

**STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY**

**COMPLIANCE EXAMINATION
FOR THE TWO YEARS ENDED JUNE 30, 2019**

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



**State of Illinois
Illinois Finance Authority**

**Compliance Examination
For the Two Years Ended June 30, 2019**

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Illinois Finance Authority**

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Other Reports Issued Under Separate Cover:

The Illinois Finance Authority's (Authority) financial statements as of and for the year ended June 30, 2019, have been issued under a separate cover. Additionally, in accordance with *Government Auditing Standards*, we have issued the Report Required Under *Government Auditing Standards* for the year ended June 30, 2019, 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, grant agreements, and other matters, under a separate cover. The purpose of this 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* and should be considered in assessing the results of the audit.

**State of Illinois
Illinois Finance Authority**

**Compliance Examination
For the Two Years Ended June 30, 2019**

Agency Officials

Chairman of the Board of Directors	Mr. Eric Anderberg
Executive Director	Mr. Christopher Meister
Deputy Executive Director (April 22,2019 - Present)	Mr. Jacob Stuckey
Manager of Finance & Administration	Ms. Ximena Granda
General Counsel	Ms. Elizabeth Weber

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

Member	Mr. Eric Anderberg
Member (7/10/18 - 1/10/19)	Ms. Gila J. Bronner
Member	Mr. James J. Fuentes
Member	Mr. Michael W. Goetz
Member (4/2/18 - Nomination withdrawn 3/1/19)	Mr. Neil Heller
Member (7/2/19 - Present)	Mr. William Hobert
Member (8/13/15 - 1/24/19)	Mr. Robert Horne
Member	Ms. Arlene Juracek
Member	Mr. Lerry Knox
Member	Mr. Lyle McCoy
Member (8/21/18 - Nomination withdrawn 3/1/19)	Mr. Shaun C. Murphy
Member (7/2/19 - Present)	Ms. Roxanne Nava
Member	Mr. George Obernagel
Member	Mr. Terrence M. O'Brien
Member	Mr. Roger Poole
Member	Ms. Beth Smoots
Member (7/2/19 - Present)	Mr. Randal J. Wexler
Member (4/5/19 - Present)	Mr. Jeffrey Wright
Member	Mr. Bradley A. Zeller

Agency offices are located at:

Chicago Office
160 North LaSalle Street, Suite S-1000
Chicago, Illinois 60601

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

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



160 North LaSalle St.
Suite S-1000
Chicago, IL 60601
312-651-1300
312-651-1350 fax
www.il-fa.com

March 27, 2020

RSM US LLP
Certified Public Accountants
20 N. Martingale Road
Schaumburg, Illinois 60173

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Illinois Finance Authority (*Authority*). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Authority's compliance with the following specified requirements during the two-year period ended June 30, 2019. Based on this evaluation, we assert that during the years ended June 30, 2018, and June 30, 2019, the Authority has materially complied with the specified requirements listed below.

- A. The Authority has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Authority has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The Authority has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Authority are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Authority on behalf of the State or held in trust by the Authority have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Yours truly,

Illinois Finance Authority

SIGNED ORIGINAL ON FILE

Christopher Meister, Executive Director

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Ximena Granda, Manager, Finance and Administration

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Elizabeth Weber, General Counsel

**State of Illinois
Illinois Finance Authority**

**Compliance Examination
For the Two Years Ended June 30, 2019**

COMPLIANCE REPORT

SUMMARY

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

ACCOUNTANT'S REPORT

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

SUMMARY OF FINDINGS

<u>Number of Findings</u>	<u>Current Report</u>	<u>Prior Report</u>
Repeated findings	6	9
Prior recommendations implemented or not repeated	5	4
	4	4

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last Reported</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)				
2019-001	10	2017	Internal Audit	Significant Deficiency and Noncompliance
2019-002	12	2017	Delinquent and Inaccurate Reporting of Bond Activity	Significant Deficiency and Noncompliance
2019-003	14	2017	Noncompliance with Travel Regulations	Significant Deficiency and Noncompliance
2019-004	16	2017	Contracts not Properly Executed	Significant Deficiency and Noncompliance
2019-005	19	New	Control over Property and Equipment	Significant Deficiency and Noncompliance
2019-006	22	2017	Noncompliance with the Illinois Finance Authority Act	Significant Deficiency and Noncompliance
PRIOR FINDINGS NOT REPEATED				
A.	24		Failure to Reconcile and Record Cash Received	
B.	24		Monitoring of Debt	
C.	24		Employee performance Evaluations not Documented	
D.	24		Agency Workforce Report not Submitted Timely	

**State of Illinois
Illinois Finance Authority**

**Compliance Examination
For the Two Years Ended June 30, 2019**

EXIT CONFERENCE

The exit conference was held via conference call on March 16, 2020.

Attending were:

Illinois Finance Authority

Christopher Meister
Jacob Stuckey
Ximena Granda
Elizabeth Weber
Jack Rakers
Dawn Meier
Logan Wilhelm

Executive Director
Deputy Director
Manager, Finance and Administration
General Counsel
Department of Central Management
Department of Central Management
Business Analyst

Office of the Auditor General

Thomas Kizziah

Manager

RSM US LLP

Joseph Evans
Sarah Darnall

Partner
Manager

The responses to the recommendations were provided by Ximena Granda, Manager, Finance and Administration, in a correspondence dated March 20, 2020.

**Independent Accountant's Report on State Compliance,
on Internal Control over Compliance, and on
Supplementary Information for State Compliance Purposes**

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Board of Directors
Illinois Finance Authority

Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by the State of Illinois, the Illinois Finance Authority (Authority) with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during the two years ended June 30, 2019. Management of the Authority is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Authority's compliance with the specified requirements based on our examination.

The specified requirements are:

- A. The Authority has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Authority has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The Authority has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Authority are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Authority on behalf of the State or held in trust by the Authority have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the Authority complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Authority complied with the specified requirements.

The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Authority's compliance with the specified requirements.

In our opinion, the Authority complied with the specified requirements during the two years ended June 30, 2019, in all material respects. However, the results of our procedures disclosed instances of noncompliance with the specified requirements, which are required to be reported in accordance with criteria established by the *Audit Guide* and are described in the accompanying Schedule of Findings as items 2019-001 through 2019-006.

The Authority's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The Authority's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on them.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control).

In planning and performing our examination, we considered the Authority's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Authority's compliance with the specified requirements and to test and report on the Authority's internal control in accordance with the *Audit Guide*, 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, noncompliance with the specified requirements 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 material noncompliance with the specified requirements 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.

Our consideration of internal control was for the limited purpose described in the second paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our examination, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2019-001 through 2019-006 that we consider to be significant deficiencies.

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

The Authority's responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings. The Authority's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on them.

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Supplementary Information for State Compliance Purposes

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Authority as of and for the year ended June 30, 2019 (not presented herein), and have issued our report thereon dated December 13, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to December 13, 2019. The accompanying supplementary information for the year ended June 30, 2019, in Schedules 1, 3 through 6, and 8 through 10 is presented for the purposes of additional analysis and is not a required part of the basic financial statements of the Authority. Such information is the responsibility of Authority management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The accompanying supplementary information for the year ended June 30, 2019, in Schedules 1, 3 through 6, and 8 through 10 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 for the year ended June 30, 2019, in Schedules 1, 3 through 6, and 8 through 10 is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2019.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the Authority's basic financial statements as of and for the years ended June 30, 2018, and June 30, 2017 (not presented herein), and have issued our reports thereon dated December 14, 2018 and December 6, 2017, which contained unmodified opinions on the respective financial statements of the business-type activities, each major fund, and the aggregate remaining fund information. The accompanying supplementary information for the year ended June 30, 2018 in Schedules 2 through 5 and 7 through 10 and for the year ended June 30, 2017 in Schedules 3, 4, and 8 through 10 is the responsibility of Authority management and was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2018 and June 30, 2017 financial statements. The accompanying supplementary information for the year ended June 30, 2018 in Schedules 2 through 5 and 7 through 10 and for the year ended June 30, 2017 in Schedules 3, 4, and 8 through 10 has been subjected to the auditing procedures applied in the audit of the June 30, 2018 and June 30, 2017 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those 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 for the year ended June 30, 2018 in Schedules 2 through 5 and 7 through 10 and for the year ended June 30, 2017 in Schedules 3, 4, and 8 through 10 is fairly stated in all material respects in relation to the basic financial statements as a whole for the years ended June 30, 2018 and June 30, 2017.

The accompanying supplementary information in the Analysis of Operations Section is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such 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.

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Schaumburg, Illinois
March 27, 2020



**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***

RSM US LLP

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, 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 of America, 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, 2019 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 13, 2019. Our report contains an emphasis of matter paragraph that the financial statements present only information attributable to the Illinois Finance Authority. Our opinion was not modified with respect to this matter.

Internal Control Over Financial Reporting

Management of the Authority is responsible for establishing and maintaining effective internal control over financial reporting (internal control).

In planning and performing our audit of the financial statements, we considered the Authority's internal control to determine 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 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.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 Authority'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.

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Schaumburg, Illinois
December 13, 2019

**State of Illinois
Illinois Finance Authority**

**Schedule of Findings
For the Two Years Ended June 30, 2019**

Current Findings – State Compliance

Finding 2019-001 Internal Audit

The Authority did not have an appropriate full-time internal audit program in place during the examination period in accordance with the Fiscal Control and Internal Auditing Act (Act).

On June 28, 2017, towards the conclusion of the prior period examination, the Authority entered into an intergovernmental agreement with the Department of Central Management Services (CMS) to act as the internal auditor. As of April 1, 2019, we noted the CMS' Internal Auditor was acting as the Chief Internal Auditor for nine different State agencies, each of which was a designated State agency required to have a Chief Internal Auditor and to maintain a full-time program of internal audit under the Act.

In a letter dated April 18, 2019, the Office of the Auditor General sought a formal written opinion from the Attorney General's Office regarding, among other things, whether multiple designated State agencies may appoint the same individual as their chief internal auditor through the execution of an intergovernmental arrangement.

In an opinion dated August 9, 2019, the Attorney General's Office stated that "it is clear that the Act contemplates that each chief internal auditor will serve only one designated State agency and will do so on a full-time basis. Accordingly, because a designated State agency may not share a chief internal auditor with CMS or any other designated State agency without contravening the Act, a designated State agency likewise may not enter into an intergovernmental agreement permitting the sharing of internal audit services without violating the Act."

The Act requires each designated State agency to maintain a full-time program of internal auditing (30 ILCS 10-2001(a)). The Authority is a designated State agency required to maintain a full-time program of internal auditing (30 ILCS 10/1003 (a)).

The Act (30 ILCS 10/2002(a)) also requires the Executive Director to appoint a chief internal auditor.

The Attorney General ruled in Opinion No. 19-001, issued August 9, 2019, pg.2, that, "multiple designated State agencies may not appoint the same individual as their chief internal auditor through the execution of an intergovernmental agreement".

Authority officials stated that prior to the opinion issued by the Attorney General's Office, the Authority believed entering into an intergovernmental agreement with CMS to be their full-time internal auditor was in compliance with the Act.

Failure to establish a full-time internal audit program in accordance with the requirements of the Act—where the chief internal auditor develops a deep understanding of the Authority's functions and processes, oversees, and performs audits of the Authority's major systems of internal accounting and administrative controls on a periodic basis, and oversees and reviews major new and modifications to information systems prior to implementation – weakens the Authority's ability to assess its overall internal control environment and represents noncompliance with State law. (Finding Code No. 2019-001, 2017-003, 2015-005, 2013-006)

**State of Illinois
Illinois Finance Authority**

**Schedule of Findings
For the Two Years Ended June 30, 2019**

Current Findings – State Compliance

Finding 2019-001 Internal Audit (Continued)

Recommendation

We recommend the Authority's Executive Director appoint a chief internal auditor, who is not appointed by any other State agency as a chief internal auditor, and ensure a full-time program of internal auditing is in place and functioning at the Authority.

Authority Response

The Authority accepts the external auditor's recommendation. The Authority will develop a job description consistent with the statutory requirements of the Fiscal Control and Internal Auditing Act (30 ILCS 10/2002) and the organizational needs of the Authority. The Authority acknowledges Illinois Attorney General Opinion 19-001 with application to this finding. The Authority notes that its current arrangement, an intergovernmental agreement with the Illinois Department of Central Management Services and its Bureau of Internal Audit ("CMS"), has advanced the Authority's goal of maintaining a full-time program of internal audit. The Authority currently does not pay CMS for internal audit services. As of the date of the submission of this response, the Authority is in receipt of nine internal audit reports prepared by CMS across disciplines and Authority functional areas.

**State of Illinois
Illinois Finance Authority**

**Schedule of Findings
For the Two Years Ended June 30, 2019**

Current Findings – State Compliance

Finding 2019-002 Delinquent and Inaccurate Reporting of Bond Activity

The Illinois Finance Authority (Authority) did not timely and accurately submit transaction reporting for bond principal and interest payments to the Office of the State Comptroller.

During testing of 40 bond issuances and the 205 distinct payments selected for testing which required the filing of a *Notice of Payment of Bond Interest and/or Principal* report (Form C-08) during the examination period, the auditors noted the following:

- 17 of the 205 (8%) Form C-08's tested were submitted to the Office of the State Comptroller between 2 and 363 days late. For each of the issues tested, the Authority had agreements in place for the paying agents to file the Form C-08 within the required timeframe.
- 17 of the 205 (8%) Form C-08's were not provided by the Authority for testing and were deemed missing.
- 7 of the 205 (3%) Form C-08's tested were completed incorrectly and indicated principal payments had been made when only interest was paid. These same C-08's also reported the wrong ending principal balance for the bonds.
- 1 of the 205 (1%) Form C-08's tested reported the correct payment amounts, but listed the wrong bond issue.

The Statewide Accounting Management System (SAMS) (Procedure 31.30.20) requires Form C-08 be prepared and sent to the Office of the State Comptroller within 30 days from the date the voucher is processed for payment. The form is required to include the amount of principal outstanding after the payment being reported is applied.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001), requires agencies to establish and maintain a system or systems of internal fiscal and administrative controls. The Authority's system of internal controls should include procedures to ensure required reports filed on behalf of the Authority are filed accurately and timely and agree with the Authority's records.

Authority officials stated the exceptions were primarily due to the paying agents not submitting the information timely to either the Authority or the State Comptroller.

