was $1.2 million or 25.9% lower than Fiscal Year 2020. With spending of $3.8 million, the General Operating Fund realized a decrease in net position of $524.4 thousand.

Amounts in Thousands

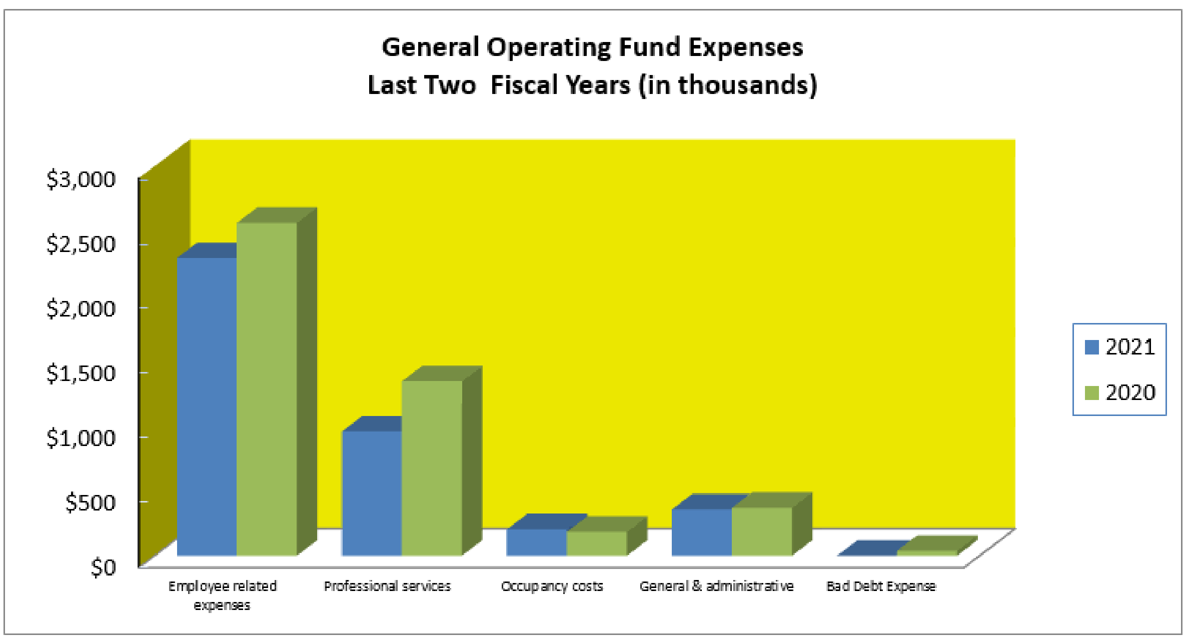
	2021	2020	2021 % of Total	Increase/ (Decrease) from 2020 ($)	Increase/ (Decrease) from 2020 (%)
Closing fees	$ 2,309	$ 2,360	69.8%	$ (51)	-2.2%
Annual fees	208	231	6.3%	(23)	-10.0%
Administrative service fees	164	192	5.0%	(28)	-14.6%
Application fees	25	42	0.8%	(17)	-40.5%
Miscellaneous fees	-	1	0.0%	(1)	-100.0%
Interest income - loans	440	457	13.3%	(17)	-3.7%
Bad debt recoveries and other	56	1	1.7%	55	5500.0%
Interest and investment income	106	1,181	3.2%	(1,075)	-91.0%
Total revenues	$ 3,308	$ 4,465	100.0%	$ (1,157)	-25.9%



Employee related expenses decreased $272 thousand or 10.6% from Fiscal Year 2020. The majority of the decline in the employee related expense line is attributable to the departure of a single employee due to the success of one of the elements of the February 2018 Authority Transformation Initiative. Other Employees departed voluntarily, and their departures coincided with long-term revenue declines attributable to the changes in the federal Tax Code Adversely impacting federally tax-exempt conduit bonds, effective January 1, 2018. Professional services costs decreased by $387 thousand or 28.8%. the decline in professional services was attributable to product and program start-up costs attributable to the February 2018 Authority Transformation Initiative as well as unanticipated and unrecoverable costs due to a series of federally tax-exempt bond issues. Overall, expenses in the general operating fund decreased by $691 thousand or 15.3%.

Amounts in Thousands

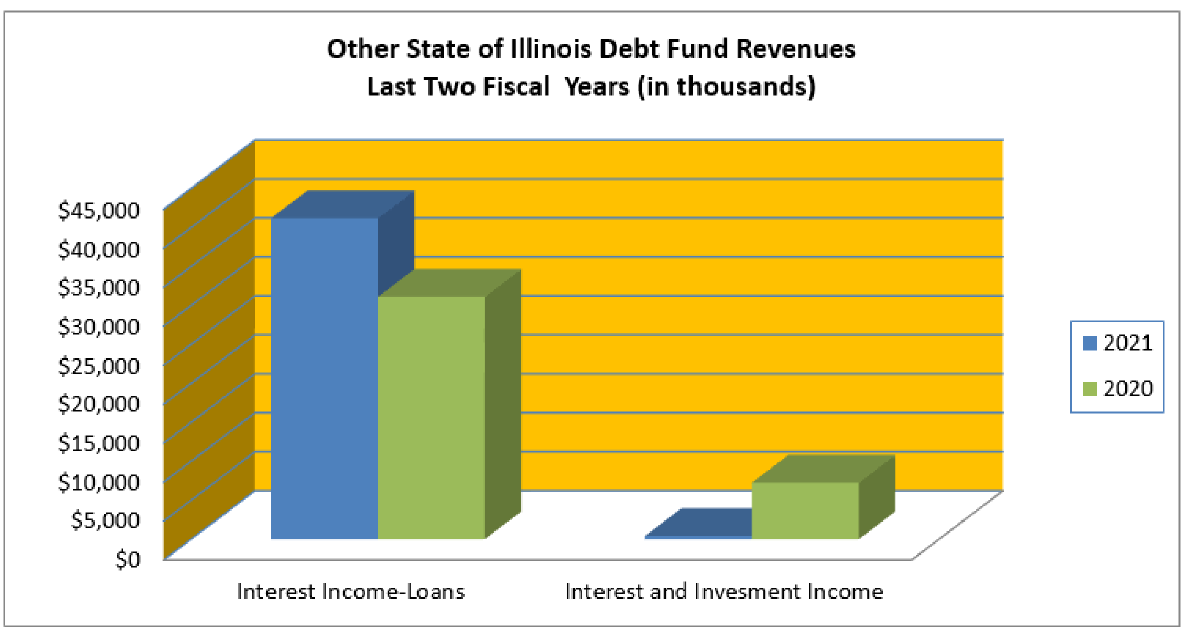
	2021	2020	2021 % of Total	Increase/ (Decrease) from 2020 ($)	Increase/ (Decrease) from 2020 (%)
Employee related expenses	$ 2,294	$ 2,566	59.9%	$ (272)	-10.6%
Professional services	958	1,345	25.0%	(387)	-28.8%
Occupancy costs	204	185	5.3%	19	10.3%
General and administrative	357	370	9.3%	(13)	-3.5%
Bad debt expense	-	39	0.0%	(39)	-100.0%
Depreciation and amortization	19	18	0.5%	1	5.6%
Total expenses	$ 3,832	$ 4,523	100.0%	$ (691)	-15.3%



Other State of Illinois Debt Fund – The purpose of this fund is to account for bond proceeds, principal and interest payments, bonds and notes receivable transactions, and other debt related activity for other entities within the State of Illinois' reporting entity. The vast majority of the transactions of this debt fund are attributable to the SRF Bonds but a comparatively small amount is attributable to the Northern Illinois University Foundation conduit bonds. The fund also collects interest and principal payments from the participating borrowers and makes debt service payments on the bonds. All activity in this fund is of a conduit nature (but not within the definition of conduit debt under GAAP) on behalf of the other State agencies and/or component units. Interest income from loans totaled $41.2 million versus $31.1 million from Fiscal Year 2020, an increase of $10.1 million or 32.4%. This increase results from the additional loans made in 2021 to the IEPA using SRF Bond proceeds. Interest and investment income decreased in this fund by $6.8 million, due to the reduced interest rates. Overall, revenues in this fund were $3.2 million or 8.4% higher than Fiscal Year 2020. The ending net position for this fund is zero.

Amounts in Thousands

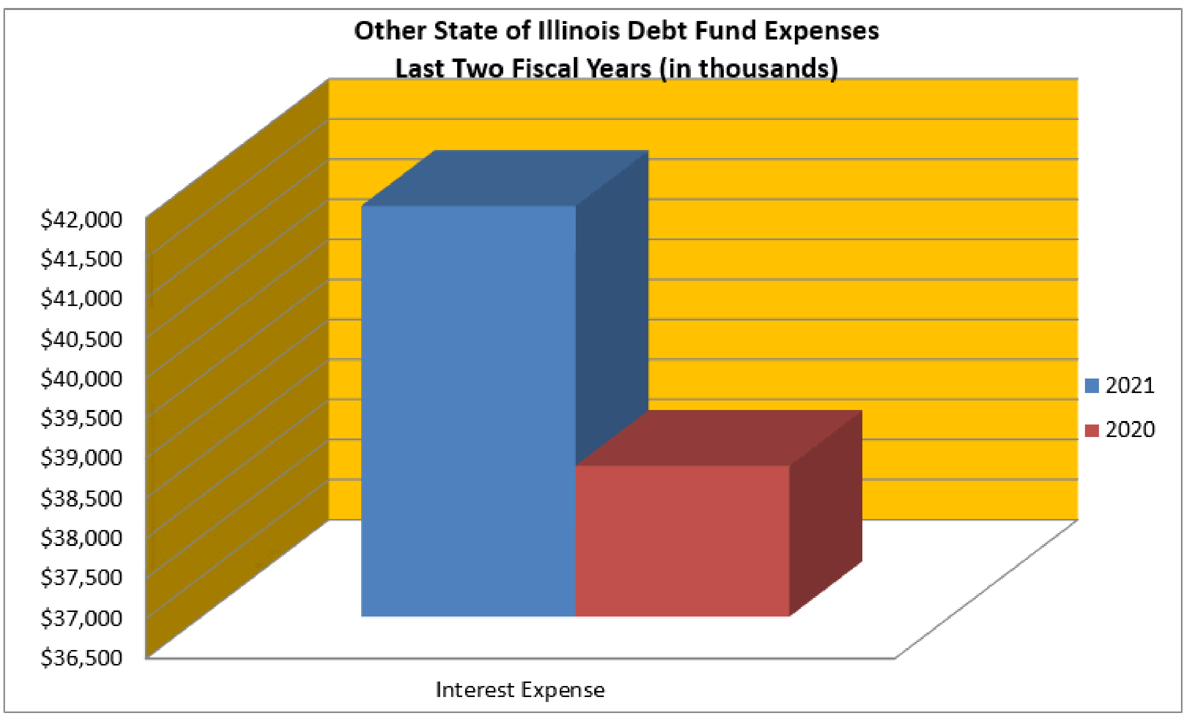
	2021	2020	2021 % of Total	Increase from 2020 ($)	Increase from 2020 (%)
Interest income loans	$ 41,201	$ 31,123	99.0%	$ 10,078	32.4%
Interest and investment income	428	7,263	1.0%	(6,835)	-94.1%
Total revenues	$ 41,629	$ 38,386	100.00%	$ 3,243	8.4%



Interest expense in the fund totaled $41.6 million, which is an increase of $3.2 million from Fiscal Year 2020. The increase is attributable to the issuance of the 2020 SRF Green Bonds. Other financial activity of these State agencies is included on the financial statements of the primary government.

Amounts in Thousands

	2021	2020	2021 % of Total	Increase from 2020 ($)	Increase from 2020 (%)
Interest expense	$ 41,629	$ 38,386	100.0%	$ 3,243	8.4%
Total expenses	$ 41,629	$ 38,386	100.0%	$ 3,243	8.4%



Nonmajor Funds - As of June 30, 2021, the Authority's nonmajor funds in aggregate reported unrestricted net position of $4.6 million and restricted net position of $60.5 million, for a total net position of $65.1 million. The net position restricted in the nonmajor funds is for locally held agricultural guarantees, public safety, and low-income community investments.