Failure to submit timely and accurate Form C-08 reports to the Office of the State Comptroller inhibits the State Comptroller's ability to record and monitor State debt transactions. (Finding Code No. 2019-002, 2017-004, 2015-006, 2013-007, 12-7, 11-5, 10-6)

**State of Illinois
Illinois Finance Authority**

**Schedule of Findings
For the Two Years Ended June 30, 2019**

Current Findings – State Compliance

Finding 2019-002 Delinquent and Inaccurate Reporting of Bond Activity (Continued)

Recommendation

We recommend the Authority continue to monitor and work with the paying agents to improve compliance with principal and/or interest reporting requirements.

Authority Response

The Authority accepts the external auditor’s recommendation. The Authority recognizes the State policy of transparency represented by the C-05/C-08 process that collects information throughout the year on Illinois’ outstanding bonds, including federally tax-exempt conduit bonds issued by the Authority that are not the debt or obligation of either the State taxpayers or the Authority. The Authority’s contributions through the C-05/C-08 process are integrated with other data from other sources into the annual Bonded Indebtedness and Long-Term Obligations Report published by the Office of the Illinois Comptroller (“Comptroller”).

In connection with its Transformation Initiative, the Authority has added additional and experienced staff capacity in this area, particularly with respect to handling and verifying principal for bond payments. Also, in connection with the C-05/C-08 process, the Authority has implemented a review process to ensure correct data entry and continues to work with the Comptroller to ensure any discrepancies are identified and corrected in a timely manner. Finally, the Authority notes that under the C-05/C-08 process, the Authority has no enforcement powers with respect to the involved bond trustees/paying agents/banks which are selected by conduit borrowers, not the Authority. Conduit borrowers have a choice of conduit issuers that include both out-of-state conduit issuers and Illinois local government issuers, neither of which have the additional transparency policy of the C-05/C-08 process.

**State of Illinois
Illinois Finance Authority**

**Schedule of Findings
For the Two Years Ended June 30, 2019**

Current Findings – State Compliance

Finding 2019-003 Noncompliance with Travel Regulations

The Illinois Finance Authority (Authority) did not comply with the State of Illinois travel regulations.

During testing of 40 travel expenditures, we noted the following:

- One (3%) voucher tested, totaling \$676, had the incorrect travel dates on the travel expense report.
- Three (8%) vouchers tested, totaling \$1,073, did not include times of travel and/or points of departure/arrival.

The Illinois Administrative Code (Code) (Ill. Admin. Code 2800.240(b)) states when applicable, the travel voucher shall show in the space provided the dates and times of travel, the points of departure and destination, the mode of transportation, the cost of the transportation secured, lodging, meals per diem and other expenses.

- Three (8%) vouchers tested, totaling \$2,419, either included charges for meals provided by the conferences the individuals were attending or the per diem rate claimed was not reduced to account for the provided meals, resulting in an overpayment of \$32.

The Code (80 Ill. Admin. Code 2800.500(b)) states if a conference fee includes a meal, the meal or per diem allowance shall be reduced by the actual value of the meal or the amount of the applicable meal allowance shown in the Reimbursement Schedule, whichever is less.

- Eight (20%) vouchers tested, totaling \$4,834, for travel expenses incurred outside of the State of Illinois did not have travel requests properly submitted to the Governor's Office of Management and Budget within 30 days before departure date. Six of the requests were submitted within 4 to 29 days before departure but the Authority was unable to provide support that the remaining two requests were submitted.
- One (3%) voucher tested, totaling \$1,559, for out of state travel had a request for travel properly submitted to the Governor's Office of Management and Budget within 30 days before departure date, but stated travel was only for two days when it was for five days.

The Code (80 Ill. Admin. Code 2800.700(b)) states travel outside of Illinois (including travel outside the contiguous United States) requires the approval of the Governor's Office of Management Budget prior to the travel. All requests shall be submitted to the Governor's Office of Management and Budget's on-line travel system (eTravel) at least 30 days in advance of the departure date. Requests shall be approved, partially approved or denied based on the needs of the agency. The agency submitting the request must describe the purpose of the travel and why it is critical and provide a detailed breakdown of travel-related costs.

**State of Illinois
Illinois Finance Authority**

**Schedule of Findings
For the Two Years Ended June 30, 2019**

Current Findings – State Compliance

Finding 2019-003 Noncompliance with Travel Regulations (Continued)

- Two (5%) vouchers tested, totaling \$436, claimed an excessive amount of mileage with no explanation resulting in an overpayment of \$9.

The Code (80 Ill. Admin. Code 2800.240(d)), states when a privately owned vehicle is used, the travel voucher shall show, at minimum, commuting mileage (if applicable), the dates, points of travel and mileage. If the distance traveled between any given points is greater than the usual route between these points shown on a road map, the reason for the greater distance shall be explained and detailed separately.

- One (3%) voucher tested, for \$184 was not submitted to the Authority for reimbursement until 76 days after the first day of expenses claimed, were incurred. The Authority issued the reimbursement.

Internal Revenue Services (IRS) Publication 535, Other Expenses, states employees receiving travel reimbursements must have incurred deductible expenses while performing employment services and adequately accounted for the expenses within a reasonable period of time, generally defined by Publication 535 as within 60 days after the expenses were paid or incurred.

Additionally, during testing of the Authority's travel expenditures, the auditors noted the Authority did not submit any travel exceptions to the Governor's Travel Control Board during fiscal years 2018 and 2019. As the auditors' sample testing indicated exceptions requiring either the approval or disapproval of the Governor's Travel Control Board, this did not appear reasonable or proper.

The Fiscal Control and Internal Auditing Act (30 ILCS 10-3001) requires the Authority to establish and maintain a system, or systems of internal fiscal and administrative controls to provide assurance obligations and costs are in compliance with applicable laws. Effective internal controls should ensure travel exceptions are submitted for review to the Governor's Travel Control Board.

Authority officials stated the exceptions were due to staff oversight.

Failure to properly complete travel vouchers, failure to document and obtain approval for out of state travel and submit travel exceptions to the Governor's Travel Control Board results in noncompliance with State travel regulations. (Finding Code No. 2019-003, 2017-005, 2015-007, 2013-008, 12-8, 11-3, 10-7)

Recommendation

We recommend the Authority ensure all travel expenses paid and any exceptions taken by the Authority comply with the State travel regulations.

Authority Response

The Authority accepts the external auditor's recommendation. In connection with its Transformation Initiative, the Authority has added additional and experienced staff capacity in the area of finance and administration and named an Authority travel coordinator. The Authority plans to conduct periodic travel policy trainings to ensure staff is familiar with the travel policies. Finally, the Authority has revised its process around travel to ensure proper oversight and completion of all necessary travel forms and approvals.

**State of Illinois
Illinois Finance Authority**

**Schedule of Findings
For the Two Years Ended June 30, 2019**

Current Findings – State Compliance

Finding 2019-004 Contracts not Properly Executed

The Illinois Finance Authority (Authority) did not ensure contracts were fully completed before purchases were initiated, contract obligation forms were properly completed, or an extension of service was processed correctly.

During our review of 7 contracts executed during fiscal years 2018 and 2019 we noted the following:

- Two contracts (29%) totaling \$40,000 did not have a date listed by the signature of the Executive Director. As a result, we were unable to verify the contract had been executed prior to the receipt of goods or services.
- One contract (14%) for \$5,000 did not contain the signature of the Executive Director.
- One contract (14%) for \$35,000 was missing the drug free workplace certification and the international anti-boycott certification.
- Four of five contract obligation documents (80%) required to be filed with the Illinois Comptroller in connection with the tested contracts were completed inaccurately. Of the four documents, one overstated the maximum amount of the associated contract by \$100, two did not properly show the cost and term of the associated contracts split between the different fiscal years covered by the contracts, and the fourth also did not show the split of the cost and term of the associated contract between fiscal years and did not show the correct classification of the contractor's legal status.

Additionally, during the performance of testing emergency purchases, the auditors identified an emergency purchase for employee benefit and payroll services which was entered into in June of 2017, for the period of June 1, 2017 through December 31, 2017. However, the Authority received employee benefit and payroll services from this vendor through May 31, 2018. Instead of processing the additional time period as an extension of the original purchase, the Authority classified it as a small purchase and so did not follow the steps required for an extension of an emergency purchase. The original estimated cost of the contract for the period of June 1, 2017 through December 31, 2017 was \$270,000 and the contract awarded for the rest of fiscal year 2018 under small purchase guidelines was \$98,000.

The Statewide Accounting Management System (SAMS) Procedure 15.10.50 specifies contract signature requirements include the name, title, and date, of persons signing a contract.

The Illinois Administrative Code (74 Ill. Admin. Code 290.1203 Subpart E) requires all contracts and leases to contain an execution date. An acceptable alternative is for the agency and the contractor to date their signature.

The Drug Free Work Place Act (30 ILCS 580/2) requires a contractor to certify before it is awarded a contract for services that it will provide a drug free workplace.

The International Anti-Boycott Certification Act (30 ILCS 582/5) requires all contracts entered into by the State of Illinois that exceed the lesser of the State's small purchase threshold or \$10,000 contain a certification that the contractor agrees that neither the contractor nor any of its substantially owned affiliates are or will participate in an international boycott in violation of the federal laws.

**State of Illinois
Illinois Finance Authority**

**Schedule of Findings
For the Two Years Ended June 30, 2019**

Current Findings – State Compliance

Finding 2019-004 Contracts not Properly Executed (Continued)

SAMS Procedure 15.10.30 states agencies must satisfy the Comptroller's obligation data requirements by submitting a copy of obligation source document containing the required data elements in the Comptroller's approved format.

The Illinois Procurement Code (Code) (30 ILCS 500/20-30) allows a contract awarded under an emergency purchase to be extended beyond 90 calendar days if the chief procurement officer determines additional time is necessary and that the contract scope and duration are limited to the emergency. Prior to the execution of the extension, the chief procurement office must hold a public hearing and provide written justification for all emergency contracts. Furthermore, notice of intent to extend an emergency contract shall be provided to the Procurement Policy Board and published in the online electronic Bulletin at least 14 calendar days before the public hearing. The Code (30 ILCS 500/20-20) also defines a small purchase as a procurement not exceeding \$100,000 and states procurements may not be artificially divided so as to constitute a small purchase.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires agencies to establish and maintain a system, or systems of internal fiscal and administrative controls. The Authority's system of internal controls should include procedures to ensure contracts are fully completed, documents filed are completed accurately, and State procurement rules are followed.

Authority officials stated missing signatures, signature dates, and inaccuracies on the contract obligation documents were oversights while the missing certifications were due to the contract in question being exempt from most certifications so the standard certification form was not used. For the extension of the employee benefit and services contract, the Authority believed it was processing the contract correctly as it had sent a draft notice to the Chief Procurement Officer and was informed if the purchase was small a notice was not required and the Authority did not think the past use of the service during the fiscal year counted towards the small purchase threshold.

Failure to ensure all contracts are fully completed leaves the Authority vulnerable to unnecessary liabilities and potential legal issues. Additionally, failure to accurately complete documents required to be filed with the Illinois Comptroller and not properly identifying the type of procurement method to be used results in noncompliance with State laws and regulations. (Finding Code No. 2019-004, 2017-006)

Recommendation

We recommend the Authority continue to strengthen internal controls over contracts to ensure they are completed fully, all required documents are completed accurately, and current contracts are considered when determining appropriate procurement methods.

**State of Illinois
Illinois Finance Authority**

**Schedule of Findings
For the Two Years Ended June 30, 2019**

Current Findings – State Compliance

Finding 2019-004 Contracts not Properly Executed (Continued)

Authority Response

The Authority accepts the external auditor's recommendation. In connection with its Transformation Initiative, the Authority has additional and experienced staff capacity in the procurement area in order to ensure compliance.

**State of Illinois
Illinois Finance Authority**

**Schedule of Findings
For the Two Years Ended June 30, 2019**

Current Findings – State Compliance

Finding 2019-005 Control over Property and Equipment

The Illinois Finance Authority (Authority) did not fully comply with requirements applicable to its property and equipment.

During testing over the Authority's property and equipment and the related required reports we noted the following errors:

- The Authority reported its quarterly additions and deletions of equipment at net book value instead of historical cost on the fourth quarter Agency Report of State Property (C-15 report) for fiscal year 2019. This understated the dollar amount of additions by \$193 and deletions by \$419.
- The Authority reported \$8,142 of equipment deletions on its first quarter C-15 report for fiscal year 2018. These assets were removed from inventory during fiscal year 2017 and the Authority did not indicate on the C-15 report the deletions were a correction of the prior year balance.
- The ending balances per the fourth quarter C-15 report for fiscal year 2018 and 2019, did not reconcile to the ending balance of the State property listing maintained by the Authority. The unreconciled difference was \$279 and \$53 for fiscal years 2018 and 2019, respectively.
- The Authority's equipment inventory listing for fiscal year 2018 and 2019 did not include a reference to the acquisition source document and the name and address of the vendor.
- The Authority's fiscal year 2018 equipment inventory listing did not contain tag numbers for 2 out of 718 items, while 2019's listing was missing the tag number for 1 out of 648 items.
- The Authority overstated the dollar amount of un-located equipment on its Annual Inventory Certification submission to the Department of Central Management Services (CMS) for 2018 by \$55 and the percentage of un-located items to the total dollar amount of equipment inventory by 0.01%.
- The Authority understated the value of its equipment inventory on its Annual Inventory Certification submission to CMS for 2019 by \$6,841 and overstated the percentage of un-located items to the total dollar amount of the inventory by 0.49%.
- The Authority did not have written certification to support data overwriting procedures were completed for 2 of the tested 10 (20%) electronic data processing devices disposed of during the examination period. Additionally, 1 of the 10 devices (10%) was not reported as a deletion on the Authority's C-15 reports.
- The Authority did not receive an Authority issued cell phone back from a terminated employee until 13 days after the employee's separation.
- The Authority did not file the required new furniture affidavit with CMS for 2 pieces of furniture acquired during the examination period totaling \$1,565. We tested 7 additions to the Authority's equipment inventory (which includes furniture) and only these 2 items required the affidavit.

The Data on State Computers Act (20 ILCS 450/20) requires all hard drives of electronic data processing equipment be erased, wiped, sanitized, or destroyed in a manner that prevents retrieval of sensitive data and software before being sold, donated, or transferred and the completion of the process to be certified in writing by providing the serial number of the computer or other surplus electronic data processing equipment; the name of the overwriting software of physical destruction process used; and the name, date, and signature of the person performing the overwriting or destruction process.

**State of Illinois
Illinois Finance Authority**

**Schedule of Findings
For the Two Years Ended June 30, 2019**

Current Findings – State Compliance

Finding 2019-005 Control over Property and Equipment (Continued)

The State Comptroller Act (15 ILCS 405/17) requires the comptroller to maintain current inventory records of property held by or on behalf of the State or any State agency, which may be copies of the official inventory control records maintained by State agencies or summaries thereof. The Office of the Comptroller shall define reporting requirements and thresholds to be used by State agencies in the Comptroller's Statewide Accounting Management System (SAMS) manual. The Department of Central Management Services and each other State agency so holding such property shall report to the comptroller, on forms prescribed by the comptroller, all property acquired or disposed of by that agency, in such detail and at such times as the comptroller requires, by rule, to maintain accurate, current inventory records. The Department of Central Management Services shall transmit to the comptroller a certified copy of all reports it may issue concerning State property, including its annual report.

SAMS Procedure 03.30.20 states assets should be reported at actual or historical cost.

SAMS Procedure 29.20.10 requires the Authority to report on the appropriate line all additions and deletions for each asset category that occurred during the quarter. It also requires the Authority to footnote any deletions reported that are corrections for amounts not previously reported due to prior year errors.

SAMS Procedure 29.10.30 states when Form C-15 is properly completed, it should present the total cost of State property, by category, reflected on the agency's records as of the reporting date and reconcile the beginning balance of State property to the ending balance.

SAMS Procedure 29.10.10 requires an agency to maintain detailed inventory records to be organized by major asset category and a reference to acquisition source document, the name and address of vendor, and the tag number.

The State Property Control Act (30 ILCS 605/6.04) provides authorization for the Department of Central Management Services to annually require each responsible officer to make, or cause to be made, an actual physical inventory check of all items or property not of nominal value and to certify the inventory to the Department of Central Management Services with a full accounting of all errors or exceptions.

The Authority's acknowledgment and release form for the use of Authority equipment at home requires the return of the equipment within 48 hours upon an employee's termination, resignation or leave.

The State Property Control Act (30 ILCS 605/7a) requires State agencies to check with the Department of Central Management Services (the administrator) if any surplus furniture under the administrator's control can be used instead of purchasing new furniture, if the purchase price will be \$500 or more. If an agency determines it cannot use the surplus property, the agency is required to file an affidavit with the administrator prior to any purchase, specifying the types of new furniture to be bought, the quantities of each type of new furniture, the cost per type, and the total cost per category. The affidavit must also clearly state why the furniture must be purchased instead of coming from the administrator's surplus.

**State of Illinois
Illinois Finance Authority**

**Schedule of Findings
For the Two Years Ended June 30, 2019**

Current Findings – State Compliance

Finding 2019-005 Control over Property and Equipment (Continued)

The State Property Control Act (30 ILCS 605/4) requires responsible officers at each State agency to be accountable for the supervision, control, and inventory of all property under their jurisdiction to ensure the proper accounting and safeguarding of State assets.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Authority to establish and maintain a system, or systems of internal fiscal and administrative controls to provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation and that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

Authority officials stated the cause of the above errors were due to staff turnover and oversight.

Inaccurate property reporting reduces the reliability of the Authority's capital asset information and results in incorrect accounting information that could cause unnecessary equipment expenditures and inaccurate financial reporting to the State. Failure to maintain adequate security controls and procedures over the disposal of electronic data processing equipment could result in unintended use of the data contained on the equipment. Not obtaining Authority property back timely from an employee who is no longer associated with the Authority could lead to the loss of the equipment. (Finding Code No. 2019-005)

Recommendation

We recommend the Authority strengthen its controls over property and equipment to ensure required reports and records are completed accurately and Authority property is returned promptly.

Authority Response

In connection with its Transformation Initiative, the Authority has additional and experienced staff capacity in the area of finance and administration and included new review steps to ensure compliance. The Authority notes that there may be different views with respect to the applicability of certain statutes cited in the finding.

**State of Illinois
Illinois Finance Authority**

**Schedule of Findings
For the Two Years Ended June 30, 2019**

Current Findings – State Compliance

Finding 2019-006 Noncompliance with the Illinois Finance Authority Act

The Illinois Finance Authority (Authority) did not comply with the Illinois Finance Authority Act (Act).

In fiscal year 2018, the Authority operated from July 1, 2017 to July 13, 2017 (13 days) without an approved budget. The Authority does not receive appropriations from the State of Illinois, all appropriations are made by its Board of Directors from the Authority's locally held funds.

Additionally, the Authority did not determine if its financial report for fiscal year 2017 or 2018 was filed with the Governor, the Secretary of State, the State Comptroller, the Secretary of the Senate, or the Chief Clerk of the House of Representatives as required per the Act.

The Illinois Finance Authority Act (20 ILCS 3501/845-25), states the Authority shall not incur any obligations for salaries, office or other administrative expenses prior to the making of appropriations to meet such expenses.

The Illinois Finance Authority Act (20 ILCS 3501/845-50), states as soon after the end of each fiscal year as may be expedient, the Authority shall cause to be prepared and printed a complete report and financial statement of its operations and its assets and liabilities. A reasonably sufficient number of copies of such report shall be printed for distribution to persons interested, upon request, and a copy thereof shall be filed with the Governor, the Secretary of State, the State Comptroller, the Secretary of the Senate and the Chief Clerk of the House of Representatives.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Authority to establish and maintain a system, or systems, of internal fiscal and administrative controls. The Authority's system of internal controls should include procedures to ensure their budget is approved before the start of the fiscal year and that required reports have been filed.

Authority officials stated it had been the Authority's practice to prepare a budget for approval at the July meeting each fiscal year and the budget resolution to state the budget is retroactive to July 1. This practice was changed after 2017's compliance examination when a finding was issued but fiscal year 2018 was already underway and corrective action could not be implemented until the preparation of fiscal year 2019's budget. Additionally, prior to this examination period, the Authority believed the Office of the Auditor General filed the Authority's financial report with all of the required parties.

Failure to approve a budget in accordance with the Act results in unauthorized expenditures and obligations. Failure to file the required reports with those specified in the Act results in noncompliance with the Act. (Finding Code No. 2019-006, 2017-008)

**State of Illinois
Illinois Finance Authority**

**Schedule of Findings
For the Two Years Ended June 30, 2019**

Current Findings – State Compliance

Finding 2019-006 Noncompliance with the Illinois Finance Authority Act (Continued)

Recommendation

We recommend the Authority continue its new practice of preparing the budget for approval prior to the start of the fiscal year and that it implement procedures to ensure the financial report is filed with all required parties.

Authority Response

The Authority accepts the external auditor's recommendation. As of year two within the current two-year compliance audit period, the Authority implemented the consideration and adoption of the subsequent fiscal year budget at its June meeting to ensure compliance.

**State of Illinois
Illinois Finance Authority**

**Schedule of Findings
For the Two Years Ended June 30, 2019**

Prior Findings Not Repeated

A. Finding: Failure to Reconcile and Record Cash Received

The Illinois Finance Authority (Authority) did not reconcile and record cash received in a bank account pertaining to fiscal year 2018 interest income received in advance from local governments in fiscal year 2017. (Finding Code No. 2017-001)

Disposition

During the financial audit as of and for the year ending June 30, 2018, the auditor's testing indicated the Authority reconciled and recorded the balances of its bank accounts.

B. Finding: Monitoring of Debt

In the prior examination period, the Authority's bond handbook and standard language for loan agreements specified the Authority was to receive annual compliance certifications from the borrowers in its conduit debt transactions. The Authority did not receive these certifications and did not have any mechanism in place to track compliance with the requirement. Additionally, certain bond documents implied the Authority was responsible for setting up trustee accounts associated with bond issues and the Authority was unable to provide support showing the accounts were established. (Finding Code No. 2017-002, 2015-004, 2013-005, 12-5)

Disposition

In the current examination period, the Authority updated its internal handbook and the standard language included in its loan agreements to clarify the Authority's role in monitoring conduit debt after it has been issued. The requirement for borrowers to annually submit a certification to the Authority was removed and it was specified the Authority's monitoring role was limited to the issuance phase of the conduit debt.

C. Finding: Employee Performance Evaluations not Documented

In the prior examination period, the Authority did not retain written documentation of employee performance evaluations. (Finding Code No. 2017-007)

Disposition

In the current examination period, the Authority implemented procedures to ensure performance evaluations were documented in writing. However, during our testing we noted instances where the performance evaluations were not performed timely. This issued was reported in Immaterial Finding IM2019-004.

D. Finding: Agency Workforce Report not Submitted Timely

The Authority did not file its fiscal year 2015 Agency Workforce Report with Office of the Governor and Secretary of State by the required dates. (Finding Code No. 2017-009)

Disposition

In the current examination period, the Authority improved their procedures to ensure the Agency Workforce Report was submitted timely to the Office of the Governor and Secretary of State. However, during our testing of the Agency Workforce Report we did note certain exceptions which are currently presented in the Immaterial Finding Letter as finding IM2019-006.

Schedule of Appropriations, Expenditures and Lapsed Balances
 Appropriations for Fiscal Year 2019
 Fourteen Months Ended August 31, 2019

	Appropriations (Net After Transfers)	Expenditures Through 06/30/19	Lapse Period Expenditures 07/01 to 08/31/19	Total Expenditures	Balances Lapsed
<u>APPROPRIATED FUNDS</u>					
<u>FIRE TRUCK REVOLVING LOAN FUND - 572</u>					
Loans to fire departments	\$ -	\$ -	\$ -	\$ -	\$ -
<u>AMBULANCE REVOLVING LOAN FUND - 334</u>					
Loans to fire departments and ambulance services	-	-	-	-	-
TOTAL - ALL APPROPRIATED FUNDS	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
<u>NON-APPROPRIATED FUNDS</u>					
<u>IL FARMER & AGRI-BUSINESS LN FUND - 205</u>					
Payments for claims against loan guarantees		-	-	-	
<u>IL AGRICULTURAL LOAN GUARANTEE FUND - 994</u>					
Payments for claims against loan guarantees		-	-	-	
TOTAL - ALL NON-APPROPRIATED FUNDS		<u>-</u>	<u>-</u>	<u>-</u>	
TOTAL - ALL FUNDS		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

Note 1: Appropriations, expenditures and lapsed balances were obtained from Authority records and have been reconciled to the records of the State Comptroller.

Note 2: Expenditure amounts are vouchers approved for payment by the Authority and submitted to the State Comptroller for payment to the vendor.

Note 3: The Illinois Finance Authority received no appropriations in fiscal year 2019. In fiscal year 2015, Public Act 097-0901 (the Act) was passed which mandated all amounts in the Fire Truck Revolving Loan Fund and the Ambulance Revolving Loan Fund (Treasury held Funds 572 and 334, respectively) be paid immediately to the Illinois Finance Authority which became locally held funds of the Authority. The Act requires all principal and interest payments on the revolving loans to be deposited into Treasury held Funds 572 and 334 versus the Authority's locally held funds. The State Fire Marshal has a continuing appropriation however to pay any amounts deposited into the Treasury held funds to the Authority to be kept in the Authority's locally held funds. As such, all appropriations for Funds 572 and 334 are reported by the State Fire Marshal.

Schedule of Appropriations, Expenditures and Lapsed Balances
 Appropriations for Fiscal Year 2018
 Fourteen Months Ended August 31, 2018

	Appropriations (Net After Transfers)	Expenditures Through 06/30/18	Lapse Period Expenditures 07/01 to 08/31/18	Total Expenditures	Balances Lapsed
<u>APPROPRIATED FUNDS</u>					
<u>FIRE TRUCK REVOLVING LOAN FUND - 572</u>					
Loans to fire departments	\$ -	\$ -	\$ -	\$ -	\$ -
<u>AMBULANCE REVOLVING LOAN FUND - 334</u>					
Loans to fire departments and ambulance services	-	-	-	-	-
TOTAL - ALL APPROPRIATED FUNDS	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
<u>NON-APPROPRIATED FUNDS</u>					
<u>IL FARMER & AGRI-BUSINESS LN FUND - 205</u>					
Payments for claims against loan guarantees		-	-	-	
<u>IL AGRICULTURAL LOAN GUARANTEE FUND - 994</u>					
Payments for claims against loan guarantees		-	-	-	
TOTAL - ALL NON-APPROPRIATED FUNDS		<u>-</u>	<u>-</u>	<u>-</u>	
TOTAL - ALL FUNDS		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

Note 1: Appropriations, expenditures and lapsed balances were obtained from Authority records and have been reconciled to the records of the State Comptroller.

Note 2: Expenditure amounts are vouchers approved for payment by the Authority and submitted to the State Comptroller for payment to the vendor.

Note 3: The Illinois Finance Authority received no appropriations in fiscal year 2018. In fiscal year 2015, Public Act 097-0901 (the Act) was passed which mandated all amounts in the Fire Truck Revolving Loan Fund and the Ambulance Revolving Loan Fund (Treasury held Funds 572 and 334, respectively) be paid immediately to the Illinois Finance Authority which became locally held funds of the Authority. The Act requires all principal and interest payments on the revolving loans to be deposited into Treasury held Funds 572 and 334 versus the Authority's locally held funds. The State Fire Marshal has a continuing appropriation however to pay any amounts deposited into the Treasury held funds to the Authority to be kept in the Authority's locally held funds. As such, all appropriations for Funds 572 and 334 are reported by the State Fire Marshal.

**Comparative Schedule of Net Appropriations, Expenditures
 and Lapsed Balances
 For the Years Ended June 30, 2019, 2018 and 2017**

	Fiscal Years Ended June 30,		
	2019 N/A	2018 N/A	2017 N/A
<u>APPROPRIATED FUNDS</u>			
FIRE TRUCK REVOLVING LOAN FUND - 572			
Appropriations (net after transfers)	\$ -	\$ -	\$ -
Expenditures			
Loans to Fire Departments	-	-	-
Total expenditures	-	-	-
Reappropriated balances	\$ -	\$ -	\$ -
AMBULANCE REVOLVING LOAN FUND - 334			
Appropriations (net after transfers)	\$ -	\$ -	\$ -
Expenditures			
Loans to Fire Departments and Ambulance Services	-	-	-
Total expenditures	-	-	-
Reappropriated balances	\$ -	\$ -	\$ -
TOTAL - APPROPRIATED FUNDS			
Appropriations (net after transfers)	\$ -	\$ -	\$ -
Expenditures	-	-	-
Reappropriated balances	\$ -	\$ -	\$ -
<u>NON-APPROPRIATED FUNDS</u>			
<u>IL FARMER & AGRI-BUSINESS LN FUND - 205</u>			
Payments for claims against loan guarantees	\$ -	\$ -	\$ -
<u>IL AGRICULTURAL LOAN GUARANTEE FUND - 994</u>			
Payments for claims against loan guarantees	-	-	-
TOTAL - ALL NON-APPROPRIATED FUNDS			
	-	-	-
TOTAL - ALL FUNDS			
Expenditures	\$ -	\$ -	\$ -

Note 1: Appropriations, expenditures and lapsed balances were obtained from Authority records and have been reconciled to the records of the State Comptroller.