Economic Factors, Decisions and Conditions

All Funds - The Authority receives revenues from the management and closing of conduit bond (generally exempt from federal income tax) issues and other financial transactions; evaluating, documenting, and closing loan applications; bond and loan application fees; annual maintenance fees for ongoing agreements; interest on loans; and investment income. The Authority does not receive State taxpayer revenues through appropriations by the Illinois General Assembly to support its operations, products and programs[1]. The Authority closed Fiscal Year 2021 (ended June 30, 2021) having issued more than $2.5 billion in conduit bond debt during the 12-month period.

The size, impact and variety of the Authority's projects funded primarily by the proceeds of conduit bonds in Fiscal Year 2021 fulfill the Authority's statutory policy objectives to (1) promote a vigorous growing economy and avoid involuntary unemployment for Illinois residents; (2) reduce the cost of indebtedness for public benefits to State taxpayers and residents; and (3) otherwise enhance the quality of life in Illinois by benefiting the health, welfare, safety, trade, commerce, industry and economy of the people of Illinois. The Authority's projects also demonstrate the positive social, economic and job creation/retention impact that federally tax-exempt conduit bonds provide to the people of Illinois through not-for-profit organizations, private businesses, and local governments.

The Authority reported an ending Fiscal Year 2021 net position of $124.2 million representing a decline of $234 thousand or .2% from the previous fiscal year. This was the first decline in the Authority's net position since Fiscal Year 2010. Such decline was the result of the following factors.

The primary economic benefit provided by the Authority's conduit bonds is a federal, not a State economic benefit: interest paid on this conduit bonds is exempt from federal income tax. The Authority's Operating Income has steadily declined since Fiscal Year 2019, the first full Fiscal Year after the enactment of the federal Tax Cuts and Jobs Act, 115 Public Law 97 ("TCJA"; additional details below), due to a decrease in the number and size of bond issues closed. Additionally, the FY 2021 decline in Operating Income was exacerbated by a decline in investments income.

Since its effective date on January 1, 2018, TCJA, which eliminated advance refundings for the Authority's core 501(c)(3) healthcare and higher education borrowers, has adversely impacted the Authority's conduit bond issuance volume and revenues.

Additionally, TCJA exacerbated existing negative trends with respect to the issuance of conduit bonds across the Authority's various economic sectors. Not-for-Profit Healthcare traditionally is a major driver of the Authority's conduit bond issuance volume and revenues. The years-long and ongoing national trend towards consolidation in the non-profit healthcare sector as well as the shift in consumer preference from traditional hospital based care to lower cost alternatives such as urgent or ambulatory care, reduces the number of potential borrowers with projects that qualify for federally tax-exempt conduit bonds. Non-profit education, both at the college/university level and the pre-K through grade 12 levels, is under strain due to rising costs/tuition and declining demographic trends. Hospitals served at the frontline of the COVID-19

[1] The Authority's locally-held General Fund represents both retained earnings since the creation of the Authority and funds transferred by operation of law from predecessor entities, both effective as of January 1, 2004. See, Public Act 93-205. The following Authority funds originated in legacy appropriations: (1) Illinois Housing Partnership, predecessor, Illinois Development Finance Authority ("IDFA"); (2) Industrial Project Insurance Bond Fund, predecessor, IDFA; (3) Illinois Agricultural Loan Guarantee Fund – with State Treasury, predecessor, Illinois Farm Development Authority; (4) Illinois Farmer Agribusiness Loan Guarantee Fund – with State Treasury, predecessor, Illinois Farm Development Authority; (5) Fire Truck Revolving Loan Fund; Public Act 097-091 and (6) Ambulance Revolving Loan Fund; Public Act 097-091.

pandemic which placed a strain on time and resources. Colleges and universities are experiencing the negative effects of the abrupt discontinuation of in-person education. Nonprofit cultural institutions, reliant upon indoor crowds for revenue, also face challenges.

Issuance volume of conduit industrial revenue bonds declined dramatically after 2007, despite a brief temporary boost provided by federal Stimulus in 2009-2010. This decline occurred largely because the United States Congress did not update applicable federal tax provisions to reflect current economic conditions and the adverse impact of TCJA. TCJA reduced the federal corporate income tax rate from 35% to 21% thereby substantially increasing the minimum break-even issuance amount necessary to justify financing a capital project with tax-exempt bonds. TCJA has had a particularly adverse impact on Authority issuance volume and revenues for capital projects (industrial as well as not-for-profit) of less than $10 million.

Furthermore, the continued historically low interest rate environment compressed the difference between federally taxable interest rates and federally tax-exempt interest rates, thus reducing the economic value to potential borrowers of federally tax-exempt conduit bonds. The aforementioned trends were in addition to the ongoing negative impacts of COVID-19. While the United States Congress provided unprecedented federal disaster benefits to many of the Authority's core not-for-profit borrowers, many continue to have operational and financial challenges as a result of COVID-19 that impact borrowing decisions.

In the immediate aftermath of TCJA, in February 2018, the Authority began the Transformation Initiative, a strategy to develop new products and related revenues not tied to the issuance of conduit bonds. Despite continued material investment by the Authority in Fiscal Year 2021 in Commercial Property Assessed Clean Energy ("C-PACE") and Small Business Participation Loans, two of the products developed under the Transformation Initiative, revenues from these products did not meet expectations due to COVID-19 and other reasons.

As of June 30, 2021, Governor JB Pritzker had appointed (or re-appointed) Chair Hobert as well as ten of the fifteen statutory Authority Members. Pursuant to the Governor's monthly disaster declarations, the Authority held remote public meetings for all 12 of its regularly scheduled public meetings and its one special meeting. Authority meetings are necessary to approve resolutions that authorize the issuance of conduit bonds thereby generating the revenue that follows. Authority staff continued to work remotely throughout Fiscal Year 2021.

In February 2020, the Authority built upon the Transformation Initiative and inaugurated its Sustainable Financing/Addressing Climate Change process ("Climate Process"). The Climate Process followed the direction of the Governor's Executive Order No. 2019-06 on climate change.

Consistent with the Climate Process and past success on behalf of the Illinois Environmental Protection Agency (the "IEPA"), the Authority closed the $500 million Clean Water Initiative Revolving Fund Revenue Bonds, Series 2020 Green Bonds ("SRF Series 2020 Green Bonds") on December 30, 2020. The SRF Series 2020 Green Bonds netted the IEPA State Revolving Fund Programs a total of $634 million in conduit bond proceeds that finance local government projects to improve water quality and deliver drinking water for people across Illinois at a lower cost while putting people to work. The SRF Series 2020 Green Bonds obtained the lowest cost of funds in the history of the Illinois state revolving fund leveraged bond program with an all-in True Interest Cost (TIC) of 1.81%. For the SRF Series 2020 Green Bonds, the Authority assembled a transaction team that reflected the diversity of Illinois and provided best execution.

On February 25, 2021, in response to Governor JB Pritzker's call to help Illinois communities hit by dramatic price increases in natural gas directly attributable to Climate Change, the Authority held a special meeting to approve the creation of the Natural Gas Municipal Loan program. This program used the Authority's funds to make direct low-cost loans to Illinois communities to mitigate the harm to residents. These loans resulted in overall savings to the municipal utilities, to thousands of individual Illinois rate payers and allowed for a smoothing out of the increased costs on the monthly gas bills of the individual rate payers. The Authority's Natural Gas Municipal Loan program provided $7.9 million in low-cost financing to 14 municipally owned natural gas utilities in just 65 days.

On April 28, 2021, Governor Pritzker unveiled state legislation, titled the "Consumers and Climate First Act" ("Proposed Climate & Energy Legislation"). Among many provisions, the Proposed Climate & Energy Legislation designates the Authority as the climate bank and allows the Authority to aid clean energy efforts by providing financial products and programs to finance and otherwise develop and implement clean energy and the provisions of clean water, drinking water, and wastewater treatment. The proposed legislation also clarifies the Authority's powers to issue bonds, make loans, provide guarantees and make equity investments to support clean energy projects and investment in Illinois. As of June 30, 2021, the Proposed Climate & Energy Legislation was still pending with the Illinois General Assembly.

In the fourth quarter of Fiscal Year 2021, various federal proposals regarding conduit bonds and the federal tax code were introduced or under discussion. As of June 30, 2021, the United States Congress had taken no action on any of these proposals.

As of June 30, 2021, it is too early to determine the full impact of COVID-19 and the global pandemic on the Authority's conduit products and its future revenues. The early indications portend challenges for sectors and borrowers reliant upon any sort of congregate living and working environment.

Requests for Information

This financial report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the funds it receives. Additional details may be requested by mail at the following address:

Illinois Finance Authority
Department of Finance
160 N. LaSalle Street
Suite S-1000
Chicago, Illinois, 60601

Or visit our website at: http://www.il-fa.com/public-access/financial-reports/2021 for a complete copy of this report and other financial information.

State of Illinois
Illinois Finance Authority
(A Component Unit of the State of Illinois)

Statement of Net Position
June 30, 2021

	General Operating Fund	Other State of Illinois Debt Fund	Nonmajor Funds	Total Business-Type Activities
ASSETS				
Current assets:				
Current unrestricted assets:				
Cash and cash equivalents	$ 9,572,418	$ -	$ 2,323,776	$ 11,896,194
Investments	23,427,690	-	762,953	24,190,643
Accounts receivable, net	23,158	-	-	23,158
Loans receivable, net	187,859	-	-	187,859
Accrued interest receivable	410,962	-	5,035	415,997
Bonds and notes receivable	779,800	-	-	779,800
Due from other funds	17	-	-	17
Prepaid expenses	134,611	-	-	134,611
Total current unrestricted assets	34,536,515	-	3,091,764	37,628,279
Current restricted assets:				
Cash and cash equivalents	-	568,155,605	9,200,710	577,356,315
Investments	-	261,069,022	6,123,739	267,192,761
Securities lending collateral equity with the State Treasurer	-	-	6,824,000	6,824,000
Accrued interest receivable	-	641,455	89,145	730,600
Loans receivable, net	-	-	2,487,801	2,487,801
Total current restricted assets	-	829,866,082	24,725,395	854,591,477
Total current assets	34,536,515	829,866,082	27,817,159	892,219,756
Noncurrent assets:				
Noncurrent unrestricted assets:				
Investments	8,226,514	-	-	8,226,514
Loans receivable, net	11,172,619	-	1,524,290	12,696,909
Bonds and notes receivable	5,537,339	-	-	5,537,339
Capital assets, net of accumulated depreciation	31,568	-	-	31,568
Total noncurrent unrestricted assets	24,968,040	-	1,524,290	26,492,330
Noncurrent restricted assets:				
Cash and cash equivalents	-	-	19,138,059	19,138,059
Investments	-	-	2,229,747	2,229,747
Accrued interest receivable	-	-	5,000	5,000
Loans receivable, net	-	-	21,254,815	21,254,815
Bonds and notes receivable from primary government	-	1,335,741,882	-	1,335,741,882
Total noncurrent restricted assets	-	1,335,741,882	42,627,621	1,378,369,503
Total noncurrent assets	24,968,040	1,335,741,882	44,151,911	1,404,861,833
Total assets	59,504,555	2,165,607,964	71,969,070	2,297,081,589
DEFERRED OUTFLOWS OF RESOURCES				
Net loss on debt refundings	-	48,611	-	48,611
Total deferred outflows of resources	-	48,611	-	48,611
Total assets and deferred outflows of resources	59,504,555	2,165,656,575	71,969,070	2,297,130,200

(Continued)

State of Illinois
Illinois Finance Authority
(A Component Unit of the State of Illinois)

Statement of Net Position (Continued)
June 30, 2021

	General Operating Fund	Other State of Illinois Debt Fund	Nonmajor Funds	Total Business-Type Activities
LIABILITIES				
Current liabilities:				
Payable from unrestricted current assets:				
Accounts payable	$ 107,424	$ -	$ 167	$ 107,591
Accrued liabilities	96,696	-	-	96,696
Due to employees	121,656	-	-	121,656
Due to primary government	1	-	-	1
Unearned revenue, net of accumulated amortization	113,842	-	-	113,842
Total current liabilities payable from unrestricted current assets	439,619	-	167	439,786
Payable from restricted current assets:				
Accounts payable	-	-	1,397	1,397
Due to other funds	-	-	17	17
Obligation under securities lending of the State Treasurer	-	-	6,824,000	6,824,000
Accrued interest payable	-	43,830,978	-	43,830,978
Bonds and notes payable, primary government	-	98,440,000	-	98,440,000
Other liabilities	-	101,163	-	101,163
Total current liabilities payable from restricted current assets	-	142,372,141	6,825,414	149,197,555
Total current liabilities	439,619	142,372,141	6,825,581	149,637,341
Noncurrent liabilities:				
Payable from unrestricted noncurrent assets:				
Noncurrent payables	585	-	-	585
Total noncurrent liabilities payable from unrestricted noncurrent assets	585	-	-	585
Payable from restricted noncurrent assets:				
Bonds and notes payable, primary government	-	1,725,120,000	-	1,725,120,000
Unamortized bond premium	-	298,164,434	-	298,164,434
Total noncurrent liabilities payable from restricted noncurrent assets	-	2,023,284,434	-	2,023,284,434
Total noncurrent liabilities	585	2,023,284,434	-	2,023,285,019
Total liabilities	440,204	2,165,656,575	6,825,581	2,172,922,360
NET POSITION				
Investment in capital assets	31,568	-	-	31,568
Restricted for:				
Industrial revenue debt and agricultural guarantees	-	-	12,241,540	12,241,540
Public safety loans	-	-	29,131,531	29,131,531
Agricultural and rural development loans	-	-	19,143,059	19,143,059
Low income community investments	-	-	11,472	11,472
Unrestricted	59,032,783	-	4,615,887	63,648,670
Total net position	$ 59,064,351	$ -	$ 65,143,489	$ 124,207,840

See accompanying notes to the basic financial statements.