Note 2: The Illinois Finance Authority received no appropriations in fiscal year 2019, 2018, or 2017. In fiscal year 2015, Public Act 097-0901 (the Act) was passed which mandated all amounts in the Fire Truck Revolving Loan Fund and the Ambulance Revolving Loan Fund (Treasury held Funds 572 and 334 respectively) be paid immediately to the Illinois Finance Authority which became locally held funds of the Authority. The Act requires all principal and interest payments on the revolving loans to be deposited into Treasury held Funds 572 and 334 versus the Authority's locally held funds. The State Fire Marshal has a continuing appropriation however to pay any amounts deposited into the Treasury held funds to the Authority to be kept in the Authority's locally held funds. As such, all appropriations for Funds 572 and 334 are reported by the State Fire Marshal.

Schedule of Changes in State Property
 For the Year Ended June 30,

	Balance			Balance			Balance
	June 30, 2017	Additions	Deletions	June 30, 2018	Additions	Deletions	June 30, 2019
Furniture and equipment	\$ 195,646	\$ -	\$ -	\$ 195,646	\$ 2,653	\$ 6,116	\$ 192,183
Computers	129,143	65,206	-	194,349	3,822	59,435	138,736
Software	287,799	-	-	287,799	-	-	287,799
Other state property equipment	182,618	2,099	1,450	183,267	2,173	47,281	138,159
Total	<u>\$ 795,206</u>	<u>\$ 67,305</u>	<u>\$ 1,450</u>	<u>\$ 861,061</u>	<u>\$ 8,648</u>	<u>\$ 112,832</u>	<u>\$ 756,877</u>

Note 1: This schedule has been reconciled to property reports submitted to the Office of the State Comptroller.

Note 2: This summary schedule was prepared using State property records required by the Illinois Administrative Code (Code). The capitalization policy in the Code is different than the capitalization policy established by the Office of the State Comptroller for financial reporting in accordance with generally accepted accounting principles.

Schedule of Cash Funds and Depositories
For the Years Ended,

Fund and Depository	2019	2018
<u>General Operating Fund</u>		
Bank of America in Chicago, Illinois - Repurchase Agreements	\$ 685,912	\$ 3,689,735
Bank of America in Chicago, Illinois	81,883	255,893
US Bank - Money Market	41,459	30,811
Amalgamated Bank of Chicago - Money Market	535,408	4,802,753
<u>Other State of Illinois Debt Fund</u>		
Amalgamated Bank of Chicago - Money Market	186,544,845	351,908,979
<u>Industrial Revenue Bond Insurance Fund</u>		
Amalgamated Bank of Chicago - Money Market	7,891	278,237
<u>Illinois Agricultural Loan Guarantee Fund</u>		
State Treasury - Cash	10,498,184	10,277,223
<u>Illinois Farmer Agribusiness Loan Guarantee Fund</u>		
State Treasury - Cash	8,232,680	8,059,401
<u>Illinois Housing Partnership Program Fund</u>		
Amalgamated Bank of Chicago - Money Market	49,419	300,437
<u>Fire Truck Revolving Loan Fund</u>		
State Treasury - Cash	323,515	209,204
State Treasury - Deposit in Transit	52,500	85,167
Amalgamated Bank of Chicago - Money Market	7,661,806	606,623
<u>Ambulance Revolving Loan Fund</u>		
State Treasury - Cash	972	902
Amalgamated Bank of Chicago - Money Market	3,226,414	713,351
<u>Illinois Finance Authority Development Not for Profit</u>		
Bank of America in Chicago, Illinois - Cash	11,877	12,141
	217,954,765	381,230,857
<u>Metro East Police District Commission Fund</u>		
Bank of America in Chicago, Illinois - Cash	4,059	4,952
Total	\$ 217,958,824	\$ 381,235,809

Schedule of Investments
 For the Year Ended June 30, 2019

Description	Type	Recorded Value June 30, 2019	Maturities Less than One Year	Maturities 1 - 5- Years
<u>General Operating Fund</u>				
Amalgamated Bank of Chicago	Corporate Debt	\$ 13,950,977	\$ 13,950,977	\$ -
Amalgamated Bank of Chicago	U.S. Agencies	20,345,608	13,918,335	6,427,273
Amalgamated Bank of Chicago	U.S. T- Notes	10,883,275	7,076,878	3,806,397
<u>Industrial Project Insurance Fund</u>				
Amalgamated Bank of Chicago	Corporate Debt	3,582,794	3,582,794	-
Amalgamated Bank of Chicago	U.S. Agencies	5,209,974	3,286,990	1,922,984
Amalgamated Bank of Chicago	U.S. T- Notes	3,090,052	1,943,873	1,146,179
<u>Illinois Housing Partnership Program Fund</u>				
Amalgamated Bank of Chicago	Corporate Debt	1,103,711	1,103,711	-
Amalgamated Bank of Chicago	U.S. Agencies	2,178,694	1,388,095	790,599
Amalgamated Bank of Chicago	U.S. T- Notes	1,141,122	697,816	443,306
<u>Other State of Illinois Debt Fund</u>				
Amalgamated Bank of Chicago	Corporate Debt	125,032,347	125,032,347	-
Amalgamated Bank of Chicago	U.S. Agencies	293,213,325	293,213,325	-
		<u>\$ 479,731,879</u>	<u>\$ 465,195,141</u>	<u>\$ 14,536,738</u>

Schedule of Investments
 For the Year Ended June 30, 2018

Description	Type	Recorded Value June 30, 2018	Maturities Less than One Year	Maturities 1 - 5- Years
<u>General Operating Fund</u>				
Amalgamated Bank of Chicago	Corporate Debt	\$ 10,419,744	\$ 10,419,744	\$ -
Amalgamated Bank of Chicago	U.S. Agencies	16,035,094	11,943,327	4,091,767
Amalgamated Bank of Chicago	U.S. T- Notes	10,561,837	7,270,338	3,291,499
<u>Industrial Project Insurance Fund</u>				
Amalgamated Bank of Chicago	Corporate Debt	3,448,470	3,448,470	-
Amalgamated Bank of Chicago	U.S. Agencies	5,357,236	4,815,311	541,925
Amalgamated Bank of Chicago	U.S. T- Notes	2,490,539	2,367,818	122,721
<u>Illinois Housing Partnership Program Fund</u>				
Amalgamated Bank of Chicago	Corporate Debt	938,209	938,209	-
Amalgamated Bank of Chicago	U.S. Agencies	1,949,524	1,466,200	483,324
Amalgamated Bank of Chicago	U.S. T- Notes	1,166,215	1,166,215	-
<u>Locally Held Fire Truck Revolving Loan Fund</u>				
Amalgamated Bank of Chicago	Corporate Debt	299,840	299,840	-
Amalgamated Bank of Chicago	U.S. T-Notes	649,415	649,415	-
Amalgamated Bank of Chicago	U.S. Agencies	3,705,866	3,705,866	-
<u>Locally Held Ambulance Revolving Loan Fund</u>				
Amalgamated Bank of Chicago	U.S. Agencies	1,597,858	1,597,858	-
Amalgamated Bank of Chicago	U.S. T-Notes	374,707	374,707	-
Amalgamated Bank of Chicago	Corporate Debt	204,915	204,915	-
<u>Other State of Illinois Debt Fund</u>				
Amalgamated Bank of Chicago	U.S. T-Notes	4,998,220	4,998,220	-
		<u>\$ 64,197,689</u>	<u>\$ 55,666,453</u>	<u>\$ 8,531,236</u>

**Comparative Schedule of Cash Receipts and Reconciliation of Cash
Receipts to Deposits Remitted to the State Comptroller
For the Years Ended June 30, 2019, 2018 and 2017**

	Fiscal Years Ended June 30,		
	2019	2018	2017
AMBULANCE REVOLVING LOAN FUND - 334			
Repayment of loans	\$ 270,808	\$ 296,180	\$ 74,320
Total Receipts - Fund 334	<u>\$ 270,808</u>	<u>\$ 296,180</u>	<u>\$ 74,320</u>
Receipts, per Authority Records	\$ 270,808	\$ 296,180	\$ 74,320
Add: Deposits in Transit, Beginning of Fiscal Year	-	-	-
Subtract: Deposits in Transit, End of period	-	-	-
Deposits, Recorded by the State Comptroller	<u>\$ 270,808</u>	<u>\$ 296,180</u>	<u>\$ 74,320</u>
FIRE TRUCK REVOLVING LOAN FUND - 572			
Repayment of loans	\$ 1,917,847	\$ 1,977,735	\$ 1,973,105
Total Receipts - Fund 572	<u>\$ 1,917,847</u>	<u>\$ 1,977,735</u>	<u>\$ 1,973,105</u>
Receipts, per Authority Records	\$ 1,885,180	\$ 2,010,402	\$ 1,973,105
Add: Deposits in Transit, Beginning of Fiscal Year	85,167	52,500	52,500
Subtract: Deposits in Transit, End of period	(52,500)	(85,167)	(52,500)
Deposits, Recorded by the State Comptroller	<u>\$ 1,917,847</u>	<u>\$ 1,977,735</u>	<u>\$ 1,973,105</u>
GRAND TOTAL - ALL FUNDS			
Receipts, per Authority Records	\$ 2,155,988	\$ 2,306,582	\$ 2,047,425
Add: Deposits in Transit, Beginning of Fiscal Year	85,167	52,500	52,500
Subtract: Deposits in Transit, End of period	(52,500)	(85,167)	(52,500)
Deposits, Recorded by the State Comptroller	<u>\$ 2,188,655</u>	<u>\$ 2,273,915</u>	<u>\$ 2,047,425</u>

Note: After the implementation of Public Act 097-0901, the Authority is required to deposit all interest income and loan repayment into the State Treasury pursuant to the Illinois Finance Authority Act (Act) (20 ILCS 3501/825-80(d) and 20 ILCS 3501/825-85(c)); however, the Office of the State Fire Marshal is required to immediately return these cash collections back to the Authority's locally-held funds pursuant to the continuing appropriations of the Act (20 ILCS 3501/825-80(c) and 20 ILCS 3501/825-85(b)). As the Authority no longer has a present obligation to sacrifice the resources represented by these loans repayments and interest collections, these transactions have been eliminated for financial reporting purposes.

**Comparative Schedule of Revenues and Expenses
For the Years Ended June 30, 2019, 2018 and 2017**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Revenues</u>			
Closing fees	\$ 2,272,404	\$ 3,164,516	\$ 4,046,736
Annual fees	245,887	364,553	318,082
Administrative service fees	265,977	184,200	243,500
Application fees	20,600	25,600	36,900
Miscellaneous fees	2,794	25,912	37,279
Interest income - loans	24,436,471	22,091,429	14,234,509
Interest and investment income	8,283,114	7,008,251	2,047,120
Bad debt recoveries	-	29,300	208,115
Other revenue	1,659	59,488	12,210
Transfers of funds and interest in program from the State of Illinois	449,463	447,207	452,379
Total revenues	<u>35,978,369</u>	<u>33,400,456</u>	<u>21,636,830</u>
<u>Expenses</u>			
Employee related expenses	2,555,253	1,881,259	1,769,136
Professional services	1,458,761	1,427,924	1,185,097
Occupancy costs	173,734	165,405	175,705
General and administrative	378,527	391,235	342,842
Interest expense	29,828,216	25,254,361	12,143,791
Loss on extinguishment of debt	-	2,197,807	2,880,123
Depreciation and amortization	16,898	14,833	17,970
Transfers of funds and interest in program from the State of Illinois	-	2,000,000	-
Bad debt expense	15,595	-	-
Total expenses	<u>34,426,984</u>	<u>33,332,824</u>	<u>18,514,664</u>
Excess of revenues over expenses	<u>\$ 1,551,385</u>	<u>\$ 67,632</u>	<u>\$ 3,122,166</u>

Comparative Schedule of Assets, Deferred Outflows of Resources,
Liabilities, and Net Position
For the Years Ended June 30, 2019, 2018 and 2017

	2019	2018	2017
ASSETS			
Cash and cash equivalents	\$ 217,954,765	\$ 381,230,857	\$ 235,498,191
Securities lending collateral equity with State Treasurer	5,053,000	7,415,000	5,821,742
Investments	479,731,879	64,197,689	49,115,290
Receivables, net	21,810,114	22,458,388	25,337,284
Bonds and notes receivable	1,140,920,560	942,996,534	505,430,399
Receivable from pending investment sales	-	390,000	-
Accounts receivable, net	55,732	41,280	133,064
Accrued interest receivable	913,790	767,108	581,592
Due from other funds	-	208	169
Prepaid expenses and deposits	46,199	39,991	39,746
Capital assets, net	52,604	63,028	12,655
Total assets	1,866,538,643	1,419,600,083	821,970,132
DEFERRED OUTFLOWS OF RESOURCES			
	154,857	265,582	408,860
Total assets and deferred outflows of resources	\$ 1,866,693,500	\$ 1,419,865,665	\$ 822,378,992
LIABILITIES			
Accounts payable and accrued liabilities	\$ 127,602	\$ 173,271	\$ 152,324
Accrued interest payable	30,246,898	26,435,403	13,701,758
Due to employees	116,560	106,062	95,721
Due to primary government	1	50,001	50,001
Due to other funds	-	208	169
Obligation under securities lending of State Treasurer	5,053,000	7,415,000	5,821,742
Unearned revenue, net of accumulated amortization	103,119	93,311	70,000
Long-term debt			248,512
Bonds and notes payable	1,480,200,420	1,095,214,096	593,067,488
Unamortized issuance premium	227,275,078	168,485,334	87,365,400
Other liabilities and loan reserve	175,118	48,660	29,190
Total liabilities	1,743,297,796	1,298,021,346	700,602,305
NET POSITION			
	123,395,704	121,844,319	121,776,687
Total liabilities and net position	\$ 1,866,693,500	\$ 1,419,865,665	\$ 822,378,992

**State of Illinois
Illinois Finance Authority**

**Authority Functions and Planning Program
For the Two Years Ended June 30, 2019
(Unaudited)**

The Authority is a body politic and corporate created by State statute and exercises its powers as an essential public function. The Authority is governed by 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, 2019, the Authority had 21 employees who do not participate in the State's pension or health insurance programs and who are paid with Authority locally-held funds, not State tax dollars appropriated by the General Assembly.