State of Illinois
Illinois Finance Authority
(A Component Unit of the State of Illinois)

Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2021

	General Operating Fund	Other State of Illinois Debt Fund	Nonmajor Funds	Total Business-Type Activities
Operating revenues:				
Closing fees	$ 2,309,015	$ -	$ -	$ 2,309,015
Annual fees	208,435	-	-	208,435
Administrative service fees	163,650	-	-	163,650
Application fees	24,750	-	-	24,750
Miscellaneous fees	326	-	-	326
Interest income - loans	439,624	41,201,195	97,760	41,738,579
Other revenue	55,986	-	-	55,986
Total operating revenues	3,201,786	41,201,195	97,760	44,500,741
Operating expenses:				
Employee related expenses	2,294,277	-	-	2,294,277
Professional services	957,485	-	16,793	974,278
Occupancy costs	204,358	-	-	204,358
General and administrative	357,402	-	-	357,402
Interest expense	-	41,629,331	-	41,629,331
Depreciation and amortization	18,675	-	-	18,675
Total operating expenses	3,832,197	41,629,331	16,793	45,478,321
Operating (loss) income	(630,411)	(428,136)	80,967	(977,580)
Nonoperating revenues:				
Transfers of funds and interest in program from the State of Illinois	-	-	120,448	120,448
Interest and investment income	106,012	428,136	88,753	622,901
Total nonoperating revenues	106,012	428,136	209,201	743,349
Change in net position	(524,399)	-	290,168	(234,231)
Net position - beginning of year	59,588,750	-	64,853,321	124,442,071
Net position - end of year	$ 59,064,351	$ -	$ 65,143,489	$ 124,207,840

See accompanying notes to the basic financial statements.

State of Illinois
Illinois Finance Authority
(A Component Unit of the State of Illinois)

Statement of Cash Flows
For the Year Ended June 30, 2021

	General Operating Fund	Other State of Illinois Debt Fund	Nonmajor Funds	Total Business-Type Activities
Cash flows from operating activities:				
Cash received for fees and other	$ 2,787,884	$ -	$ -	$ 2,787,884
Cash payments for employee services	(2,312,634)	-	-	(2,312,634)
Cash payments to suppliers for goods and services	(1,460,422)	-	(17,766)	(1,478,188)
Net cash used in operating activities	(985,172)	-	(17,766)	(1,002,938)
Cash flows from noncapital financing activities:				
Bonds and notes principal payments	-	(88,056,300)	-	(88,056,300)
Interest payments	-	(67,807,745)	-	(67,807,745)
Proceeds from the issuance of bonds	-	500,000,000	-	500,000,000
Permanent capital transfer from the State	-	137,306,169	120,448	137,426,617
Net cash provided by noncapital financing activities	-	481,442,124	120,448	481,562,572
Cash flows from capital and related financing activities:				
Purchase of capital assets	(4,090)	-	-	(4,090)
Net cash used in capital and related financing activities	(4,090)	-	-	(4,090)
Cash flows from investing activities:				
Purchase of investments	(28,813,732)	(1,411,381,704)	(9,489,498)	(1,449,684,934)
Maturity and sales of investments	40,453,000	1,236,408,163	9,310,913	1,286,172,076
Interest and dividends on investments	979,411	1,902,495	273,933	3,155,839
Cash received for interest on loans	457,707	41,206,596	70,528	41,734,831
Cash received on loans receivable and guarantees	2,189,108	423,752,629	2,678,988	428,620,725
Cash payments on loans receivable and guarantees	(7,922,000)	(481,731,689)	(3,475,000)	(493,128,689)
Net cash provided by (used in) investing activities	7,343,494	(189,843,510)	(630,136)	(183,130,152)
Net increase (decrease) in cash and cash equivalents	6,354,232	291,598,614	(527,454)	297,425,392
Cash and cash equivalents - beginning of year	3,218,186	276,556,991	31,189,999	310,965,176
Cash and cash equivalents - end of year	$ 9,572,418	$ 568,155,605	$ 30,662,545	$ 608,390,568

(Continued)

State of Illinois
Illinois Finance Authority
(A Component Unit of the State of Illinois)

Statement of Cash Flows (Continued)
For the Year Ended June 30, 2021

	General Operating Fund	Other State of Illinois Debt Fund	Nonmajor Funds	Total Business-Type Activities
Reconciliation of operating (loss) income to net cash used in operating activities:				
Operating (loss) income	$ (630,411)	$ (428,136)	$ 80,967	$ (977,580)
Adjustments to reconcile operating (loss) income to net cash used in operating activities:				
Depreciation and amortization	18,675	-	-	18,675
Interest on loans	(439,624)	(41,201,195)	(97,760)	(41,738,579)
Interest expense	-	41,629,331	-	41,629,331
Bad debt recoveries	(2,656)	-	-	(2,656)
Changes in assets and liabilities:				
Accounts receivable	28,377	-	-	28,377
Prepaid expenses	11,516	-	-	11,516
Accounts payable and accrued liabilities	48,806	-	(973)	47,833
Due to employees	(19,855)	-	-	(19,855)
Net cash used in operating activities	$ (985,172)	$ -	$ (17,766)	$ (1,002,938)

See accompanying notes to the basic financial statements.

State of Illinois
Illinois Finance Authority
(A Component Unit of the State of Illinois)

Statement of Fiduciary Net Position - Custodial Fund
June 30, 2021

	Metro East Police District Commission Fund
Assets	
Current assets:	
Cash and cash equivalents	$ 4,932
Liabilities	
Current liabilities:	
Other liabilities	$ 4,932

See accompanying notes to the basic financial statements.

State of Illinois
Illinois Finance Authority
(A Component Unit of the State of Illinois)

Statement of Changes in Fiduciary Net Position - Custodial Fund
June 30, 2021

	Metro East Police District Commission Fund
Additions	
Interest income	$ 9
Total additions	9
Deductions	-
Total deductions	-
Net Increase in fiduciary net position	9
Net position - July 1, 2020	4,923
Net position - June 30, 2021	$ 4,932

See accompanying notes to the basic financial statements.

Note 1. Summary of Significant Accounting Policies

Reporting Entity

The Illinois Finance Authority ("Authority") is a body politic and corporate created on 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 the existing finance authorities' authorizing legislation. The Authority is composed of 15 volunteer Members appointed by the Governor and confirmed with the advice and consent of the Senate. The Governor directly appoints the Authority Chair.

Component units are separate legal entities for which the primary government is legally accountable. The Authority is a component unit of the State of Illinois for financial reporting purposes because its exclusion would cause the State's financial statements to be misleading. These financial statements are included in the State's Annual Comprehensive Financial Report. The Authority reports one blended component unit, the Illinois Finance Authority Development Fund NFP, which is presented as a nonmajor fund beginning in Fiscal Year 2015, as the Authority is the sole member of the corporation that compromises the activity of the fund.

Basis of Presentation

The accounts of the Authority are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, net position, revenues, transfers, and expenses, as appropriate. The emphasis on fund financial statements is on major proprietary funds (enterprise), with each fund displayed in a separate column. All remaining proprietary funds are aggregated and reported as nonmajor funds. The Authority has the following major proprietary funds:

General Operating Fund - This fund of the Authority receives all revenues from program applications. All administrative expenses for establishing and monitoring the Authority's programs are paid out of this fund as set forth in the Illinois Finance Authority Act (20 ILCS 3501/801-40(j)). It is made up of the following programs:

- General Fund - Accounts for the main operations of the Authority;
- Local Government Borrowing Fund - Accounts for monies received from local governments formerly participating in the Illinois Rural Bond Bank Program;
- Deferred Action for Childhood Arrivals - Accounts for monies held for the purposes of providing student loans for eligible applicants to medical and dental schools in Illinois; and
- Primary Government Borrowing Fund - Accounts for monies received from the state vendor receivables program.

Other State of Illinois Debt Fund - Each bond issue is comprised of several accounts as required by the bond indenture. The accounts of the State of Illinois agencies and component unit bond issues have been aggregated and reported as the Other State of Illinois Debt Fund. These are non-appropriated accounts maintained by the trustee. The purpose of the fund is to collect bond proceeds, purchase participating institutions' securities, and remit bond issuance costs paid for with bond proceeds. The fund also collects interest and principal payments from the participating institutions and makes payments on the bonds payable.

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Metro East Police District Fund - In accordance with the Metro East Police District Act (70 ILCS 1750/15) and the Illinois Finance Authority Act (20 ILCS 3501/825-115), the Authority established the Metro East Police District ("Fund"), a fiduciary custodial fund of the Authority. All moneys received by the Metro East Police District Commission ("Commission") were deposited into the Fund. The Authority and the Commission entered into an Intergovernmental Agreement to use the moneys deposited into the Fund solely for the purposes set forth in Public Act 97-0971. Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. Fiduciary funds include pension trust funds, private-purpose trust funds, investment trust funds, and custodial funds.

Custodial funds, such as the Fund are used to report resources held in a purely custodial capacity. Custodial funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. The Metro East Police District Act, Public Act 97-971, was repealed by operation of law on December 31, 2019. Public Act 97-971 did not provide for a successor entity following the repeal of this Act. The Authority maintains the remaining funds in the amount of $4,932 in a custodial capacity until such time as the General Assembly provides further direction to the Authority with respect to the disposition of the remaining funds originally authorized under Public Act 97-971. Neither the Authority Act nor Public Act 97-971 grant power to the Authority to use or direct the remaining funds following the repeal of Public Act 97-971.

Illinois Finance Authority Development Fund NFP - In August 2013, the Authority approved a resolution authorizing the creation of a special purpose entity to be formed for the express purpose of applying for an allocation of New Markets Tax Credits ("NMTCs"). This program is administered by the U.S. Department of the Treasury's Community Development Financial Institutions Fund ("CDFI Fund"). In order for an entity to apply for an allocation of New Markets Tax Credits, the entity must first apply for and receive a license to be designated as a "Community Development Entity", or "CDE", by the CDFI Fund. To qualify as a CDE, however, an organization must be a domestic corporation or partnership at the time of the CDE certification application. Because the Authority is a body politic and corporate entity, it was necessary to form an affiliated corporation to be certified as a CDE.

As a result, on August 9, 2013, the Illinois Finance Authority Development Fund NFP, an Illinois not-for-profit corporation (the "IFADF"), was incorporated. The Authority, as the entity responsible for the creation of the IFADF, maintains three (3) ex-officio members on the six (6) to eleven (11) members IFADF Board of Directors, and the IFADF Board of Directors governs the organization. In addition to the ex-officio members who are also employees of the Authority, the IFADF Board of Directors consists of one or more community representatives who facilitate outreach to qualified low-income communities.

The IFADF is a development stage entity formed by the Authority for the primary purpose of serving as a CDE to enable the Authority to apply for (and ultimately manage) an allocation of New Markets Tax Credits. The IFADF was established to undertake two specific activities as a special purpose affiliate of the Authority: (1) to apply for a New Markets Tax Credit allocation, administered by the CDFI Fund (pursuant to Section 45D of the Internal Revenue Code of 1986, as amended); and if successful, (2) to manage a New Markets Tax Credit Program, that would supplement the Authority's existing conduit revenue bond and direct loan financing products, for manufacturers and 501(c)(3) entities. These transactions will benefit qualified low-income communities within the State of Illinois.

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

New Markets Tax Credits generate investor equity upfront in exchange for a stream of federal income tax credits payable to the New Markets Tax Credit purchaser/investor over a 7-year period. This upfront investor equity is most frequently used on debt transactions by the CDE to fund direct subordinate loans that effectively credit enhance senior (i.e., first mortgage) bank loans or senior tax-exempt bond issues. Qualified projects must be located in specified (i.e., qualified) census tracts designated by CDFI Fund. CDEs have used subordinate loans capitalized from the sale of New Markets Tax Credits to provide supplemental (subordinate) financing for real estate projects undertaken by (i) industrial and commercial companies (and their affiliates), and (ii) 501(c)(3) entities.

Accordingly, New Markets Tax Credits have been used to provide subordinate financing that supplements primary financing (including commercial loans and tax-exempt bond issues) for real estate projects deemed consistent with the Illinois Finance Authority's statutory mission in financing industrial and commercial facilities as well as 501(c)(3) facilities.

The IFADF did not apply for an allocation in Fiscal Year 2021. As of June 30, 2021, restricted net position of the IFADF, which is presented as part of the nonmajor funds, is $11,472.

Basis of Accounting

The Authority's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place.

Assets, Liabilities, Deferred Inflows, Deferred Outflows and Net Position

Cash, Cash Equivalents and Investments

Cash equivalents are defined as short-term, highly liquid investments readily convertible to cash with maturities of 90 days or less at time of purchase. Cash equivalents consist principally of Money Market Mutual Funds and repurchase agreements and are stated at cost. Per the Authority's investment policy, safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to preserve the investment principal by minimizing credit and interest rate risk, provide liquidity for working capital needs and grow unencumbered portfolio balances through prudent management.

Restricted Assets

Certain resources have been classified as restricted assets on the Statement of Net Position because their use is limited by applicable bank and loan agreements. For additional disclosures, see Note 3 - cash deposits and investments, Note 9 - long-term obligations and Note 11 - commitments and contingencies.

Investments

Investments in marketable securities are reported at fair value based on quoted market prices.

Note 1. Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, Deferred Inflows, Deferred Outflows and Net Position (Continued)

Issuance Costs and Premium and Revenue

Since 2013 the Authority received premiums on its Illinois Environmental Protection Agency Clean Water Bonds of $435,352,165. The Authority is amortizing these issuance premiums using the approximate effective interest method on all issued bond series except for the State of Illinois Revolving Fund, Series 2013 (Clean Water Initiative) for which the bond outstanding method is used. Amounts are presented net of accumulated amortization in the Statement of Net Position. In accordance with GASB statement no.65, bond issuance costs and the bond issue related fee revenues are not deferred or amortized but recognized in the current periods.

Activity related to unamortized premium for the year ended June 30, 2021, consisted of the following:

Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
$ 196,445,645	$ 137,306,169	$ 35,587,377	$ 298,164,437

Deferred Loss on Early Extinguishment

The Authority is amortizing a deferred outflow (loss on the refunding of bonds) in the Other State of Illinois Debt Fund over the lesser of the term of the old debt or the new debt using the effective interest method. The unamortized loss is presented as a deferred outflow of resources in the Authority's Statement of Net Position.

Interfund Transactions

The Authority has the following types of interfund transactions:

Loans and Advances – This represents amounts provided with a requirement for repayment. Interfund loans are reported as interfund receivables (i.e. due from other funds) in lender funds and interfund payables (i.e. due to other funds) in borrower funds.

Reimbursements – This represents repayments from the funds responsible for particular expenses to the funds that initially paid for them. Reimbursements are reported as expenses in the reimbursing fund and as a reduction of expenses in the reimbursed fund.

Transfers – This represents amounts provided to other funds which will not be repaid.

Capital Assets

Capital assets, which include property and equipment, are reported at historical cost. Capital assets are depreciated using the straight-line method. Depreciation of property and equipment used by the Authority is charged as an expense against the Authority's General Operating Fund. Capital assets and accumulated depreciation is reported in Note 8 to the financial statements.

Note 1. Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, Deferred Inflows, Deferred Outflows and Net Position (Continued)

Capitalization thresholds and the estimated useful lives are as follows:

Assets	Threshold	Years
Furniture and equipment	$500	5
Computer equipment	$5,000	5
Software	$10,000	3

Vacation and Sick Leave

The Authority's current vacation and sick leave pay policy, effective July 1, 2011, provides for employees to earn vacation pay at a rate based upon the employee's length of service with the Authority. Vacation time is accrued monthly and employees are allowed to accumulate vacation time up to one and half times their annual vacation allowance. Once an employee has accumulated the maximum amount of vacation days, the employee will no longer accrue any further vacation days. Vacation days will resume accruing once the employee uses accumulated vacation days.

Earned vacation days are accrued at fiscal year-end for financial statement purposes and recorded as Due to Employees in the Statement of Net Position in the General Operating Fund. Sick leave earned by employees must be taken during the fiscal year and cannot be accumulated and carried over to the next fiscal year.

Activity related to accrued vacation leave for the year ended June 30, 2021, consisted of the following:

Balance June 30, 2020	Earned	Paid	Balance June 30, 2021	Due Within One Year
$ 141,511	$ 103,264	$ 123,119	$ 121,656	$ 121,656

Full-time employees are awarded five full days of paid sick leave for use in that year. Full-time employees hired between July 1st and December 31st will receive five full days of paid sick leave for use in that year. Full-time employees hired between January 1st and June 30th will receive three full days of paid sick leave.

Healthcare Benefits

The Authority offers healthcare, dental, and vision benefits to employees and their dependents. Employees can choose either an HMO plan or a PPO plan. The Authority pays for a percentage of the cost of the premium ranging from 82.50% for employees choosing family coverage to 90% for employees choosing coverage for themselves only. The employees pay the remaining premium cost.

The Authority's retirees are not eligible to participate in the Authority's healthcare plan. Thus, the Authority does not have a post-employment benefit obligation.

Note 1. Summary of Significant Accounting Policies (Continued)

Termination Benefits

Termination, or severance benefits, are specified and detailed in separation agreements between the Authority and former employees. These benefits may include continued payments of the employee's salary for a specified duration of time. The cost of these benefits is calculated based on the employee's last salary amount and includes salary related costs (e.g. Social Security and Medicare tax). No termination and/or severance payments were authorized or disbursed in Fiscal Year 2021.

Net Position

In the financial statements, net position is displayed in three components as follows:

Investment in Capital Assets - This component consists of capital assets, net of accumulated depreciation. As of June 30, 2021, the Authority had investments in capital assets of $31,568.

Restricted - This component consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the Authority's policy to use restricted resources first, then unrestricted resources when they are needed. As of June 30, 2021, the Authority had restricted net position of $60,527,602 of which $60,516,130 is restricted by State law.

Unrestricted - This component consists of all other net position that do not meet the definition of "restricted" or "investment in capital assets." As of June 30, 2021, the Authority had unrestricted net position of $63,648,670.

Classification of Revenues

The Authority has classified its revenues as either operating or nonoperating. Operating revenue includes activities that have the characteristics of exchange transactions including interest on loans, application fees, annual fees, and administrative service fees. Nonoperating revenue includes activities that have the characteristics of non-exchange transactions or activities that are ancillary to the operations of the Authority, including interest and investment income.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 1. Summary of Significant Accounting Policies (Continued)

Conduit Debt Obligations

In accordance with the Illinois Finance Authority Act (20 ILCS 3501/801-40(c)), the Authority issues limited obligation revenue bonds and participated in lending and leasing agreements to provide low-cost financing to businesses, agribusinesses, health care facilities, educational facilities, municipalities, and other organizations in order to stabilize and strengthen the Illinois economy in areas of job creation and job retention. The bonds and leases are secured by the property financed. Upon repayment of the debt, ownership of the acquired facilities transfers to the entity served by the issuance. In regards to these conduit issuances, neither the Authority or the State, nor any political subdivision thereof, is obligated in any manner for repayment of the debt. Accordingly, the bonds and leases are not reported as liabilities in the Authority's basic financial statements. As of June 30, 2021, the aggregate amount of conduit debt outstanding is approximately $22.3 billion.

Adopted Accounting Standards

During Fiscal Year 2021, the Authority adopted the following governmental accounting standards:

- GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The requirements of this Statement are effective for reporting periods beginning after December 31, 2019.

New Accounting Standards

Accounting standards the Authority is currently reviewing for applicability and potential impact on the financial statements include:

- GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of government's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

- GASB Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which

Note 1. Summary of Significant Accounting Policies (Continued)

New Accounting Standards (Continued)

the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

- GASB Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. It clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

- GASB Statement No. 92, *Omnibus 2020*. This Statement addresses practice issues that have been identified during implementation and application of certain GASB statements and other technical pronouncements. The Statement addresses a variety of topics. The Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

- GASB No. 93, *Replacement of Interbank Offered Rates*. This Statement establishes how an entity will report the change of any of variable payment debt tied to the London Interbank Offered Rate (LIBOR) when the LIBOR standard is no longer used after December 31, 2021. The requirements of this Statement have different effective dates starting with reporting periods beginning after June 15, 2020 and ending with reporting periods beginning after June 15, 2021.

- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement will improve financial reporting by addressing issues related to public-private and public-public partnerships and provides guidance for accounting and reporting for availability payment arrangements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. This Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. This Statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Note 2. Stewardship, Compliance and Accountability

The Authority does not receive any State-appropriated tax dollars to support its operations. The Authority supports its operations from fees charged when the Authority issues conduit, primarily federally tax-exempt bonds as well as from interest and fees collected from certain loans and investments. The Authority adopts an annual budget for the General Operating Fund at its June meeting in advance of the next fiscal year.

The Authority is the steward of two State of Illinois non-appropriated funds, the Illinois Agricultural Loan Guarantee Fund (Fund 994) and the Illinois Farmer Agribusiness Loan Guarantee Fund (Fund 205) held by the Illinois State Treasurer. Fund 994 and Fund 205 are restricted by State law and back the Authority's loan guarantee programs that support Illinois agriculture. The Authority is also the steward for the locally held Fire Truck Revolving Loan Fund and Ambulance Revolving Loan Fund also restricted by State law. The Authority administers the Illinois Housing Partnership Fund and the Industrial Project Insurance Fund which are locally held and restricted by State law.

The Authority participates in an annual financial audit and a biennial compliance examination conducted by the State of Illinois Office of the Auditor General. The Authority's full-time program of internal audit is conducted by the Bureau of Internal Audit of the Illinois Department of Central Management Services ("CMS") under an agreement between the Authority and CMS. It is an ongoing Authority priority to maintain and enhance appropriate internal controls and to appropriately comply with all regulatory and statutory mandates.

Note 3. Cash, Deposits and Investments

Cash, Deposits and Investments

Cash and investments as of June 30, 2021, are classified in the accompanying basic financial statements as follows:

Cash and cash equivalents - unrestricted	$ 11,896,194
Cash and cash equivalents - fiduciary fund	4,932
Cash and cash equivalents - restricted current assets	577,356,315
Cash and cash equivalents - restricted noncurrent assets	19,138,059
Investments - unrestricted current assets	24,190,643
Investments - unrestricted noncurrent assets	8,226,514
Investments - restricted current assets	267,192,761
Investments - restricted noncurrent assets	2,229,747
Total	$ 910,235,165

Cash and investments as of June 30, 2021, consist of the following:

Deposits with financial institutions	$ 28,022
Deposits with State of Illinois Treasurer	19,199,675
Investments	891,007,468
Total	$ 910,235,165

Note 3. Cash, Deposits and Investments (Continued)

Allowable Investments

The Authority is permitted by the Illinois Finance Authority Act (20 ILCS 3501/801-30(a)) and by its investment policy to invest any of its funds in:

a. U.S. Government securities, including securities of the federal agencies;
b. Securities guaranteed by the federal government;
c. Savings accounts, certificates of deposit, and time deposits in banks or savings and loans insured by the Federal Deposit Insurance Corporation (FDIC), with any deposits in excess of amounts insured by the FDIC collateralized;
d. Short-term obligations of U.S. corporations with assets exceeding $500,000,000 and rated investment grade and which mature not later than 180 days from the date of purchase, provided that such obligations do not exceed 10% of the corporation’s outstanding obligations and no more than one-third of the Authority’s funds are invested in such obligations;
e. Money market mutual funds registered under the Investment Company Act of 1940, provided the portfolio is limited to either U.S. government or government-backed securities;
f. Shares of other forms of securities legally issued by savings banks or savings and loan associations, if such securities are insured by the FDIC;
g. Dividend-bearing share accounts, share certificate accounts or class of share accounts of a credit union, if insured under applicable law;
h. The Illinois Funds;
i. A fund managed, operated, and administered by a bank, subsidiary of a bank, or subsidiary of a bank holding company or uses the services of such an entity to hold, invest or advise on investments; and,
j. Repurchase agreements of government securities.