At present, 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. 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 project that qualifies for tax-exemption under the federal tax code; (iii) importantly, the obligations to repay debt and to maintain contractual covenants belong 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 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 tax exemption).

The Authority supports its operations with fees charged in connection with the issuance of conduit bonds, as well as interest payments from non-conduit direct loans funded with Authority revenues and investment returns, not with State tax dollars appropriated by the General Assembly. The vast majority of the Authority's debt is classified as conduit debt. Under Generally Accepted Accounting Principles ("GAAP") promulgated by the Government 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. Accordingly, the Authority's conduit debt obligations are not reported as liabilities in the Authority's basic financial statements.

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.

Under its Act, the Authority has an active role in reviewing financing applications, confirming that projects are consistent with its statutory powers, and approving projects. The Authority's debt (conduit or otherwise) is incurred only to raise the capital necessary to provide financing 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, property assessed clean energy ("PACE") projects, 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 accordance with its statutory mandate in order to (1) promote a vigorous growing economy and avoid involuntary unemployment for Illinois residents; (2) reduce the cost of indebtedness 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 consistent with its statutory declarations of policy.

**State of Illinois
Illinois Finance Authority**

**Authority Functions and Planning Program
For the Two Years Ended June 30, 2019
(Unaudited)**

Beginning in February 2018, in concert with the Authority's strategic goals, the Authority responded to the existential challenges posed by Tax Cuts and Jobs Act ("TCJA") as well as larger economic and social trends through the development and implementation of the ***Transformation Initiative***.

Reflected in the priorities of both the Authority's Fiscal Years 2019 and 2020 budgets, the Transformation Initiative is a growth and impact strategy, consistent with both the Authority's statutory policy objectives and its strategic goals. The Transformation Initiative is designed to help meet Illinois' most pressing financial challenges in innovative ways and more effectively achieve the Authority's mission and its statutory declarations of policy.

The Authority has established four strategic goals: (1) strengthen and diversify product offering; (2) improve stewardship of financial and human capital; (3) expand partnerships with the Governor as well as State and Federal Agencies; and, (4) enhance accountability, transparency and flow of information.

Specifically, the Transformation Initiative recognizes the value in further diversifying the Authority's products and services so that its revenues are not as strongly correlated with the issuance of a single product, in this case, issuance of the federally tax-exempt conduit bonds.

The Transformation Initiative utilized the established four-part framework to evaluate new programs: (a) public mission; (b) risk profile; (c) net revenue impact; and, (d) competitive position.

The Transformation Initiative seeks simultaneously to diversify the Authority's impact and revenue through the development and expansion of new products and services and to increase the Authority's organizational capacity by adding talent with new skills and experience. The additional organizational capacity allows for segregation of duties within a comparatively small organization, provides for essential function redundancy, and puts in place a possible succession framework.

The Transformation Initiative also recognizes a fundamental distinction among the Authority's tools between products, where there is economic demand for the service provided, thus creating revenue to support the Authority's operations, and programs, where the Governor, the Authority members, or the General Assembly have decided that the Authority must provide a service at cost or even a loss.

During Fiscal Year 2019, the Authority, through the Transformation Initiative, invested in the development and implementation of the following potential products and services:

- Commercial PACE
- Rejuvenated Participation Loan
- Healthcare Transformation Initiative (asset ownership; sequential capital product)
- Illinois Infrastructure Investment Fund
- Innovative Project Finance and Delivery ("IPFD"), also known as Public Private Partnerships ("P3")
- Non-State Revolving Fund Water Infrastructure Financing Alternatives or Enhancements to the State Revolving Fund
- Opportunity Zones

**State of Illinois
Illinois Finance Authority**

**Authority Functions and Planning Program
For the Two Years Ended June 30, 2019
(Unaudited)**

As of June 30, 2019, the Authority's successes through the Transformation Initiative include:

- Effectively managed operating expenses for Fiscal Year 2019, projected at the start of the fiscal year in July 2018 to exceed total annual revenues. The Authority ended fiscal year 2019 with net income of \$13 thousand despite the approved budget forecasting a net loss due to general uncertainty resulting from the impact of the 2017 federal tax law. Positive net income was achieved through careful management and monitoring of expenses (\$382 thousand, or 7.7% lower than budget) and through higher than anticipated revenues (\$696 thousand, or 17.9% higher than budget);
- Successfully priced and closed the State of Illinois Clean Water Initiative Revolving Fund (SRF) Revenue Bonds, Series 2019 (Green Bonds) on behalf of the IEPA. Consistent with Governor Pritzker's Executive Order No. 6, this 'AAA'-rated bond issue (S&P; Fitch) was the State of Illinois' inaugural green bond issue. During pricing, an anchor order from a Green Bond investor allowed the transaction to hold its pricing levels despite a negative tone in the fixed income markets. The SRF structure saves local tax and rate payers money by lowering the cost of capital for essential water infrastructure projects and to improve Illinois' water quality.
- Successful staff succession with respect to healthcare, loan and guarantee and procurement; and
- The passage of House Bill 3501, a comprehensive technical re-write of the PACE Act.

The Authority also worked to resolve prior audit findings and to streamline product offering by eliminating unnecessary functions, inactive programs and consolidating related programs.

On May 14, 2019, the Authority enacted Resolution No. 2019-0514-AP07 approving modifications to the Authority Bond Handbook aimed at clarifying the distinction that has always been present between the Authority's pre-bond and post-issuance roles and responsibilities. The Bond Handbook changes approved by the Authority both (1) accurately reflect the Authority's statutory role as a conduit issuer for federally tax-exempt conduit bonds, which envisions substantive compliance and monitoring functions being executed post-issuance by bondholders and trustees for the bondholders, and (2) reflect the appropriate internal policies and procedures necessary to perform that legal role.

Future Planning

The Authority expects to revisit and update its current Strategic Plan in the coming months.

Head of the Agency, Location and Address
Christopher Meister, Executive Director
Illinois Finance Authority
Michael A. Bilandic Building
160 N. LaSalle Street, Suite S-1000
Chicago, Illinois 60601

**State of Illinois
Illinois Finance Authority**

**Analysis of Significant Variations in Expenditures
For the Two Years Ended June 30, 2019
(Unaudited)**

The Authority's analysis of significant fluctuation in expenditures as presented in the comparative schedules of net appropriations, expenditures and lapsed balances. Fluctuation in excess of 20% is considered significant.

Analysis of Significant Variations in Expenditures Between Fiscal Year 2019 and 2018

None noted

Analysis of Significant Variations in Expenditures Between Fiscal Year 2018 and 2017

None noted

**State of Illinois
Illinois Finance Authority**

**Analysis of Significant Variations in Receipts
For the Two Years Ended June 30, 2019
(Unaudited)**

The Authority's analysis of significant fluctuation in receipts as presented in the comparative schedules of cash receipts and reconciliation of cash receipts to deposits reemitted to the State Comptroller. Fluctuation in excess of 20% is considered significant.

Analysis of Significant Variations in receipts Between Fiscal Year 2019 and 2018

Fire Truck Revolving Loan Fund – 572

None noted

Ambulance Revolving Loan Fund – 334

None noted

Analysis of Significant Variations in receipts Between Fiscal Year 2018 and 2017

Fire Truck Revolving Loan Fund – 572

None noted

Ambulance Revolving Loan Fund – 334

The increase in receipts in Fiscal Year 2018 from Fiscal Year 2017 of \$221,860 or 299% was mainly due to the new loans issued in Fiscal Year 2017. The new loan repayments started in November 1, 2017 which is Fiscal Year 2018.

**State of Illinois
Illinois Finance Authority**

**Analysis of Significant Lapse Period Spending
For the Two Years Ended June 30, 2019
(Unaudited)**

No significant lapse period expenditures during the year ended June 30, 2019 or June 30, 2018.

**State of Illinois
Illinois Finance Authority**

**Analysis of Significant Variations in Revenues and Expenses
For the Years Ended June 30, 2019 and 2018
(Unaudited)**

	2019	2018	Increase (Decrease)	%	Explanation of Significant Variations (Variance of 10% and \$600,000 or more)
<u>Revenues:</u>					
Closing Fees	\$ 2,272,404	\$ 3,164,516	\$ (892,112)	(28%)	Decrease is due to the decrease in the number of conduit transactions.
Interest income - loans	24,436,471	22,091,429	2,345,042	11%	Increase is due to the issuance of the Illinois Clean Water Initiative Bonds, Series 2019
Interest and investment income	8,283,114	7,008,251	1,274,863	18%	Increase is due to the increase in the investment portfolio which was generated by additional bond proceeds.
<u>Expenses:</u>					
Employee related expenses	2,555,253	1,881,259	673,994	36%	Increase is due to the increase in staff
Interest expense	29,828,216	25,254,361	4,573,855	18%	Increase is due to the issuance of the Illinois Clean Water Initiative Bonds, Series 2019
Loss on extinguishment of debt	-	2,197,807	(2,197,807)	(100%)	Decrease is due to no extinguishment of debt in Fiscal Year 2019
Transfers of funds and interest in program from the State of Illinois	-	2,000,000	(2,000,000)	(100%)	Decrease is due to no transfer of funds and interest in program to the State of Illinois.

* Information obtained from the Comparative Schedule of Revenues and Expenses

**State of Illinois
Illinois Finance Authority**

**Analysis of Significant Variations in Revenues and Expenses
For the Years Ended June 30, 2018 and 2017
(Unaudited)**

	2018	2017	Increase (Decrease)	%	Explanation of Significant Variations (Variance of 10% and \$600,000 or more)
<u>Revenues:</u>					
Closing Fees	\$ 3,164,516	\$ 4,046,736	\$ (882,220)	(22%)	Decrease is due to the decrease in the number of conduit transactions.
Interest income - loans	22,091,429	14,234,509	7,856,920	55%	Increase is due to the issuance of the Illinois Clean Water Initiative Bonds, Series 2017
Interest and investment income	7,008,251	2,047,120	4,961,131	242%	Increase is due to the increase in the investment portfolio which was generated by additional bond proceeds.
<u>Expenses:</u>					
Interest expense	25,254,361	12,143,791	13,110,570	108%	Increase is due to the issuance of the Illinois Clean Water Initiative Bonds, Series 2017
Loss on extinguishment of debt	2,197,807	2,880,123	(682,316)	(24%)	Decrease is due to the lower amount repaid early for the Illinois Medical District Commission Bonds Series 2006B in 2018 compared to 2017.
Transfers of funds and interest in program from the State of Illinois	2,000,000	-	2,000,000		Increase is due to the Board authorizing a resolution to pay back a \$2 million grant to the Illinois Clean Energy Foundation.

* Information obtained from the Comparative Schedule of Revenues and Expenses

**State of Illinois
Illinois Finance Authority**

**Analysis of Significant Variations in Assets, Deferred Outflows of Resource,
Liabilities, and Net Position
For the Years Ended June 30, 2019 and 2018
(Unaudited)**

Following are the account balances with significant change (greater than 10% and \$1.5 million between June 30, 2019 and June 30, 2018)

	2019	2018	Increase (Decrease)	%	Analysis of Significant Change
ASSETS					
Cash and cash equivalents	\$ 217,954,765	\$ 381,230,857	\$ (163,276,092)	(43%)	Decrease is due to cash and cash equivalents being transferred to investments.
Securities lending collateral equity with State Treasurer	5,053,000	7,415,000	(2,362,000)	(32%)	Decrease is due to an decrease in securities lending transactions by the State Treasurer.
Investments	479,731,879	64,197,689	415,534,190	647%	Increase is due to the purchase of investments from the new bond sale on behalf of the Illinois Environmental Protection Agency.
Bonds and notes receivable	1,140,920,560	942,996,534	197,924,026	21%	Increase is due to the issuance of additional loans to the Illinois Environmental Protection Agency.
LIABILITIES					
Accrued interest payable	30,246,898	26,435,403	3,811,495	14%	Increase is due to the additional accrued interest on the new bond issued on behalf of the Illinois Environmental Protection Agency.
Obligations under securities lending of State Treasurer	5,053,000	7,415,000	(2,362,000)	(32%)	Decrease is due to a decrease in securities lending transactions by the State Treasurer.
Bonds and notes payable	1,480,200,420	1,095,214,096	384,986,324	35%	Increase is due to a new bond sale on behalf of the Illinois Environmental Protection Agency.
Unamortized insurance premium	227,275,078	168,485,334	58,789,744	35%	Increase is due to a new bond sale on behalf of the Illinois Environmental Protection Agency.

* Information obtained from the Comparative Schedule of Assets, Deferred Outflows of Resources, Liabilities, and Net Position

**State of Illinois
Illinois Finance Authority**

**Analysis of Significant Variations in Assets, Deferred Outflows of Resource,
Liabilities, and Net Position
For the Years Ended June 30, 2018 and 2017
(Unaudited)**

Following are the account balances with significant change (greater than 10% and \$1.5 million between June 30, 2018 and June 30, 2017)

	2018	2017	Increase (Decrease)	%	Analysis of Significant Change
ASSETS					
Cash and cash equivalents	\$ 381,230,857	\$ 235,498,191	\$ 145,732,666	62%	Increase is due to the proceeds from the issuance of a new bond sale on behalf of the Illinois Environmental Protection Agency.
Securities lending collateral equity with the State Treasurer	7,415,000	5,821,742	1,593,258	27%	Increase is due to an increase in securities lending transactions by the State Treasurer.
Investments	64,197,689	49,115,290	15,082,399	31%	Increase is due to the purchase of investments from the new bond sale on behalf of the Illinois Environmental Protection Agency.
Receivables, net	22,458,388	25,337,284	(2,878,896)	(11%)	Decrease is due to local governments making their scheduled payments on loans owed to the Authority and minimal loans being issued.
Bonds and notes receivable	942,996,534	505,430,399	437,566,135	87%	Increase is due to the issuance of additional loans to the Illinois Environmental Protection Agency.
LIABILITIES					
Accrued interest payable	26,435,403	13,701,758	12,733,645	93%	Increase is due to the additional accrued interest on the new bond issued on behalf of the Illinois Environmental Protection Agency.
Obligations under securities lending with the State Treasurer	7,415,000	5,821,742	1,593,258	27%	Increase is due to an increase in securities lending transactions by the State Treasurer.
Bonds and notes payable	1,095,214,096	593,067,488	502,146,608	85%	Increase is due to a new bond sale on behalf of the Illinois Environmental Protection Agency.
Unamortized insurance premium	168,485,334	87,365,400	81,119,934	93%	Increase is due to a new bond sale on behalf of the Illinois Environmental Protection Agency.