In addition, the Authority is authorized by its enabling legislation to invest in obligations issued by any State, unit of local government, or school district that carry investment grade ratings, and equity securities of a registered investment company.

The Authority’s investment policy excludes funds committed to credit enhancement, federally assisted programs, and funds held by bond trustees that are governed by the provisions of bond agreements. The allowable investments are as follows:

<u>Federally Assisted Programs</u> - Federally assisted program fund reserves and other cash shall be deposited in accounts in banks or other financial institutions. Such accounts will be fully covered by Federal Deposit Insurance Corporation or fully collateralized with U.S. Government obligations, and must be interest bearing.

<u>Other State of Illinois Debt Fund</u> - Investment of bond funds shall be made in investment obligations, including federal securities; bonds, notes, debentures, or similar obligations; interest-bearing savings accounts, interest-bearing certificates of deposit or interest-bearing deposits or any other investments constituting direct obligations of any bank, as defined by the Illinois Banking Act, which is fully insured by the Federal Deposit Insurance Corporation or collateralized with federal securities; short-term obligations of corporations organized in the U.S. with assets exceeding $500,000,000; money market mutual funds registered under the Investment Company Act of 1940; short-term discount obligations of the Federal National Mortgage Association; shares or other forms of securities legally issuable by savings and loan associations; obligations the interest upon which is tax-exempt under Section 103 of the Internal Revenue Code; repurchase agreements of government securities; and any other investment which is permitted by the Bond Trust Indenture.

Note 3. Cash, Deposits and Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of fixed income investment securities, the more sensitive they are to changes in interest rates. The Authority manages its exposure to interest rate risk by basing its investment decisions regarding maturity dates and rates on an analysis of the Authority's short-, mid-, and long-term cash needs and keeping the portfolio sufficiently liquid to enable the Authority to meet its operating requirements. In addition, the Authority's investment policy limits any new investments to maturities of five years or less unless approved by the Executive Director.

As of June 30, 2021, the weighted average maturities of the Authority's investments were:

Investment Type	June 30, 2021	Weighted Average Maturity (in years)
U.S. Treasury notes	$110,304,597	0.36
U.S. Treasury bills	29,999,505	0.04
U.S. Government agency securities	98,938,396	0.42
Money market mutual funds	588,921,183	N/A
Commercial paper	58,988,335	0.12
Corporate debt securities	3,608,832	0.11
Repurchase agreements	246,620	N/A
Total	$ 891,007,468	

Note 3. Cash, Deposits and Investments (Continued)

Credit Risk

Generally, credit risk is the risk that an issuer of a debt investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Authority's investment policy on credit risk is limiting the investments to high rated securities and diversifying the portfolio to limit exposure.

Presented below is the rating as of year-end for each investment type:

		Ratings	
Investment Type	June 30, 2021	S & P	Moody's
U.S. Treasury notes	$110,304,597	AA+	Aaa
U.S. Treasury bills	29,999,505	AA+	Aaa
U.S. Government agency securities	98,938,396	AA+	Aaa
Money market mutual funds	588,921,183	AAA	Aaa
Commercial paper	34,993,300	A-1+	P-1
Commercial paper	14,995,255	A-1	P-1
Commercial paper	8,999,780	A-1	A2
Corporate debt securities	395,643	A+	A1
Corporate debt securities	1,645,294	A+	A2
Corporate debt securities	178,624	A	A2
Corporate debt securities	1,389,271	BBB+	A2
Repurchase agreements	246,620	AAA	Aaa
Total	$ 891,007,468		

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the concentration of an entity's investment in a single issuer. To reduce the risk of loss resulting in excess concentrations in a specific type, maturity, issuer or class of securities, the Authority's investment policy places the following restrictions on concentrations of investments:

- Certificates of deposit from any single financial institution may not comprise more than 20% of the Authority's portfolio or 5% of the financial institution's total deposits.
- Commercial paper purchases may not exceed 20% of the Authority's portfolio in total and 5% of Authority's portfolio in any single issuer's name.
- No investment category shall exceed 30% of the Authority's portfolio, with the exception of U.S. Treasury securities and cash equivalents, including certificates of deposits.

Note 3. Cash, Deposits and Investments (Continued)

Concentration of Credit Risk (Continued)

As of June 30, 2021, investments in any one issuer (other than U.S. Treasury securities and external investment pools) that represent 5% or more of the total Authority investments are as follows:

Issuer	Investment Type	Amount
Federal Home Loan Bank	U.S. Government Agency Securities	$ 86,518,867

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Authority's investment policy requires that any deposits in excess of amounts insured by the FDIC or SAIF (Savings Association Insurance Fund) be secured by an eligible form of collateral equal to 110% of the uninsured deposit. Eligible collateral instruments are any of the following:

1. U.S. Government securities;
2. Securities guaranteed by the federal government;
3. Obligations of the State of Illinois;
4. Letters of credit issued by the Federal Home Loan Bank of Chicago or equivalent entity; and,
5. Surety bonds issued by Municipal Bond Insurance Association ("MBIA") or equivalent entity.

Third party safekeeping is required for collateral items 1, 2, and 3 above. The Authority's investment policy does not specifically address the collateralization requirements for investments.

The Authority has entered into a repurchase agreement with Bank of America ("Bank"). Under the terms of this agreement, at the end of each business day, the Bank will sell the Authority government securities. The Bank promises to repurchase these same securities at the beginning of the next banking day for the amount invested plus interest. The interest rate is established each day by the Bank. If, on the maturity date, the Bank defaults on its obligation to repurchase the securities, the Bank will transfer the securities to a custodian to hold for the benefit of the Authority. If this occurs, the Authority could incur a loss if the value of the securities declines. At June 30, 2021, the Authority had invested $246,620 under this agreement. The underlying securities are held by Bank of America's safekeeping department.

Note 4. Fair Value Measurement

In accordance with GASB 72, the Authority's investments are measured and reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments are classified according to the following hierarchy.

Level 1 – Investments reflect prices quoted in active markets.
Level 2 – Investments reflect prices that are based on similar observable assets either directly or indirectly, which may include inputs in markets that are not considered to be active.
Level 3 – Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Fair value of the Authority's U.S. Treasury notes, repurchase agreements, and money market mutual funds are determined by the Authority from observable market quotations as provided by the Authority's custodian bank.

Fair value of the Authority's U.S. Government agency securities, municipal debt and corporate debt securities are provided by its custodial bank. The prices are derived from inputs that are directly observable for an asset based on similar assets, as well as inputs that are not directly observable and are derived from observable market data.

The following table presents the Authority's fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2021.

Assets Investments	Total	Level 1	Level 2	Level 3
U.S. Treasury notes	$ 110,304,597	$ 110,304,597	$ -	$ -
U.S. Treasury bills	29,999,505	29,999,505	-	-
U.S. Government agency securities	98,938,396	-	98,938,396	-
Commercial paper	58,988,335	-	58,988,335	-
Corporate debt securities	3,608,832	-	3,608,832	-
Repurchase agreements	246,620	246,620	-	-
Money market mutual funds	588,921,183	588,921,183	-	-
Total Investments	$ 891,007,468	$ 729,471,905	$ 161,535,563	$ -

Note 5. Securities Lending Transactions

Securities Lending Transactions: The State Treasurer lends securities to broker-dealers and other entities for collateral that will be returned for the same securities in the future. The State Treasurer has, through a Securities Lending Agreement, authorized Deutsche Bank AG to lend the State Treasurer's securities to broker-dealers and banks pursuant to a form of loan agreement.

During fiscal year 2021, Deutsche Bank AG lent U.S. Agency securities and U.S. Treasury securities and received as collateral U.S. dollar denominated cash. Borrowers were required to deliver collateral for each loan equal to at least 100% of the aggregate fair value of the loaned securities. Loans are marked to market daily. If the fair value of collateral falls below 100%, the borrower must provide additional collateral to raise the fair value to 100%.

Note 5. Securities Lending Transactions (Continued)

The State Treasurer did not impose any restrictions during fiscal year 2021 on the amount of the loans of available, eligible securities. In the event of borrower default, Deutsche Bank AG provides the State Treasurer with counterparty default indemnification. In addition, Deutsche Bank AG is obligated to indemnify the State Treasurer if Deutsche Bank AG loses any securities, collateral or investments of the State Treasurer in Deutsche Bank AG's custody. There were no losses during fiscal year 2021 resulting from a default of the borrowers or Deutsche Bank AG.

During fiscal year 2021, the State Treasurer and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested in repurchase agreements with approved counterparties collateralized with securities approved by Deutsche Bank AG and marked to market daily at no less than 102%. Because the loans are terminable at will, their duration did not generally match the duration of the investments made with cash collateral. The State Treasurer had no credit risk as a result of its securities lending program as the collateral held exceeded the fair value of the securities lent.

The securities lending collateral received that were invested in repurchase agreements allocated to the Illinois Agricultural Loan Guarantee and Illinois Farmer Agribusiness Loan Guarantee Fund were $3,824,000 and $3,000,000, respectively, as of June 30, 2021.

Note 6. Bonds, Notes and Loans Receivable

The Authority administers a variety of lending programs including direct lending and participation loans. Bonds and notes receivable from local governmental units represent amounts loaned to the units through the purchase of their securities.

Illinois Housing Partnership Program - The Authority administers the Illinois Housing Partnership Program ("IHPP") which was established by the Illinois General Assembly in 1985 in order to finance the acquisition and renovation of multi-family housing units. The fund is also authorized to make loans per Public Act 100-919. On November 14, 2019, Senate Bill 1300 (Public Act 101-0610, effective date, January 1, 2020, "SB 1300") passed both chambers of the Illinois General Assembly. SB 1300 creates two new investment funds: the Police Officers' Pension Investment Fund and the Firefighters' Pension Investment Fund. Through the creation of these funds, and the consolidation of the $14.2 billion of associated pension assets, the downstate and suburban police and fire fund system will go from 650 investment portfolios, to two. The Authority plays a critical role in consolidation of these funds. SB 1300 authorized the Authority to lend, and each of two funds to borrow, up to $7.5 million in capital (for a combined total up to $15 million) to be used for start-up expenses. Loans to the Police Officers' Pension Investment Fund and the Firefighters' Pension Investment Fund were made during the year and the total loan outstanding as of June 30, 2021 is $1,524,290.

Industrial Project Insurance Fund - The Authority administers the Industrial Project Insurance Fund which was established to give small and midsize businesses access to Industrial Revenue Bond funds at advantageous rates as set forth in Public Act 93-205 (as originally established by Public Act 83-965) (the Fund). The Fund is also authorized to make loans per Public Act 100-919. Additionally, the Industrial Project Insurance Fund is one of the funds allowed to originate loans to the Police Officers' Pension Investment Fund and the Firefighters' Pension Investment Fund under SB 1300. Loans to the Firefighters' Pension Investment Fund were made during the year and the total loan outstanding as of June 30, 2021, is $2,476,521.

Note 6. Bonds, Notes and Loans Receivable (Continued)

Participation Loan Program - The Authority allows for the purchase of a bank loan to finance the purchase of land and/or buildings or fixtures as well as the construction, or renovation of a building, and acquisition of machinery and equipment up to the lesser of $500,000 or 50% of the project. By purchasing a participation of the bank at a lower interest rate than the borrower would receive on its own, the Authority requires the bank to pass savings directly to the borrower. The Authority participations are on a pro-rata 50/50 basis with the bank. Loans under this program carry a variable interest rate that is up to 100 basis points less than the bank's rate with maturity dates up to ten years. Total loans outstanding as of June 30, 2021, were $595,816 within the General Operating Fund.