* Information obtained from the Comparative Schedule of Assets, Deferred Outflows of Resources, Liabilities, and Net Position

**State of Illinois
Illinois Finance Authority**

**Analysis of Accounts Receivable
For the Two Years Ended June 30, 2019
(Unaudited)**

The Illinois Finance Authority's (Authority) aging of accounts, loans, notes and bonds receivable, and due from local government is as follows:

Description	For the Year ended June 30, 2019				
	Current	0-30 days	31-60 days	Over 60 days	Total
Accounts receivable	\$ 5,422	\$ 50,285	\$ -	\$ 7,063	\$ 62,770
Loan receivable	21,826,214	-	-	3,170	21,829,384
Bond and Notes receivable	1,140,920,560	-	-	-	1,140,920,560

Description	For the Year ended June 30, 2018				
	Current	0-30 days	31-60 days	Over 60 days	Total
Accounts receivable	\$ 5,931	\$ 35,062	\$ -	\$ 7,325	\$ 48,318
Loan receivable	22,458,893	-	-	3,170	22,462,063
Bond and Notes receivable	942,996,534	-	-	-	942,996,534

In Fiscal Year 2019, the Authority's past due accounts were \$7,063 and \$3,170 for accounts receivable and loans receivable, respectively.

In Fiscal Year 2018, the Authority's past due accounts were \$7,325 and \$3,170 for accounts receivable and loans receivable, respectively.

The majority of the Authority's receivables consists of loans, bonds and notes receivable derived from its lending programs. The Authority offers a variety of lending program including direct lending, direct lending participation loans and Deferred Action for Childhood Arrivals Loan program. Bonds receivable from local governmental units represent amounts loaned to the units through the purchase of their securities.

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

**State of Illinois
Illinois Finance Authority**

**Employee Compensation Plan
For the Two Years Ended June 30, 2019
(Unaudited)**

The Illinois Finance Authority's (Authority's) Board of Directors approved the Illinois Finance Authority Deferred Compensation Plan (Plan). The Authority's Board of Directors has 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 Deferred Compensation Plan after 30 days of employment have been completed.

The maximum contributions through the year 2019 are:

<u>Year</u>	<u>Maximum Contribution</u>	<u>Age 50 Catch Up</u>
2019	\$19,000	\$25,000
<u>Year</u>	<u>Maximum Contribution</u>	<u>Age 50 Catch Up</u>
2018	\$18,500	\$24,500

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 2019 were \$148,068 and \$144,554 respectively. Total employer and employee contributions for Fiscal Year 2018 were \$121,288 and \$146,740 respectively

Severance Payments

Separation agreements the Authority agreed to with one employee granted them severance benefits. These benefits include continued payments of the employee's salary and health insurance premiums for a specified duration of time. The liability has been calculated based on the employee's last salary amount and includes salary related costs (e.g. Social Security and Medicare tax). The total cost of termination benefits incurred during Fiscal Year 2019 is \$10,006. There were no severance benefits incurred and paid in Fiscal Year 2018.

State of Illinois
Illinois Finance Authority

Average Number of Full-Time Employees
For the Years Ended June 30, 2019
(Unaudited)

	2019	2018	2017
Executive Director	1.0	1.0	1.0
Deputy Executive Director	0.3	-	-
Accountant	2.0	2.0	2.0
Associate Vice President	1.0	1.0	1.0
Administrative Assistant	3.0	3.0	3.0
Chief Financial Officer	-	-	0.3
Controller	1.0	1.0	1.0
Consultant	5.5	0.5	-
Human Resource Manager	1.5	0.5	-
Intern	2.0	0.5	-
Procurement Agent	1.0	-	-
Financial Analyst	0.3	1.0	1.0
Federal Policy Operations	1.0	0.5	-
General Counsel	2.0	2.0	1.0
Deputy General Counsel	-	-	1.0
MIS Administrator	1.0	1.0	1.0
Executive Vice President	1.0	1.0	1.7
Total average number of full-time equivalent employees	<u>23.6</u>	<u>15.0</u>	<u>14.0</u>

**State of Illinois
Illinois Finance Authority**

**Emergency Purchases
For the Two Years Ended June 30, 2019
(Unaudited)**

Following the emergency purchase affidavit filed by the Authority with the Office of the Auditor General during the two year period ended June 30, 2019.

Fiscal Year 2019 Filings

None

Fiscal Year 2018 Filings

ADP TotalSource, Inc. – Actual Cost \$196,099*

After previous competitive solicitation efforts did not result in a successful procurement in 2015, an emergency purchase was necessary to allow continued healthcare coverage and payroll services for Illinois Finance Authority employees. ADP TotalSource, Inc. was the current vendor and for services to continue uninterrupted for employees, the agreement needed to continue with the current provider until a new competitive RFP could be developed. Service dates from 06/01/2017 – 12/31/2017.

* The actual cost listed above is the cost of the services provided by ADP TotalSource, Inc. till 12/31/2017. The Authority continued to receive services until 05/31/18 but did not file an affidavit for those services (see finding 2019-004).

**State of Illinois
Illinois Finance Authority**

**Schedule of Vendor Payments
For the Year Ended June 30, 2019
(Unaudited)**

Payments made to vendors during Fiscal Year 2019, with amounts totaling \$5,000 and above were as follows:

Vendor	Services Provided	Expenses Incurred
1 Oaks Properties, LLC	Office Rent-Mt. Vernon	\$ 16,021
Acacia Financial Group, Inc.	Senior Financial Advisor	24,479
Anthes, Pruyn & Associates	Accounting Services	14,298
Ascent Innovations LLC	Accounting Software Consulting	27,127
AT & T	Telecommunications	8,398
Bank of America	Financial Institution	116,607
Bloomberg Finance L.P.	Financial Information Database	34,276
Burke Burns & Pinelli, Ltd	Issuers Counsel/Legal Services	70,983
Catalyst Consulting Group	Computer Network Solutions	119,896
CDW Government LLC	Computer Equipment	12,549
Chapman and Cutler	Legal Services	71,771
Clear Arc Capital Management	Investment Management Services	55,253
Charity and Associates PC	Legal Services	5,925
Chicagoland Chamber of Commerce	Membership Services	13,000
Council of Development Finance	Membership Services	5,700
East Bank Records Management	Document Warehouse Services	5,858
Foley and Lardner	Legal Services	280,963
Franczek Radelet P.C. Attorneys	Legal Services	31,422
Health Care Service Corporation	Health Insurance Premiums	131,385
Illinois Health and Hospital	Membership Services	13,500
Illinois Chamber of Commerce	Membership Services	7,200
Katten, Muchin Rosenman LLP	Legal Services	41,990
Laner & Muchin	Legal Services	10,548
Logsdon Office Supply	Office Supplies	9,375
Mabsco Capital, Inc.	Loan Management Services	22,470
Mayer, Brown LLP	Legal Services	62,379
Mesirow Financial	Insurance Broker	241,642
MetLife small business Center	Dental Premiums	26,580
National Tek Services Inc	Computer Equipment	11,020
Premier Staffing Source Inc.	Temporary Staffing Services	151,356
Schiff Hardin, LLC	Legal Services	316,016
Sullivan Reporting Company	Court reporter	10,735
Sycamore Advisors	Financial Advisory Services	27,425
The Crypsis Group	IT Legal Services	5,000
The Hartford	Insurance Liability	8,226
U.S. Bank National Association	Paying Agent/Trustee Services	15,450
Xerox Corporation	Equipment Rental	12,040

**State of Illinois
Illinois Finance Authority**

**Schedule of Vendor Payments
For the Year Ended June 30, 2018
(Unaudited)**

Payments made to vendors during Fiscal Year 2018, with amounts totaling \$5,000 and above were as follows:

Vendor	Services Provided	Expenses Incurred
1 Oaks Properties, LLC	Office Rent-Mt. Vernon	\$ 15,775
Acacia Financial Group, Inc.	Senior Financial Advisor	68,708
ADP Total Source	Payroll and HR	203,345
Anthes, Pruyn & Associates	Accounting Services	7,158
Ascent Innovations LLC	Accounting Software Consulting	114,732
AT & T	Telecommunications	8,739
Bank of America	Financial Institution	113,630
Bloomberg Finance L.P.	Financial Information Database	45,000
Burke Burns & Pinelli, Ltd	Issuers Counsel/Legal Services	34,000
Catalyst Consulting Group	Computer Network Solutions	103,448
CDW Government LLC	Computer Equipment	72,870
Chapman and Cutler	Legal Services	68,032
Clear Arc Capital Management	Investment Management Services	52,000
Chicagoland Chamber of Commerce	Membership Services	10,000
Com Microfilm Company, Inc.	Document Management and Software Services	12,782
East Bank Records Management	Document Warehouse Services	5,344
Foley and Lardner	Legal Services	33,381
Franczek Radelet P.C. Attorneys	Legal Services	21,012
Health Care Service Corporation	Health Insurance Premiums	21,362
Illinois Health and Hospital	Membership Services	13,500
Illinois Chamber of Commerce	Membership Services	5,000
Katten, Muchin Rosenman LLP	Legal Services	25,623
Laner & Muchin	Legal Services	45,891
Mabsco Capital, Inc.	Loan Management Services	24,257
Mayer, Brown LLP	Legal Services	52,106
Mesirow Financial	Insurance Broker	254,791
Metropolitan Planning Council	Membership Services	7,500
NAHEFFA	Membership Services	6,400
National Tek Services Inc	Computer Equipment	9,384
Nationwide	Property & Casualty Insurance	6,258
Premier Staffing Source Inc.	Temporary Staffing Services	182,623
Reyes Kurson	Legal Services	15,173
Schiff Hardin, LLC	Legal Services	146,405
Source Media	Membership Services	8,150
Sullivan Reporting Company	Court reporter	8,551
Sycamore Advisors	Financial Advisory Services	31,351
U.S. Bank National Association	Paying Agent/Trustee Services	15,450
Xerox Corporation	Equipment Rental	10,503
Zones Inc	Software Malware	6,572

**State of Illinois
Illinois Finance Authority**

**Schedule of Conduit Debt
For the Year Ended June 30, 2019
(Unaudited)**

	Principal Outstanding	Number of Issues Outstanding
Illinois Finance Authority		
Revenue Bonds	\$ 21,598,671,136	514
Notes	215,069,000	2
Recovery Zone Facilities & Midwest Disaster Area	193,062,149	7
Leases	2,120,629	1
Beginning Farmer Bonds	47,823,031	334
	<hr/>	<hr/>
Total Illinois Finance Authority	22,056,745,945	858
	<hr/>	<hr/>
<u>Predecessor Authorities:</u>		
Illinois Development Finance Authority		
501(c)3 Not-for-Profit Bonds and Leases	404,657,316	30
Environmental Bonds	47,505,000	3
Industrial Revenue Bonds	63,514,196	10
Infrastructure Bonds	70,385,868	5
Housing Bonds	40,104,538	7
Leases	496,388	1
	<hr/>	<hr/>
Total Illinois Development Finance Authority	626,663,306	56
Illinois Health Facilities Authority	98,790,000	5
Illinois Educational Facilities Authority	432,507,000	16
Illinois Farm Development Authority	8,168,707	152
	<hr/>	<hr/>
Total Predecessor Authorities	1,166,129,013	229
	<hr/>	<hr/>
Grand Total Illinois Finance Authority	<u>\$ 23,222,874,958</u>	<u>1,087</u>

**State of Illinois
Illinois Finance Authority**

**Schedule of Conduit Debt
For the Year Ended June 30, 2018
(Unaudited)**

	Principal Outstanding	Number of Issues Outstanding
Illinois Finance Authority		
Revenue Bonds	\$ 21,938,526,220	527
Notes	219,302,332	3
Recovery Zone Facilities & Midwest Disaster Area	193,884,626	7
Leases	2,376,435	1
Beginning Farmer Bonds	46,804,396	331
	<hr/>	<hr/>
Total Illinois Finance Authority	22,400,894,009	869
	<hr/>	<hr/>
<u>Predecessor Authorities:</u>		
Illinois Development Finance Authority		
501(c)3 Not-for-Profit Bonds and Leases	446,559,007	37
Environmental Bonds	47,505,000	4
Industrial Revenue Bonds	71,195,077	13
Infrastructure Bonds	127,572,388	8
Housing Bonds	40,568,772	7
Leases	496,388	1
	<hr/>	<hr/>
Total Illinois Development Finance Authority	733,896,632	70
Illinois Health Facilities Authority	127,905,000	8
Illinois Educational Facilities Authority	369,308,000	17
Illinois Farm Development Authority	9,644,093	168
	<hr/>	<hr/>
Total Predecessor Authorities	1,240,753,725	263
	<hr/>	<hr/>
Grand Total Illinois Finance Authority	<u>\$ 23,641,647,734</u>	<u>1,132</u>

State of Illinois
Illinois Finance Authority

Schedule of Jobs Created or Retained by Loans, Revenue Bonds and
Investments Made by the Authority
For the Year Ended June 30, 2019
(Unaudited)

Fiscal Year	Healthcare Bonds		Private College/University or Non-Healthcare 501(c)(3) Bonds		Industrial Development Bonds		Local Government Bonds		Total Programs ³	
	Principal Closed ¹	Jobs Created and/or Retained ²	Principal Closed ¹	Jobs Created and/or Retained ²	Principal Closed ¹	Jobs Created and/or Retained ²	Principal Closed ¹	Jobs Created and/or Retained ²	Principal Closed ¹	Jobs Created and/or Retained ²
2014	\$ 1,578,790,000	1,805	\$ 259,512,000	321	\$ 10,000,000	50	\$ 247,360,000	-	\$ 2,095,662,000	2,176
2015	1,456,025,000	29	1,025,135,075	158	14,000,000	36	12,000,000	-	2,507,160,075	223
2016	2,726,685,000	2,608	934,545,000	6,459	100,000,000	11,600	14,540,000	31	3,775,770,000	20,698
2017	2,943,171,967	2,564	526,837,000	195	168,920,571	11,635	500,000,000	-	4,138,929,538	14,394
2018	1,697,630,000	10	891,124,000	214	20,200,000	-	560,025,000	-	3,168,979,000	224
2019	1,040,655,000	100	422,050,094	98	-	-	590,960,000	16	2,053,665,094	214

Note: Beginning with fiscal year 2014, the Authority will accumulate ten years of data

¹Principal Closed across all product lines may include refundings or reissuances closed within the fiscal year that did not directly create or retain jobs.

²Jobs Created and/or retained are only estimates as reported to the Authority by its respective borrowers at time of application and exclude construction jobs, if any.

³Programs listed here are not representative of all programs operated by the Authority - The above schedule does not include Beginning Farmer Bonds.

**State of Illinois
Illinois Finance Authority**

**Summary of Agricultural Loan Programs
For the Two Years Ended June 30, 2019
(Unaudited)**

Program Overviews

Agricultural Development Bonds

The Illinois Finance Authority (Authority) had three Agricultural Development Bond Programs in operation, the Beginning Farmer Bond, Agriculture Manufacturing Bond and Beginning Farmer Contract Bond. Through these programs, individuals and businesses (“participants”) were screened for eligibility. If they were found to qualify, the Authority, the participants, and the lenders (local banks) entered into loan agreements whereby the proceeds from the issuance of a tax exempt bond were loaned to the participant for prequalified expenditures. Prior to May 2008 the limit for Agricultural Development Bonds was \$250,000. In June 2008, as part of the 2007 Farm bill, Agricultural Development Bonds were further enhanced by increasing the maximum bond amount to \$450,000. In addition the maximum amounts was indexed to inflation and will adjust annually beginning January 1, 2009. For Fiscal Year 2018, the limits were raised from \$524,200 to \$533,500. For Fiscal Year 2019, the limits were raised from \$533,500 to \$543,800. The Authority’s General Operating Fund received \$100 for an application fee and at closing, a fee of one and one-half percent of the principal amount of the bond (net of application fee).

The loan agreements delineated the rights and responsibilities of each of the parties. The banks were considered trustees and were responsible for the receipt of the bond proceeds, payment of qualified expenditures, payment of bond interest and principal and maintenance of necessary records. The Authority had no equity interest in any of the property or equipment, and it was not liable in any way for payment due to bond holders. This program benefited the participants by allowing them to borrow money at tax-exempt rates, which were generally around 2% below taxable rates. Because interest on the bonds was exempt from federal income taxes, the interest rates were below the general market. To date, the rates charged ranged from 2.76% to 11.5%. Some of the bonds had variable rates, while others had fixed rates.

Bonds Issued by Year	Total Issued	Amount Issued
1983 thru 2009	3,255	\$ 293,672,929
2010	44	8,478,672
2011	40	7,002,064
2012	41	8,784,789
2013	16	4,461,655
2014	21	3,730,000
2015	15	4,154,742
2016	16	4,027,995
2017	18	3,765,900
2018	16	3,072,125
2019	21	5,189,000
Total	3,503	\$ 346,339,871

State of Illinois
Illinois Finance Authority

Summary of Agricultural Loan Programs
For the Two Years Ended June 30, 2019
(Unaudited)

Agricultural Development Bonds issued and outstanding by purpose and year as of June 30, 2019:

<u>Purpose</u>	<u>Total Issued</u>	<u>Amount Issued</u>	<u>Percent of Total</u>
Land and depreciable property	284	\$ 37,588,629	10.85%
Farmland loans	2,200	264,999,491	76.51%
New equipment	484	15,379,768	4.44%
Used Equipment	91	2,460,490	0.71%
New improvements	179	10,558,830	3.05%
Used Improvements	2	46,000	0.01%
Breeding stock	49	1,686,650	0.49%
Soil conservation-permanent	28	686,263	0.20%
Agri-Business	79	10,386,203	3.00%
Tiling	52	1,549,276	0.45%
New no-till equipment	55	998,271	0.29%
	<u>3,503</u>	<u>346,339,871</u>	<u>100.00%</u>
Principal payments as of June 30, 2019		<u>290,348,133</u>	
Principal outstanding at June 30, 2019		<u>\$ 55,991,738</u>	

Agricultural Development Bonds issued and outstanding by purpose and year as of June 30, 2018:

<u>Purpose</u>	<u>Total Issued</u>	<u>Amount Issued</u>	<u>Percent of Total</u>
Land and depreciable property	283	\$ 37,397,629	10.97%
Farmland loans	2,180	260,001,491	76.22%
New Equipment	484	15,379,768	4.52%
Used Equipment	91	2,460,490	0.72%
New improvements	179	10,558,830	3.10%
Used Improvements	2	46,000	0.01%
Breeding stock	49	1,686,650	0.49%
Soil conservation-permanent	28	686,263	0.19%
Agri-Business	79	10,386,203	3.04%
Tiling	52	1,549,276	0.45%
New no-till equipment	55	998,271	0.29%
	<u>3,482</u>	<u>341,150,871</u>	<u>100.00%</u>
Principal payments as of June 30, 2018		<u>284,702,081</u>	
Principal outstanding at June 30, 2018		<u>\$ 56,448,790</u>	

**State of Illinois
Illinois Finance Authority**

**Summary of Agricultural Loan Programs (Continued)
For the Two Years Ended June 30, 2019
(Unaudited)**

State Guarantee Program for Restructuring Agricultural Debt

The State guarantee program for restructuring agricultural debt was authorized by the Illinois Finance Authority Act (20 ILCS 3501/830-30). It was designed to consolidate and spread out farmers' existing debt over a longer period of time at a reduced interest rate. This was accomplished by having the State of Illinois guarantee repayment of 85% of the amounts loaned under this program.

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

The Authority's General Operating Fund received \$300 for an application fee and at closing, a fee of one-half percent of the principal amount of the bond (net of application fee). The Authority also received an annual fee of one-quarter percent on the outstanding principal amount of these loans prior to 2007. In 2007, at closing, a fee of three-quarters percent of the principal amount of the loan (net of application fee). The Authority also received an annual fee of one-half percent on the outstanding principal amount. The total amount of loans outstanding as of June 30, 2019 and June 30, 2018, was \$3,354,831 and \$3,934,187, respectively. No new loans were made under this program in Fiscal Year 2019 and Fiscal Year 2018.

This program was originally funded in Fiscal Year 1986 by capital contributions from the State's General Revenue fund and by transfers from the Farm Emergency Assistance Fund, totaling \$14,063,009. Operating revenues and operating expenses were recorded in the Authority's nonmajor funds.

Farmer and Agri-Business Loan Guarantee Program

The farmer and agri-business loan guarantee program was authorized by the Illinois Finance Authority Act (20 ILCS 3501/830-35). Its target population was both agri-businesses and individual farmers. Its purpose was to encourage diversification and vertical integration of Illinois agriculture. The State issued an 85% guarantee for farmers/agri-businesses and lenders who met the qualifications of the program. Loans were made through participating banks that were responsible for processing a farmer's application and for servicing the loan once it was approved by the Authority.

These lenders were liable for the first 15% of loss on any loan. There was no maximum loan amount for agri-business loans but loans shall not exceed \$500,000 per farmer or an amount as determined by the Authority on a case-by-case basis for an agri-business. Loans must be repaid within 15 years. Interest rates were adjusted annually and must have been less than the market rate of interest generally available to the borrower. No new loans were made under this program in Fiscal Year 2019 or Fiscal Year 2018. The total amount of loans outstanding as of June 30, 2019 and June 30, 2018, was zero.

This program, the young farmer and farm purchase loan guarantee program, and the specialized livestock loan guarantee program, were funded by an operating transfer from the Farm Emergency Assistance Fund totaling \$8,110,000 during Fiscal Year 1987. The monies were to secure State guarantees issued under these programs.

**State of Illinois
Illinois Finance Authority**

**Summary of Agricultural Loan Programs (Continued)
For the Two Years Ended June 30, 2019
(Unaudited)**

Young Farmer and Farm Purchase Loan Guarantee

The young farmer and farm purchase loan guarantee program was authorized by the Illinois Finance Authority Act (20 ILCS 3501/830-45). The young farmer and farm purchase loan guarantee program was a guarantee program designed to enhance credit availability for younger farmers who were purchasing capital assets. Loan funds could be used for new purchases of capital assets such as land, buildings, machinery, equipment, breeding livestock, soil and water conservation projects, etc. In some cases, the loan proceeds could be used to refinance existing debt as needed to improve lien positions.

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

The applicant must have been able to provide sufficient collateral to adequately secure the young farmer and farm purchase loan guarantee program loan. The maximum term for a young farmer and farm purchase loan guarantee program loan was 15 years. Loans collateralized by real estate could be amortized up to 25 years with a 15 year balloon. Loans collateralized by depreciable property were amortized over a shorter period.

The eligible applicant must: 1) Be a resident of the State of Illinois; 2) At least 18 years old; 3) A principal operator of a farm who derived at least 50% of annual gross income from farming; 4) Possess a debt to asset ratio of between 40% and 70% after purchase of the capital item; and 5) Have a net worth in excess of \$10,000. In addition, the borrower must have provided collateral sufficient to have secured the loan and kept the loan collateral through its term. The borrower must have also demonstrated the ability to have adequately serviced the proposed debt.

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

A nonrefundable application fee of \$300 must have been paid to the Authority at the time of application. The applicant paid a fee of 1% of the loan amount at closing. This closing fee was the net of the \$300 application fee; however, the minimum fee was \$300. The Authority received ¾% and the lender received ¼%. The lender could charge no additional fees or points other than the fee received at closing. The lender agreed to pay the Authority an annual administrative fee equal to ¼% of the outstanding balance of the young farmer and farm purchase loan guarantee program loan on the payment date. The fee was not passed on to the borrower as of 2007. In 2007, the Authority received 1% and the lender received ¼%. The Authority also received an annual fee on one-half percent on the outstanding principal amount. No new loans were made under this program in Fiscal Year 2019 or Fiscal Year 2018. The total outstanding loans as of June 30, 2019 and June 30, 2018, were \$1,021,013 and \$1,408,217, respectively.

**State of Illinois
Illinois Finance Authority**

**Summary of Agricultural Loan Programs (Continued)
For the Two Years Ended June 30, 2019
(Unaudited)**

Specialized Livestock Loan Guarantee Program

The specialized livestock and loan guarantee program was authorized by the Illinois Finance Authority Act (20 ILCS 3501/830-50) and was similar to the farmers and agri-business loan guarantee program. Its target population was both agri-businesses and individual farmers and was designed to encourage the development of the Illinois livestock industry, by spreading out over a longer term at a reduced interest rate. The State issued an 85% guarantee for farmers/agri-businesses and lenders who met the qualifications of the program. Loans were made through participating banks that were responsible for processing a farmer's application and for servicing the loan once it was approved by the Authority. These lenders were liable for the first 15% of loss on any loan. Loans could not exceed a maximum of \$1,000,000 per farmer. Loans must have been repaid within 15 years. Interest rates were adjusted annually and must have been less than the market rate of interest generally available to the borrower.

The Authority's General Operating Fund received \$300 for an application fee and at closing, a fee of ¾% of the principal amount of the loan (net of the application fee). The Authority also received an annual fee of one-quarter percent on the outstanding principal amount of these loans prior to 2007. In 2007, at closing, a fee of one percent of the principal amount of the loan (net of application fee). The Authority also received an annual fee of one-half percent on the outstanding principal amount. In Fiscal Year 2019 and Fiscal Year 2018 no new loans were made under this program. The outstanding loans as of June 30, 2019 and June 30, 2018, were \$1,068,066 and \$1,143,256, respectively.

State of Illinois
Illinois Finance Authority

Historical Summary of Agricultural Loans Issued by Program and County
For the Two Years Ended June 30, 2019
(Unaudited)

County	Agricultural Development Bonds		State Guarantee Program For Restructuring Agricultural Debt Loans		Farmer and Agri-Business Loan Guarantee Program Loans		Young Farmer Loan and Farm Purchase Guarantee Program Loans		Specialized Livestock Loan Guarantee Program Loans	
	Total Issued	Amount Issued	Total Issued	Amount Issued	Total Issued	Amount Issued	Total Issued	Amount Issued	Total Issued	Amount Issued
Adams	74	\$ 6,564,317	28	\$ 4,804,838	1	\$ 36,000	4	\$ 526,000	3	\$ 1,917,000
Alexander	-	-	1	180,000	-	-	-	-	-	-
Bond	67	6,509,668	11	2,032,000	-	-	1	192,000	2	1,184,000
Boone	12	1,670,100	5	1,443,000	-	-	-	-	-	-
Brown	2	160,000	14	3,436,000	-	-	-	-	1	840,000
Bureau	136	11,139,407	21	4,422,014	-	-	2	356,000	4	1,246,000
Calhoun	2	181,000	5	936,110	-	-	2	340,000	-	-
Carroll	48	5,714,105	7	1,608,000	-	-	-	-	3	1,144,000
Cass	11	1,331,276	8	1,663,043	2	2,244,330	-	-	3	1,475,000
Champaign	67	4,662,464	22	3,831,011	1	362,000	-	-	-	-
Christian	84	8,477,292	13	3,343,500	-	-	3	445,000	2	1,572,000
Clark	9	497,000	12	1,718,000	-	-	-	-	-	-
Clay	52	3,730,879	6	1,079,000	-	-	1	85,000	1	780,000
Clinton	72	7,430,642	10	2,541,101	5	10,990,000	2	77,000	5	2,670,000
Coles	21	1,535,944	14	2,317,000	-	-	1	193,000	-	-
Crawford	43	3,575,072	33	8,189,625	6	2,676,000	3	51,500	4	501,500
Cumberland	19	1,654,500	3	606,000	1	150,000	-	-	-	-
DeKalb	62	5,510,839	37	11,154,000	-	-	1	40,000	8	4,032,000
DeWitt	14	685,675	3	940,000	1	225,000	-	-	-	-
Douglas	43	2,892,011	17	2,712,750	-	-	1	124,000	1	700,000
Edgar	51	5,742,463	28	5,770,164	1	625,000	4	513,000	1	75,000
Edwards	12	1,058,200	1	135,000	-	-	-	-	-	-
Effingham	54	6,641,007	1	85,000	-	-	-	-	-	-
Fayette	44	3,589,230	8	2,060,000	-	-	-	-	-	-
Ford	60	7,521,450	8	1,440,000	-	-	2	750,000	4	2,925,000
Franklin	50	3,113,465	16	3,892,000	2	3,695,000	-	-	-	-
Fulton	32	4,248,802	13	2,211,900	2	172,000	1	310,000	1	88,000
Gallatin	10	1,643,750	6	1,298,000	1	450,000	2	650,000	-	-
Greene	1	250,000	10	1,896,000	-	-	-	-	-	-
Grundy	11	903,375	11	2,408,000	1	160,000	-	-	-	-
Hamilton	45	4,193,600	2	840,000	-	-	1	171,000	2	1,280,000
Hancock	45	4,647,138	38	5,914,888	-	-	-	-	5	1,205,000
Hardin	-	-	-	-	2	1,900,000	-	-	-	-
Henderson	31	4,331,569	17	3,273,500	1	45,000	2	262,000	5	2,015,000
Henry	53	8,016,772	29	5,043,000	-	-	1	57,000	3	1,140,000
Iroquois	100	8,599,036	13	2,733,000	-	-	-	-	1	170,000
Jackson	6	607,780	7	1,246,000	-	-	1	71,000	-	-
Jasper	120	9,579,065	45	8,431,626	-	-	2	240,000	12	2,155,000
Jefferson	23	2,256,900	12	2,599,000	-	-	3	765,000	1	790,000
Jersey	4	433,500	1	300,000	-	-	-	-	-	-
JoDaviess	9	716,561	26	6,710,547	2	907,000	-	-	3	1,180,000
Johnson	4	413,650	7	1,990,000	-	-	-	-	-	-
Kane	4	351,200	18	4,616,000	-	-	-	-	3	1,915,000
Kankakee	10	1,269,270	2	438,000	-	-	1	46,000	-	-
Kendall	3	273,000	9	1,642,000	-	-	-	-	-	-
Knox	37	3,732,454	15	2,979,460	1	65,000	2	232,000	2	434,000
LaSalle	112	11,876,080	34	6,981,300	-	-	1	54,000	1	1,000,000
Lawrence	51	4,236,923	9	1,945,500	-	-	-	-	3	3,000,000
Lee	59	7,035,292	23	6,099,000	-	-	1	110,000	2	1,455,000
Livingston	155	16,326,477	25	6,533,798	9	7,939,000	2	388,000	4	1,230,000
Logan	39	2,878,710	13	2,200,000	-	-	2	190,000	1	520,000
Macon	13	1,417,400	5	700,000	-	-	1	75,000	-	-
Macoupin	37	5,501,701	22	4,453,000	-	-	3	416,000	6	3,400,000