Deferred Action for Childhood Arrivals (DACA) Loan Program - The Deferred Action for Childhood Arrivals Loan Program is the Authority's direct loan pilot program designed to provide student loans for eligible applicants to medical and dental schools in Illinois. The loans are offered at zero percent interest provided a student meets a service obligation of practicing full-time in a qualified, medically underserved Illinois community in certain medical specialties for each year of medical school financed by the loan program. If the service obligation is not fulfilled, the interest rate of the loan increases to 10.82% retroactively to the date of each disbursement. Loan payments commence upon completion of a student's service obligation and full payment is due within 10 years of completion of the service obligation. There are no loan payments due yet under this program. This program was funded by $1.6 million in unrestricted monies transferred from the Authority's General Operating Fund, in July 2014, and another $1.2 million transferred in March 2016. Total loans outstanding as of June 30, 2021, were $2,881,433 within the General Operating Fund.

Natural Gas Loan Program - At a Special Board Meeting held on February 25, 2021, the Members of the Authority responded to Governor Pritzker's Gubernatorial Disaster Proclamation and a call to assist communities facing unprecedented spikes in natural gas prices during the month of February by passing a resolution authorizing the $15,000,000 Local Government Energy Loan Program. This loan program allows impacted municipalities to spread the payment across a more manageable timeframe without placing an overwhelming burden on their residents or businesses. This loan program provides 1% interest rate loans and must be repaid within 3 years. During the fiscal year, 14 loans were issued for an aggregate amount of $7,922,000. Total loans outstanding as of June 30, 2021, were $7,029,000.

Fire Truck Revolving Loan Program - This program provides zero and low interest rate loans for the purchase of fire trucks by fire departments, fire protection districts, or township fire departments. Public Act 97-900, effective August 6, 2012, expanded this program to include loans for "brush trucks". Brush truck loans under the program will bear interest at 2% simple interest if both the chassis and the apparatus are built outside Illinois, 1% simple interest if either the chassis or the apparatus is built in Illinois, or zero interest if both the chassis and apparatus are built in Illinois. The loans to each department, district or township may not exceed $350,000 and must be repaid within 20 years. A loan for the purchase of brush trucks may not exceed $100,000 per truck. The program was originally funded by a transfer of $19,000,000 from the State of Illinois and administered by the Authority, through a Locally Held Fund. This transfer of funds was converted to program interest for the Authority, as recorded on the financial statements for the fiscal year ended June 30, 2014. Current and future program transfers are funded from State of Illinois collections on outstanding loans and fines from traffic violations. During the fiscal year, no new loans were issued. Total loans outstanding as of June 30, 2021, were $18,874,202 within the Locally Held Fire Truck Revolving Loan Fund, a nonmajor fund.

Note 6. Bonds, Notes and Loans Receivable (Continued)

Ambulance Revolving Loan Program - This program provides zero and low interest rate loans for the purchase of ambulances by fire departments, fire protection districts, township fire departments, and non-profit ambulance services. The loans may not exceed $200,000 and must be repaid within 10 years. The program was originally funded by an appropriation of $4,000,000 received from the State of Illinois and administered by the Authority, through a Locally Held Fund. This transfer of funds was converted to program interest for the Authority, as recorded on the financial statements for the Fiscal Year ended June 30, 2014. Current and future program transfers are funded from State of Illinois collections on outstanding debt. During the fiscal year, no new loans were issued. Total loans outstanding as of June 30, 2021, were $2,391,893 within the Locally Held Ambulance Revolving Loan Fund, a nonmajor fund.

Local Government Financing Assistance Program - This program provides financing to units of local government located in the State of Illinois by purchasing the securities of the local governments. These loans are typically used by the local governments to finance short-term financing needs until a longer term financing solution becomes available under the Bond Bank Lending Program. Total loans outstanding as of June 30, 2021, were $869,253 in the General Operating Fund.

Local Government Borrowing Program - This program facilitates the financing needs of a broad array of governmental units located throughout the State. The loans are used by the local governments to finance long-term water and sewer infrastructure improvements and general capital improvement projects. The local government units make payments on the loans from taxes, revenues, rates, charges, or assessments, in an amount sufficient to pay the principal of and interest on its local government securities when due. This program was funded by the issuance of revenue bonds, which were fully paid off in a prior fiscal year. Total loans outstanding as of June 30, 2021, were $6,317,139 in the General Operating Fund.

Loans with the Primary Government and Component Units of the State of Illinois - The Authority has provided financing to the State of Illinois and to component units of the State of Illinois. The loans under this program were used to expand capacity for and to fund the Illinois Clean Water and Drinking Water revolving loan program administered by the State of Illinois, Environmental Protection Agency. This program was funded by the issuance of revenue bonds. Further information on these revenue bonds can be found in Note 9 to the financial statements. The borrowers make payments in an amount sufficient to pay the principal of and interest on the bonds when due. Total loans outstanding as of June 30, 2021, were $1,335,741,882 in the Other State of Illinois Debt Fund.

Allowance for Doubtful Accounts

The allowance for doubtful accounts for all loans and notes receivable on June 30, 2021, is comprised of two components: a general reserve and a reserve for delinquencies. Loans which are delinquent greater than 90 days are reserved for at 100% of principal outstanding. In addition, the Authority provides a general reserve at approximately 2% for the principal balance of all other loans outstanding. Loans in the DACA Loan Program, Fire Truck Revolving Loan Program, Ambulance Revolving Loan Program, Local Government Financing Assistance Program, Local Government Borrowing Program, and Loans with Primary Government and Component Units of the State of Illinois have not experienced a default; therefore, the allowance for doubtful accounts based on prior experience is zero.

Note 6. Bonds, Notes and Loans Receivable (Continued)

The Authority's accounts, bonds, notes and loans receivable for the year ended June 30, 2021, consisted of the following:

	Fund	All Receivables June 30, 2021	Allowance for Doubtful Accounts	Net Receivable June 30, 2021
Accounts Receivable	General Operating	$ 30,196	$ (7,038)	$ 23,158
DACA Loan Program	General Operating	2,881,433	-	2,881,433
Direct Lending Participation Program	General Operating	595,816	(15,023)	580,793
Local Government Financing Assistance Program	General Operating	869,253	-	869,253
Local Government Borrowing Program	General Operating	6,317,139	-	6,317,139
Natural Gas Loan Program	General Operating	7,029,000	-	7,029,000
Illinois Housing Partnership Program	Nonmajor	1,524,290	-	1,524,290
Industrial Project Insurance Fund	Nonmajor	2,476,521	-	2,476,521
Fire Truck Revolving Loan Program	Nonmajor	18,874,202	-	18,874,202
Ambulance Revolving Loan Program	Nonmajor	2,391,893	-	2,391,893
Loans with the Primary Government and Component Units of the State of Illinois	Other State of Illinois Debt	1,335,741,882	-	1,335,741,882
		$ 1,378,731,625	$ (22,061)	$ 1,378,709,564

Note 7. Interfund Transfers and Balances

Interfund Transfers

Interfund transfers are defined as the flow of assets, such as cash or goods, without equivalent flows of assets in return. Interfund borrowings are reflected as "Due to/from Other Funds" on the accompanying financial statements. All other interfund transfers are reported as transfers in/out. There were no interfund transfers in the year ended June 30, 2021.

Balance due from/to other funds - The following amounts represent balances due to/from major and also nonmajor funds as of June 30, 2021:

Funds	Due from Major Funds	Due from Nonmajor Funds	Description/Purpose
General Operating Fund	$ -	$ 17	Due from the Illinois Finance Authority Development Not-for-Profit Fund for the payment of annual filing fees

Funds	Due to Major Funds	Due to Nonmajor Funds	Description/Purpose
Nonmajor Funds	$ 17	$ -	Due to the General Operating Fund for the payment of administrative costs

Note 8. Capital Assets

Capital assets activity for the year ended June 30, 2021, was as follows:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets being depreciated:				
Furniture and equipment	$ 193,874	$ -	$ -	$ 193,874
Computers	148,360	4,090	-	152,450
Software	287,799	-	-	287,799
Total capital assets being depreciated	630,033	4,090	-	634,123
Less: Accumulated depreciation				
Furniture and equipment	190,988	1,667	-	192,655
Computers	105,180	17,008	-	122,188
Software	287,712	-	-	287,712
Total accumulated depreciation	583,880	18,675	-	602,555
Capital assets, net of depreciation	$ 46,153	$ (14,585)	$ -	$ 31,568

The Authority's records were reconciled to the records maintained by the Comptroller of the State of Illinois as of June 30, 2021.

Note 9. Long-term Obligations

Revenue Bonds Payable

The following schedule details the changes of all revenue bonds payable as of June 30, 2021:

Revenue bonds payable:	Balance June 30, 2020	Additions	(Retirements)	Balance June 30, 2021	Amounts Due Within One Year
Northern Illinois University Foundation	$ 441,300	$ -	$ (441,300)	$ -	$ -
Illinois Environmental Protection Agency Clean Water Series 2013	25,700,000	-	(11,230,000)	14,470,000	6,815,000
Illinois Environmental Protection Agency Clean Water Series 2016	417,870,000	-	(30,765,000)	387,105,000	31,480,000
Illinois Environmental Protection Agency Clean Water Series 2017	517,605,000	-	(27,455,000)	490,150,000	29,580,000
Illinois Environmental Protection Agency Clean Water Series 2019	450,000,000	-	(18,165,000)	431,835,000	21,110,000
Illinois Environmental Protection Agency Clean Water Series 2020	-	500,000,000	-	500,000,000	9,455,000
	$1,411,616,300	$ 500,000,000	$ (88,056,300)	$1,823,560,000	$ 98,440,000

Note 9. Long-term Obligations (Continued)

Revenue Bonds Payable (Continued)

The future debt service requirements for revenue bonds as of June 30, 2021, including interest payments are as follows:

Fiscal Year Ending June 30,	Total Outstanding Revenue Bonds Principal	Interest	Total
2022	$ 98,440,000	$ 86,402,739	$ 184,842,739
2023	103,460,000	81,369,913	184,829,913
2024	107,460,000	76,294,813	183,754,813
2025	109,330,000	70,878,438	180,208,438
2026	109,820,000	65,665,788	175,485,788
2027-2031	570,465,000	244,803,163	815,268,163
2032-2036	485,935,000	113,188,206	599,123,206
2037-2041	234,570,000	20,595,825	255,165,825
2042	4,080,000	82,725	4,162,725
	$ 1,823,560,000	$ 759,281,610	$ 2,582,841,610

Each revenue bond issue is payable only out of the trust estate established for each issue. The trust estate is comprised of all rights, title, and interest of the Authority in the loan securities, the purchase agreements, the intercept proceedings, and all moneys and securities held in all funds and accounts under the indenture, except moneys and securities on deposit in the redemption fund which are for the payment of the principal and interest of bonds called for redemption prior to maturity. The Authority has pledged future loan revenues to repay the outstanding principal of the revenue bonds. Proceeds from the bonds provided financing for various loan programs. The bonds are payable solely from principal and interest revenues under the related loans and are payable through the final maturity of the bonds in 2042. Principal and interest payments on the bonds are expected to require approximately 100% of these loan revenues. All bonds outstanding at June 30, 2021, are revenue bonds of the Authority and are payable solely from the revenues or funds pledged or available for their payment as authorized by the Illinois Finance Authority Act (20 ILCS 3501/801-40(c)). Neither the faith and credit nor the taxing power of the State of Illinois is pledged to the payment of the principal or interest on the bonds.

Moral Obligation - If the Governor has provided written approval, the Authority may issue revenue bonds with the State's pledge of moral obligation or additional security. This credit enhancement is a contingent State taxpayer guarantee. In the event that projected revenues with this pledge are insufficient to pay the principal and interest of or to restore the debt service reserve fund of bonds, the Authority Chair shall certify to the Governor the amount necessary to make up the shortfall. As soon as practicable, the Governor then must submit the certified amount to the General Assembly no later than the end of the current State fiscal year. The General Assembly, however, is under no obligation to appropriate the amount to make up the shortfall necessary to pay the principal and interest of or to restore the debt service reserve fund of bonds with such a pledge.

Note 9. Long-term Obligations (Continued)

Revenue Bonds Payable (Continued)

In Fiscal Year 2021, the Authority did not issue any bonds with a pledge of the State's moral obligation, additional security or any kind of contingent State taxpayer guarantee. As of June 30, 2021, the amount of outstanding bonds issued by the Authority with the State's pledge of moral obligation or additional security was zero.