State of Illinois
Illinois Finance Authority

Historical Summary of Agricultural Loans Issued by Program and County (Continued)
For the Two Years Ended June 30, 2019
(Unaudited)

County	Agricultural Development Bonds		State Guarantee Program For Restructuring Agricultural Debt Loans		Farmer and Agri-Business Loan Guarantee Program Loans		Young Farmer Loan and Farm Purchase Guarantee Program Loans		Specialized Livestock Loan Guarantee Program Loans	
	Total Issued	Amount Issued	Total Issued	Amount Issued	Total Issued	Amount Issued	Total Issued	Amount Issued	Total Issued	Amount Issued
Madison	26	3,201,978	16	4,359,000	-	-	9	1,756,000	-	-
Marion	13	1,113,510	32	6,522,160	1	3,200,000	3	640,000	2	507,000
Marshall	25	2,129,081	8	1,611,000	-	-	3	513,000	-	-
Mason	54	4,357,809	9	2,212,702	1	137,000	-	-	-	-
Massac	2	30,000	2	435,000	-	-	-	-	-	-
McDonough	14	1,660,050	14	3,116,000	1	300,000	1	87,000	1	520,000
McHenry	4	680,000	8	2,060,000	-	-	1	190,000	1	69,000
McLean	119	9,854,135	32	5,371,734	1	175,000	7	1,015,000	2	1,250,000
Menard	14	1,097,965	16	3,384,000	1	375,000	1	72,000	-	-
Mercer	32	4,576,461	17	3,304,600	-	-	7	707,000	11	5,838,300
Monroe	35	3,880,075	26	5,758,707	-	-	-	-	1	51,000
Montgomery	103	16,613,200	15	3,458,577	-	-	-	-	5	1,952,000
Morgan	14	1,193,830	25	5,433,319	1	1,000,000	1	194,000	1	668,000
Moultrie	31	1,901,000	6	995,500	1	40,000	-	-	1	250,000
Ogle	71	6,884,047	11	2,835,000	-	-	4	751,000	2	375,000
Peoria	24	2,470,520	25	6,037,000	-	-	2	322,000	1	150,000
Perry	12	1,168,011	19	3,672,900	3	1,020,000	-	-	-	-
Piatt	37	1,824,734	9	1,638,000	-	-	-	-	-	-
Pike	6	945,111	48	10,667,519	1	250,000	9	1,814,000	7	4,990,000
Pope	-	-	1	500,000	-	-	-	-	-	-
Pulaski	-	-	3	940,000	-	-	-	-	-	-
Putnam	12	1,389,859	5	568,681	-	-	-	-	1	615,000
Randolph	6	552,400	14	2,583,010	-	-	2	165,000	2	380,000
Richland	43	3,453,454	5	1,523,000	8	2,353,000	2	285,000	2	605,000
Rock Island	6	1,046,623	6	1,282,000	-	-	-	-	3	1,285,000
Saline	12	775,935	3	1,082,000	-	-	1	150,000	-	-
Sangamon	40	4,028,715	41	7,679,043	-	-	1	300,000	2	925,000
Schuyler	9	848,780	-	-	-	-	-	-	-	-
Scott	6	783,300	8	1,379,538	-	-	1	181,000	-	-
Shelby	80	6,776,889	18	3,770,267	1	47,000	1	81,000	-	-
St. Clair	29	2,163,180	5	1,156,000	1	40,000	-	-	-	-
Stark	29	3,660,600	15	3,612,000	-	-	1	300,000	-	-
Stephenson	31	2,816,710	28	6,304,498	13	17,184,495	2	176,000	4	2,317,000
Tazewell	80	6,572,336	23	4,515,049	-	-	1	255,000	1	218,000
Union	21	1,131,036	2	800,000	1	860,000	-	-	-	-
Vermillion	32	3,747,807	26	3,978,640	3	24,848,000	1	89,000	-	-
Wabash	5	181,300	3	676,000	-	-	-	-	-	-
Warren	57	7,507,776	17	3,507,000	1	4,000,000	3	589,000	8	3,845,000
Washington	37	2,733,570	10	2,045,000	-	-	-	-	2	1,250,000
Wayne	24	3,052,625	4	1,008,000	1	2,651,000	-	-	1	643,000
White	4	829,750	5	1,442,500	-	-	-	-	-	-
Whiteside	100	12,695,873	27	5,338,000	-	-	-	-	6	2,552,000
Will	18	1,432,940	1	300,000	-	-	-	-	-	-
Williamson	2	132,000	-	-	1	1,750,000	-	-	-	-
Winnebago	9	944,750	8	1,343,000	2	305,412	1	500,000	-	-
Woodford	52	4,172,735	18	3,011,810	3	1,427,906	1	100,000	3	227,000
	<u>3,503</u>	<u>\$ 346,340,471</u>	<u>1,378</u>	<u>\$ 291,040,429</u>	<u>85</u>	<u>\$ 94,605,143</u>	<u>119</u>	<u>\$ 18,961,500</u>	<u>167</u>	<u>\$75,520,800</u>

**State of Illinois
Illinois Finance Authority**

**Summary of Fire Truck and Ambulance
Revolving Loan Programs
For the Two Years Ended June 30, 2019
(Unaudited)**

Fire Truck Revolving Loan Program

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 State Fire Marshal. This program provides zero interest and low-interest rate loans for the purchase of fire trucks by fire departments, fire protection district, or township fire departments. This program was expanded in 2012 to include loans for “brush trucks.” Brush trucks 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. 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 truck may not exceed \$100,000 per truck. This program was funded by transfers from the State of Illinois, collections on outstanding loans, and ongoing transfers from the State of Illinois of fines from traffic violations

In April 2014, the Authority and the Office of the State Fire Marshal entered into a new intergovernmental agreement to jointly administer the Fire Truck, Fire Station and Ambulance Revolving Loan programs in accordance with Public Act 97-0901. 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 Public Act 97-0901. In addition all moneys deposited in the future will be paid to the Authority to provide future funding for loans. In Fiscal Year 2019 and Fiscal Year 2018, in regards to these previous deposits, the State of Illinois transferred capital of \$449,463 and \$447,207, respectively.

Total loans outstanding as of June 30, 2019 and June 30, 2018 were \$16,137,230 and \$18,009,260, respectively. No new loans have been made in Fiscal Year 2019 or Fiscal Year 2018.

Ambulance Revolving Loan Program

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 State Fire Marshal. This program provides zero interest and low-interest rate loans for the purchase of ambulances by fire departments, fire protection districts, township fire departments, or non-profit ambulance services. This program is funded by transfers the State of Illinois and collections on outstanding loans. 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. Repayment period for each loan may not exceed 10 years and requires a minimum of 5% of the principal amount borrowed each year. In Fiscal Year 2018 and Fiscal Year 2019 there were no new loans made.

In April 2014, the Authority and the Office of the State Fire Marshal entered into a new intergovernmental agreement to jointly administer the Fire Truck, Fire Station and Ambulance Revolving Loan programs in accordance with Public Act 97-0901. 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 Public Act 97-0901. In addition all moneys deposited in the future will be paid to the Authority to provide future funding for loans. In Fiscal Year 2018 and Fiscal Year 2019 there was no capital transferred from the State of Illinois. Total loans outstanding as of June 30, 2019 and June 30, 2018, were \$1,109,320 and \$1,378,640, respectively.

**State of Illinois
Illinois Finance Authority**

**Historical Summary of Fire Truck and Ambulance
Revolving Loans Issued by Program and County
For the Two Years Ended June 30, 2019
(Unaudited)**

County	Fire Truck Loans		Ambulance Loans		Total Loans	
	Total Issued	Amount Issued	Total Issued	Amount Issued	Total Issued	Amount Issued
Adams	5	\$ 995,000	-	\$ -	5	\$ 995,000
Bond	1	222,465	-	-	1	222,465
Bureau	3	250,000	-	-	3	250,000
Carroll	5	981,704	-	-	5	981,704
Cass	3	443,509	-	-	3	443,509
Champaign	7	1,215,094	-	-	7	1,215,094
Clark	1	220,000	-	-	1	220,000
Clinton	3	113,397	1	100,000	4	213,397
Coles	4	405,300	-	-	4	405,300
Cook	12	2,792,572	8	800,000	20	3,592,572
Crawford	1	195,369	-	-	1	195,369
DeKalb	2	500,000	-	-	2	500,000
DeWitt	1	95,000	-	-	1	95,000
Douglas	3	460,000	-	-	3	460,000
Edgar	2	406,529	-	-	2	406,529
Edwards	1	44,101	-	-	1	44,101
Effingham	1	41,000	-	-	1	41,000
Franklin	1	145,288	-	-	1	145,288
Fulton	9	830,500	-	-	9	830,500
Greene	2	235,000	-	-	2	235,000
Grundy	-	-	1	100,000	1	100,000
Hancock	1	25,000	-	-	1	25,000
Henry	4	1,150,000	2	200,000	6	1,350,000
Iroquois	8	558,536	-	-	8	558,536
JoDaviess	4	742,396	1	100,000	5	842,396
Johnson	1	199,000	-	-	1	199,000
Kankakee	3	700,000	-	-	3	700,000
Kendall	1	55,000	-	-	1	55,000
Lake	4	1,138,000	1	100,000	5	1,238,000
LaSalle	6	913,700	-	-	6	913,700
Lee	3	450,000	-	-	3	450,000
Livingston	6	705,424	-	-	6	705,424
Logan	5	784,394	-	-	5	784,394
Macon	2	350,000	-	-	2	350,000
Macoupin	3	700,000	1	100,000	4	800,000
Madison	6	1,521,845	-	-	6	1,521,845
Marion	3	296,500	1	100,000	4	396,500
Marshall	1	293,000	-	-	1	293,000
McHenry	5	1,179,600	2	200,000	7	1,379,600
McLean	5	920,000	1	100,000	6	1,020,000
Menard	-	-	1	100,000	1	100,000
Monroe	2	440,000	-	-	2	440,000
Montgomery	1	250,000	-	-	1	250,000
Morgan	1	100,000	-	-	1	100,000
Moultrie	3	840,000	1	100,000	4	940,000

**State of Illinois
Illinois Finance Authority**

**Historical Summary of Fire Truck and Ambulance
Revolving Loans Issued by Program and County (Continued)
For the Two Years Ended June 30, 2019
(Unaudited)**

County	Fire Truck Loans		Ambulance Loans		Total Loans	
	Total Issued	Amount Issued	Total Issued	Amount Issued	Total Issued	Amount Issued
Ogle	1	199,000	-	-	1	199,000
Peoria	3	500,000	-	-	3	500,000
Perry	-	-	-	-	-	-
Piatt	1	225,000	-	-	1	225,000
Pike	3	420,000	-	-	3	420,000
Pope	1	51,000	-	-	1	51,000
Randolph	2	170,000	-	-	2	170,000
Richland	1	350,000	-	-	1	350,000
Rock Island	2	600,000	-	-	2	600,000
Saline	1	150,000	-	-	1	150,000
Sangamon	3	695,000	1	100,000	4	795,000
Shelby	2	276,720	-	-	2	276,720
St. Clair	2	600,000	-	-	2	600,000
Stephenson	1	350,000	-	-	1	350,000
Tazewell	5	174,300	-	-	5	174,300
Vermillion	5	536,213	-	-	5	536,213
Wabash	1	46,211	-	-	1	46,211
Wayne	5	794,000	-	-	5	794,000
White	1	325,000	-	-	1	325,000
Whiteside	-	-	1	100,000	1	100,000
Will	3	750,000	-	-	3	750,000
Williamson	4	825,000	1	100,000	5	925,000
Winnebago	1	250,000	1	93,200	2	343,200
	193	\$ 33,191,667	25	\$ 2,493,200	218	\$ 35,684,867

**State of Illinois
Illinois Finance Authority**

**Service Efforts and Accomplishments
For the Two Years Ended June 30, 2019
(Unaudited)**

<u>Issuance Performance</u>	2019	2018
Total number of new issues *	60	62
New issue value	\$ 2,059,166,319	\$ 3,171,729,000
Application fees	\$ 20,600	\$ 25,600
Closing and Administrative service fees	\$ 2,538,381	\$ 3,348,716
 <u>Operating Performance</u>		
Total number of issues	1,087	1,132
Total outstanding issue value	\$ 23,222,874,958	\$ 23,641,647,734
Annual fees	\$ 245,887	\$ 364,553
Annual fees/total outstanding issue value	0.0011%	0.0015%
Total expenses	\$ 34,426,984	\$ 33,332,824
Total expenses/total outstanding issue value	0.1482%	0.1410%
Total expenses/total number of issues	\$ 31,672	\$ 29,446

* Includes Beginning Farmer Bonds