Component Units and Primary Government - The revenue bonds of the component units and primary government of the State of Illinois issued by the Authority were not enhanced with the State Moral Obligation. Bonds issued by the Authority for the benefit of other agencies and component units of the State of Illinois follow:

State of Illinois Revolving Fund, Series 2020 (Clean Water Initiative/Green Bonds) – The original issue of $500,000,000 dated December 30, 2020, on behalf of the Illinois Environmental Protection Agency's State Revolving Program provides for serial retirement of principal beginning July 1, 2021, and every January 1 and July 1, thereafter, and interest payable on January 1 and July 1 of each year at rates of 4.00% to 5.00%. Final maturity is July 1, 2041.

State of Illinois Revolving Fund, Series 2019 (Clean Water Initiative/Green Bonds) – The original issue of $450,000,000 dated April 3, 2019, on behalf of the Illinois Environmental Protection Agency's State Revolving Program provides for serial retirement of principal beginning July 1, 2020, and every January 1 and July 1, thereafter, and interest payable on January 1 and July 1 of each year at rates of 5.00%. Final maturity is July 1, 2041.

State of Illinois Revolving Fund, Series 2017 (Clean Water Initiative) – The original issue of $560,025,000 dated September 12, 2017, on behalf of the Illinois Environmental Protection Agency's State Revolving Program provides for serial retirement of principal beginning July 1, 2018, and every January 1 and July 1, thereafter, and interest payable on January 1 and July 1 of each year at rates of 5.00%. Final maturity is July 1, 2037.

State of Illinois Revolving Fund, Series 2016 (Clean Water Initiative) – The original issue of $500,000,000 dated September 12, 2016, on behalf of the Illinois Environmental Protection Agency's State Revolving Program provides for serial retirement of principal beginning July 1, 2017, and every January 1 and July 1, thereafter, and interest payable on January 1 and July 1 of each year at rates of 1.00% to 5.00%. Final maturity is July 1, 2036.

State of Illinois Revolving Fund, Series 2013 (Clean Water Initiative) – The original issue of $141,700,000 dated December 5, 2013, on behalf of the Illinois Environmental Protection Agency's State Revolving Program provides for serial retirement of principal beginning July 1, 2014, and every January 1 and July 1, thereafter, and interest payable on January 1 and July 1 of each year at rates of 1.00% to 5.00%. Final maturity is July 1, 2023.

Northern Illinois University Foundation, Series 2013 – On behalf of this borrower, the principal amount is not to exceed $6,100,000 and provides for advances as needed to pay construction costs. Interest is payable February 15 and August 15 of each year commencing August 15, 2013, at the rate of 1.62%. Final maturity is February 15, 2021.

Note 9. Long-term Obligations (Continued)

Revolving Loans

Locally Held Fire Truck Revolving Loan Fund - The Fire Truck Revolving Loan program was authorized by the Illinois Finance Authority Act (20 ILCS 3501/825-80). The loan program is jointly administered by the Authority and the Office of the Illinois State Fire Marshal. The Fire Prevention Fund and Build Illinois Bond Fund originally loaned $9 million and $10 million, respectively, to the Authority, to fund zero-interest or low-interest loans for the purchase of fire trucks and brush trucks by fire departments, fire protection districts, or township fire departments based on need as determined by the State Fire Marshal. This transfer of funds was converted to program interest for the Authority, through a Locally Held Fund, as recorded on the financial statements for the fiscal year ended June 30, 2014. Under the terms of the program, the loans to any fire department, fire protection district, or township fire department may not exceed $350,000. A loan for the purchase of brush trucks may not exceed $100,000. The repayment period for each loan may not exceed 20 years and requires that a minimum of 5% of the principal amount borrowed is repaid each year.

Locally Held Ambulance Revolving Loan Fund - The Ambulance Revolving Loan program was authorized by the Illinois Finance Authority Act (20 ILCS 3501/825-85). The loan program is jointly administered by the Authority and the Office of the Illinois State Fire Marshal. The State’s Fire Prevention Fund originally loaned $4 million to the Authority, to fund zero-interest or low-interest loans for the purchase of ambulances by fire departments, fire protection districts, township fire departments, or non-profit ambulance services based on need as determined by the State Fire Marshal. This transfer of funds was converted to program interest for the Authority, through a Locally Held Fund, as recorded on the financial statements for the fiscal year ended June 30, 2014. Under the terms of the program, the loans to any fire department, fire protection district, or non-profit ambulance service may not exceed $200,000. Loan repayment periods may not exceed 10 years and requires a minimum 5% of principal borrowed to be repaid each year.

In April 2014, the Authority and the Office of the State Fire Marshal entered into an intergovernmental agreement to jointly administer the Fire Truck, Fire Station, and Ambulance Revolving Loan programs. Shortly after the adoption of this intergovernmental agreement, the Office of the State Fire Marshal paid all moneys on deposit in these funds to the Authority for the sole purpose of funding loans under the loan programs as required by the Illinois Finance Authority Act. In addition, all moneys deposited in the future into the State Treasury’s Fire Truck Revolving Loan and Ambulance Revolving Loan Funds, will be paid to the Authority to provide future funding for loans. In Fiscal Year 2021, with regards to these deposits, the State of Illinois transferred capital of $120,448 for the Fire Truck Revolving Loan program to the Authority.

In addition, per the implementation of Public Act 97-0901, the Authority, for financial reporting purposes only, does not report balances due to the primary government within the Authority’s funds. As the principal and interest amounts collected from the local governments and non-profit entities will ultimately be retained by the Authority, the Authority no longer possesses a present obligation to sacrifice the resources represented by the loans and interest receivable from the local governments and non-profit entities to the State.

Note 10. Lease Commitments

Operating Leases

Total rent expense for all three Illinois Finance Authority locations for the year ended June 30, 2021, was $134,699, including utilities.

State of Illinois, Department of Central Management Services/Michael A. Bilandic Building – On August 1, 2015, the Chicago Office of the Authority relocated to the tenth floor of the Michael A. Bilandic building (a State-owned facility) at 160 N. LaSalle Street, Suite S-1000 in Chicago, Illinois 60601. As the building is managed by the Department of Central Management Services, the Authority compensates the State of Illinois for the use of its office space. Total rent expense for the year ended June 30, 2021, was $118,877.

State of Illinois, Department of Commerce and Economic Opportunity - The Authority entered into an interagency agreement with the Department of Commerce and Economic Opportunity to lease office space in Springfield, with no charge to the Authority, effective July 1, 2019, until June 30, 2023.

One Oaks - The Authority entered into a rental lease agreement for office space for its Mount Vernon Office at 2929 Broadway, Suite #7B; Mount Vernon, Illinois 62864. The initial term of the lease expires on June 30, 2024. The lessee has the right to renew the lease for a further period of 60 months, at the rate in effect during the final month of the lease term, beginning in 2024. Annual base rent payments are approximately $12,661, with utilities charged per the rental agreement.

Equipment Leases - The Authority entered into an equipment lease agreement. The annual base rental payments for this lease are approximately $11,646. The Authority has a total of four equipment lease agreements for its Chicago office and one equipment lease for its Mount Vernon office, totaling approximately $17,830, for the year ended June 30, 2021.

The future minimum lease commitments as of June 30, 2021, are as follows:

Fiscal Year Ending June 30	Amount
2022	$ 24,307
2023	22,560
2024	15,952
	$ 62,819

Note 11. Commitments and Contingencies

Current Federally Assisted Programs

Loan Guarantees

The Authority has a contingent liability regarding the loan guarantees outstanding at June 30, 2021. When a guaranteed loan defaults, the Authority is responsible for 85% of the liability, with the participating lender being responsible for the remaining 15%. Any guarantee that must be paid out by the State of Illinois because of a claim properly filed by a bank that has a guaranteed loan that has defaulted, becomes a receivable on the books of the Authority. The State Treasurer maintains the cash and cash equivalents of the Illinois Agricultural Loan Guarantee Fund and the Illinois Farmer Agribusiness Loan Guarantee Fund which are restricted by enabling legislation to secure the State guarantees. The Authority must first liquidate the loan collateral and absorb any loss due to uncollectible amounts. Any recoveries on the defaulted loan are first used to repay the Authority's guarantee and then used to repay the lender. These future liabilities, if any, cannot be estimated.

According to the certifications received by the Authority from lenders, the maximum guarantees outstanding and the corresponding cash deposits used to secure the liabilities are as follows:

	Balance at June 30, 2021		
	Illinois Agricultural Loan Guarantee Fund	Illinois Farmer Agribusiness Loan Guarantee Fund	Total
Cash Deposits	$ 10,726,407	$ 8,411,652	$ 19,138,059
<u>Maximum Outstanding Guarantees</u>:			
State Guarantee Program for Restructuring Agricultural Debt	1,147,077	-	1,147,077
Specialized Livestock Loan Guarantee Program	-	911,421	911,421
Young Farmer Loan Guarantee Program	-	178,822	178,822
Total	$ 1,147,077	$ 1,090,243	$ 2,237,320

Approved payouts specific to the Specialized Livestock Loan Guarantee Program, the Young Farmer Loan Guarantee Program, and the Farm Purchase Program, may be made from either the Illinois Agricultural Loan Guarantee Fund or the Illinois Farmer Agribusiness Loan Guarantee Fund per statute. In addition to the loan guarantee funds held by the State Treasury, the Illinois Finance Authority Act (20 ILCS 3501/805-20(j)), authorizes the Authority to make payments on State guarantees from the Industrial Project Insurance Fund. This fund has cash and investments totaling $9,751,058 at June 30, 2021.

Note 11. Commitments and Contingencies (Continued)

On February 23, 2021, plaintiffs, *Arlington Heights PPF, et al.* filed a complaint for declaratory, injunctive and other relief, in the Circuit Court of Kane County against Governor Pritzker, Authority Executive Director, Acting Department of Insurance Director Severinghaus, in their official capacities as well the two first responder pension investment funds created by SB 1300/Public Act 101-0610 in case no. 21-CH-000055 ("SB 1300 Litigation"). Under Public Act 101-0610, the Authority's role is limited to making loans from Authority funds to the two newly created first responder pension investment funds for start-up costs. Among other allegations, the plaintiffs in the SB 1300 Litigation allege that Public Act 101-0610 violates provisions of the Illinois Constitution of 1970. The complaint seeks a declaration that recent pension legislation be declared unconstitutional. The complaint does not seek monetary relief against the Authority or seek any relief with respect to the assets or property of the Authority. Accordingly, irrespective of the outcome of the case in its present form, the likelihood of a financial impact on the Authority, other than its own defense costs, is remote. As of June 30, 2021, the SB 1300 Litigation was still pending.

Note 12. Risk Financing Activities

The Authority addresses the possibility of loss due to certain business related operations such as theft, asset damage, employee injuries, or natural disasters through the purchase of commercial insurance coverage. The Authority's coverage under its current risk management policy has not experienced any significant changes nor has the impact of any settlements exceeded coverage over the past three years. The Authority maintains sufficient cash balances and/or liquidity in its General Operating Fund to appropriately handle any associated financial obligations that may occur due to the above-mentioned risks.

Note 13. Defined Contribution Plan

The Authority's members approved the Illinois Finance Authority Deferred Compensation Plan ("Plan"). The Authority's members have the power to amend the Plan. The Plan is administered through the State of Illinois, Department of Central Management Services and the Plan is considered a defined contribution plan. This plan allows participants to invest a portion of their salary in a choice of investment programs. Federal and State income taxes are deferred on the total amount through the plan as well as on investment earnings. However, the total contributions are subject to FICA taxes. The program provides a tax sheltered retirement account. The employee may begin participating in the Plan after 30 days of employment have been completed.

The maximum contributions through the calendar year 2020 are:

Maximum Contribution	Age 50 Catch Up
$19,500	$26,000

The contribution schedule requires the Authority to match $2 for every $1 deferred by an eligible employee up to a maximum of 5% of an employee's salary. In order to participate in this plan an employee must contribute a minimum of 1% of their salary.

Total employer and employee contributions for Fiscal Year 2021 were $147,111 and $139,134, respectively.

Note 14. Transactions with the Primary Government

The issuance of long-term debt is the primary public function of the Authority. The Authority supports its operations with fees charged in connection with the issuance of conduit bonds, as well as interest payments and investment returns, not with State tax dollars appropriated by the General Assembly. The Authority's ability to generate revenue without State tax dollars appropriated by the General Assembly generally limits the impact of any State budget issues on the Authority's operations, with the exception of certain specific finance programs and transactions (see agricultural guarantee programs; State component units; moral obligation/contingent State taxpayer guarantees; and fire truck and ambulance loan programs). Despite this degree of autonomy from the State budget, the Authority's financial operations are included within and reported as a component unit of the State of Illinois. Nevertheless, from time to time, the Authority engages in certain business transactions with the primary government of the State of Illinois as set forth below.

Due to primary government ("CMS") – The Department of Central Management Services ("CMS") is the manager of real property for the State of Illinois. As such, amounts due for monthly rent expense and telecommunications costs for the Chicago Office have been incurred by the Authority and owed to CMS as of June 30, 2021. The Authority is indebted with CMS in the amount of $11,550. This amount is a component of the amount reported as accounts payable in the Authority's General Operating Fund.

Note 15. Subsequent Events

COVID-19 Affordable Housing Grant Program Act

On July 29, 2021, Public Act 102-0175 (HB 2621) became State law. HB 2621 restored the Authority's partial exemption to the State Procurement Code that had previously sunset on December 31, 2018.

Energy Transition Act

On September 15, 2021, the Energy Transition Act (Public Act 102-0662; SB 2408) became State law. Generally, with respect to the Authority, the Energy Transition Act designates the Authority as the Climate Bank and provides related powers, including but not limited to:

1. The power to enter into joint ventures and invest in and participate with government entities and private corporations engaged in the development of clean energy projects;
2. The power to use a variety of funding sources, including funds repurposed from existing programs subject to the approval of the General Assembly;
3. A clarification of the Authority's power to finance or refinance working capital; and
4. Changes with respect to transparency and accountability.

In addition, the Energy Transition Act creates, subject to appropriation, the Clean Energy Primes Contractor Accelerator Program through the Department of Commerce & Economic Opportunity ("DCEO") with the Authority in a lending role. Finally, the Energy Transition Act did not provide any new funds to the Authority.

Infrastructure and Jobs Act

On November 15, 2021, the Infrastructure Investment and Jobs Act (H.R. 3684) became federal law as Public Law No. 117-58. Relevant to the Authority, Public Law No. 117-58 (1) increases authorization for private activity (or conduit) bonds for certain projects through the United States Department of Transportation; (2) creates a new category of private activity (or conduit) bonds for Carbon Dioxide Capture Facilities; and (3) creates a new category of private activity (or conduit) bonds for certain broadband projects.

SUPPLEMENTARY INFORMATION

State of Illinois
Illinois Finance Authority
(A Component Unit of the State of Illinois)

Combining Statement of Net Position-Nonmajor Funds
June 30, 2021

	Industrial Project Insurance Fund	Locally Held Fire Truck Revolving Loan Fund	Locally Held Ambulance Revolving Loan Fund
ASSETS			
Current assets:			
Current unrestricted assets:			
Cash and cash equivalents	$ -	$ -	$ -
Investments	-	-	-
Accrued interest receivable	-	-	-
Total current unrestricted assets	-	-	-
Current restricted assets:			
Cash and cash equivalents	7,490,933	1,247,461	450,827
Investments	2,260,125	2,844,049	1,019,565
Securities lending collateral equity with the State Treasurer	-	-	-
Accrued interest receivable	14,387	58,796	15,962
Loans receivable, net	-	2,066,703	421,098
Total current restricted assets	9,765,445	6,217,009	1,907,452
Total current assets	9,765,445	6,217,009	1,907,452
Noncurrent assets:			
Noncurrent unrestricted assets:			
Loans receivable, net	-	-	-
Total noncurrent unrestricted assets	-	-	-
Noncurrent restricted assets:			
Cash and cash equivalents	-	-	-
Investments	-	1,720,025	509,722
Accrued interest receivable	-	-	-
Loans receivable, net	2,476,521	16,807,499	1,970,795
Total noncurrent restricted assets	2,476,521	18,527,524	2,480,517
Total noncurrent assets	2,476,521	18,527,524	2,480,517
Total assets	12,241,966	24,744,533	4,387,969

Illinois Agricultural Loan Guarantee Fund	Illinois Farmer Agribusiness Loan Guarantee Fund	Illinois Housing Partnership Program Fund	Illinois Finance Authority Development Not-for-Profit Fund	Total Nonmajor Funds
$ -	$ -	$ 2,323,776	$ -	$ 2,323,776
-	-	762,953	-	762,953
-	-	5,035	-	5,035
-	-	3,091,764	-	3,091,764
-	-	-	11,489	9,200,710
-	-	-	-	6,123,739
3,824,000	3,000,000	-	-	6,824,000
-	-	-	-	89,145
-	-	-	-	2,487,801
3,824,000	3,000,000	-	11,489	24,725,395
3,824,000	3,000,000	3,091,764	11,489	27,817,159
-	-	1,524,290	-	1,524,290
-	-	1,524,290	-	1,524,290
10,726,407	8,411,652	-	-	19,138,059
-	-	-	-	2,229,747
3,000	2,000	-	-	5,000
-	-	-	-	21,254,815
10,729,407	8,413,652	-	-	42,627,621
10,729,407	8,413,652	1,524,290	-	44,151,911
14,553,407	11,413,652	4,616,054	11,489	71,969,070

State of Illinois
Illinois Finance Authority
(A Component Unit of the State of Illinois)

Combining Statement of Net Position-Nonmajor Funds (Continued)
June 30, 2021

	Industrial Project Insurance Fund	Locally Held Fire Truck Revolving Loan Fund	Locally Held Ambulance Revolving Loan Fund
LIABILITIES			
Current liabilities:			
Payable from unrestricted current assets:			
Accounts payable	$ -	$ -	$ -
Total current liabilities payable from unrestricted current assets	-	-	-
Payable from restricted current assets:			
Accounts payable	426	722	249
Due to other funds	-	-	-
Obligation under securities lending of the State Treasurer	-	-	-
Total current liabilities payable from restricted current assets	426	722	249
Total current liabilities	426	722	249
NET POSITION			
Restricted for:			
Industrial revenue debt and agricultural guarantees	12,241,540	-	-
Public safety loans	-	24,743,811	4,387,720
Agricultural and rural development loans	-	-	-
Low income community investments	-	-	-
Unrestricted	-	-	-
Total net position	$ 12,241,540	$ 24,743,811	$ 4,387,720

Illinois Agricultural Loan Guarantee Fund	Illinois Farmer Agribusiness Loan Guarantee Fund	Illinois Housing Partnership Program Fund	Illinois Finance Authority Development Not-for-Profit Fund	Total Nonmajor Funds
$ -	$ -	$ 167	$ -	$ 167
-	-	167	-	167
-	-	-	-	1,397
-	-	-	17	17
3,824,000	3,000,000	-	-	6,824,000
3,824,000	3,000,000	-	17	6,825,414
3,824,000	3,000,000	167	17	6,825,581
-	-	-	-	12,241,540
-	-	-	-	29,131,531
10,729,407	8,413,652	-	-	19,143,059
-	-	-	11,472	11,472
-	-	4,615,887	-	4,615,887
$ 10,729,407	$ 8,413,652	$ 4,615,887	$ 11,472	$ 65,143,489

State of Illinois
Illinois Finance Authority
(A Component Unit of the State of Illinois)

Combining Statement of Revenues, Expenses and Changes in Net Position-Nonmajor Funds
For the Year Ended June 30, 2021

	Industrial Project Insurance Fund	Locally Held Fire Truck Revolving Loan Fund	Locally Held Ambulance Revolving Loan Fund
Operating revenues:			
Interest income - loans	$ 15,451	$ 52,948	$ 10,140
Total operating revenues	15,451	52,948	10,140
Operating expenses:			
Professional services	6,483	4,084	2,835
Total operating expenses	6,483	4,084	2,835
Operating (loss) income	8,968	48,864	7,305
Nonoperating revenues:			
Transfer of funds and interest in program from the State of Illinois	-	120,448	-
Interest and investment income	11,647	8,851	3,389
Total nonoperating revenues	11,647	129,299	3,389
Change in net position	20,615	178,163	10,694
Net position - beginning of year	12,220,925	24,565,648	4,377,026
Net position - end of year	$ 12,241,540	$ 24,743,811	$ 4,387,720

	Illinois Agricultural Loan Guarantee Fund	Illinois Farmer Agribusiness Loan Guarantee Fund	Illinois Housing Partnership Program Fund	Illinois Finance Authority Development Not-for-Profit Fund	Total Nonmajor Funds
	$ -	$ -	$ 19,221	$ -	$ 97,760
	-	-	19,221	-	97,760
	-	-	3,391	-	16,793
	-	-	3,391	-	16,793
	-	-	15,830	-	80,967
	-	-	-	-	120,448
	34,024	26,600	4,242	-	88,753
	34,024	26,600	4,242	-	209,201
	34,024	26,600	20,072	-	290,168
	10,695,383	8,387,052	4,595,815	11,472	64,853,321
	$ 10,729,407	$ 8,413,652	$ 4,615,887	$ 11,472	$ 65,143,489

State of Illinois
Illinois Finance Authority
(A Component Unit of the State of Illinois)

Combining Statement of Cash Flows-Nonmajor Funds
For the Year Ended June 30, 2021

	Industrial Project Insurance Fund	Locally Held Fire Truck Revolving Loan Fund	Locally Held Ambulance Revolving Loan Fund
Cash flows from operating activities:			
Cash payments to suppliers for goods and services	$ (7,500)	$ (3,719)	$ (2,764)
Net cash used in operating activities	(7,500)	(3,719)	(2,764)
Cash flows from noncapital financing activities:			
Permanent capital transfer from State	-	120,448	-
Net cash provided by noncapital financing activities	-	120,448	-
Cash flows from investing activities:			
Purchase of investments	-	(6,986,052)	(2,503,446)
Maturity and sales of investments	4,195,000	2,357,913	948,000
Interest and dividends on investments	104,773	46,171	11,290
Cash received for interest on loans	-	50,564	19,964
Cash received on loans receivable and guarantees	-	2,232,890	446,098
Cash payments on loans receivable and guarantees	(2,170,000)	-	-
Net cash provided by (used in) investing activities	2,129,773	(2,298,514)	(1,078,094)
Net increase (decrease) in cash and cash equivalents	2,122,273	(2,181,785)	(1,080,858)
Cash and cash equivalents - beginning of year	5,368,660	3,429,246	1,531,685
Cash and cash equivalents - end of year	$ 7,490,933	$ 1,247,461	$ 450,827
Reconciliation of operating (loss) income to net cash used in operating activities:			
Operating (loss) income	$ 8,968	$ 48,864	$ 7,305
Adjustments to reconcile operating (loss) income to net cash used in operating activities:			
Interest on loans	(15,451)	(52,948)	(10,140)
Changes in assets and liabilities:			
Accounts payable	(1,017)	365	71
Net cash used in operating activities	$ (7,500)	$ (3,719)	$ (2,764)

Illinois Agricultural Loan Guarantee Fund	Illinois Farmer Agribusiness Loan Guarantee Fund	Illinois Housing Partnership Program Fund	Illinois Finance Authority Development Not-for-Profit Fund	Total Nonmajor Funds
$ -	$ -	$ (3,783)	$ -	$ (17,766)
-	-	(3,783)	-	(17,766)
-	-	-	-	120,448
-	-	-	-	120,448
-	-	-	-	(9,489,498)
-	-	1,810,000	-	9,310,913
39,024	30,600	42,075	-	273,933
-	-	-	-	70,528
-	-	-	-	2,678,988
-	-	(1,305,000)	-	(3,475,000)
39,024	30,600	547,075	-	(630,136)
39,024	30,600	543,292	-	(527,454)
10,687,383	8,381,052	1,780,484	11,489	31,189,999
$ 10,726,407	$ 8,411,652	$ 2,323,776	$ 11,489	$ 30,662,545
$ -	$ -	$ 15,830	$ -	$ 80,967
-	-	(19,221)	-	(97,760)
-	-	(392)	-	(973)
$ -	$ -	$ (3,783)	$ -	$ (17,766)

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Independent Auditor's 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 Frank J. Mautino
Auditor General
State of Illinois

and

Board of Directors
Illinois Finance Authority

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the 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, the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Illinois Finance Authority (Authority), a component unit of the State of Illinois, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and we have issued our report thereon dated December 8, 2021. Our report contains an emphasis of matter paragraph that the financial statements present only information attributable to the Authority. Our opinion was not modified with respect to this matter.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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. 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from 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 financial statements. 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.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Schaumburg, Illinois
December 8, 2021