

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY

A Component Unit of the State of Illinois

COMPLIANCE EXAMINATION

For the Year Ended December 31, 2020

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



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THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
A Component Unit of the State of Illinois
COMPLIANCE EXAMINATION
For the Year Ended December 31, 2020

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Other Reports issued under a separate cover:

The Illinois State Toll Highway Authority’s (the Tollway) financial statements as of and for the year ended December 31, 2020, 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 December 31, 2020, on our consideration of the Tollway’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 Tollway’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.

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Illinois Tollway Officials and Financial Staff

Executive Director	Jose R. Alvarez
Chief Operating Officer	Derek Messier (until 1/29/2021)
Chief Financial Officer	Cathy Williams (effective 3/1/2020) Michael Colsch (until 2/28/2020)
Controller	Patricia Pearn
General Counsel	Kathleen Pasulka-Brown

Illinois Tollway Board Members

Chairman	Will Evans, Jr.
Board Member	James Connolly
Board Member	Stephen Davis
Board Member	Alice Gallagher
Board Member	Karen McConnaughy
Board Member	Scott Paddock
Board Member	James Sweeney
Board Member	Vacant

On 2/1/2021, Jacqueline Gomez was appointed by Governor JB Pritzker to fill the vacancy on the Board.

Tollway's Central Administrative offices are located at:

2700 Ogden Avenue
Downers Grove, Illinois 60515



October 22, 2021

CliftonLarsonAllen LLP
1301 West 22nd Street, Suite 1100
Oak Brook, IL 60523

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 State Toll Highway Authority (the Tollway). 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 Tollway's compliance with the following specified requirements during the year ended December 31, 2020. Based on this evaluation, we assert that during the year ended December 31, 2020, the Tollway has materially complied with the assertions below.

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

Yours truly,

Illinois State Toll Highway Authority

SIGNED ORIGINAL ON FILE

Jose Alvarez, Executive Director

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Kathleen Pasulka-Brown, General Counsel

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Cathy Williams, Chief Financial Officer

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Compliance Report

Summary

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

Accountants' Reports

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 or disclaimers, but does contain a modified opinion on compliance and identifies material weaknesses over internal control over compliance.

Summary of Findings

<u>Number of:</u>	<u>Current report</u>	<u>Prior report</u>
Findings	8	5
Repeated findings	3	5
Prior recommendations implemented or not repeated	2	3

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Schedule of Findings

Item No.	Page	Last/First Reported	Description	Finding Type
<u>Findings (Government Auditing Standards)</u>				
2020-001	13	New	Significant Understatement of OPEB Balances	Material Weakness
2020-002	17	New	Need to Enhance Relationship with the Illinois State Police	Material Weakness
2020-003	22	New	Noncompliance with the State Employees Group Insurance Act of 1971	Significant Deficiency and Noncompliance
2020-004	25	New	Inadequate Internal Controls over Census Data	Significant Deficiency
<u>Findings (State Compliance)</u>				
2020-005	27	2020/2018	Inadequate Control over Completion of I-9 Forms	Significant Deficiency and Noncompliance
2020-006	29	2020/2014	Inadequate Procedures to Approve Timecards	Significant Deficiency and Noncompliance
2020-007	31	2020/2016	Failure to Fully Comply with the Tollway Highway Act	Significant Deficiency and Noncompliance
2020-008	32	New	Inadequate Controls over Hiring Forms	Significant Deficiency and Noncompliance

In addition, the following findings which are reported as current findings and questioned costs related to *Government Auditing Standards* also meet the reporting requirements for State Compliance.

<u>Findings (State Compliance)</u>				
2020-001	13	New	Significant Understatement of OPEB Balances	Material Weakness and Material Noncompliance
2020-002	17	New	Need to Enhance Relationship with the Illinois State Police	Material Weakness and Material Noncompliance
2020-003	22	New	Noncompliance with the State Employees Group Insurance Act of 1971	Significant Deficiency and Noncompliance
2020-004	25	New	Inadequate Internal Controls over Census Data	Significant Deficiency

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Prior Year Findings Not Repeated

Item No.	Page	Last/First Reported	Description
A	33	2019/2017	Noncompliance with Toll Highway Act Reporting Requirements
B	33	2019/2018	Inadequate Procedures for Approval of Vendor Invoices

Exit Conference

The Tollway waived an exit conference in a correspondence from Shaun Farmer, Chief Internal Auditor, on August 6, 2021. The responses to the recommendations were provided by Shaun Farmer, Chief Internal Auditor, in a correspondence dated August 3, 2021.



**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
The Illinois State Toll Highway Authority

Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by the Illinois State Toll Highway Authority's (the Tollway) 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 year ended December 31, 2020. Management of the Tollway is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Tollway's compliance with the specified requirements based on our examination.

The specified requirements are:

- A. The Tollway 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 Tollway 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 Tollway has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

Honorable Frank J. Mautino
Auditor General, State of Illinois
and
Board of Directors
The Illinois State Toll Highway Authority

- D. State revenues and receipts collected by the Tollway 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 Tollway on behalf of the State or held in trust by the Tollway 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 Tollway complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Tollway 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 modified opinion.

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

Our examination disclosed material noncompliance with the following specified requirements applicable to the Tollway during the year ended December 31, 2020.

Specified Requirement C

As described in the accompanying Schedule of Findings and Questioned Costs as items 2020-001 and 2020-002, the University had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

In our opinion, except for the material deviations from the specified requirements described in the preceding paragraph, the Tollway complied with the specified requirements during the year ended December 31, 2020, 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 2020-003 through 2020-008.

Honorable Frank J. Mautino
Auditor General, State of Illinois
and
Board of Directors
The Illinois State Toll Highway Authority

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

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 Tollway 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 Tollway's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Tollway's compliance with the specified requirements and to test and report on the Tollway's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Tollway's internal control. Accordingly, we do not express an opinion on the effectiveness of the Tollway's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 in internal control* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items: 2020-001 and 2020-002 to be material weaknesses.

A significant deficiency in internal control 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. We consider the deficiencies described in the accompanying Schedule of Findings as items: 2020-003 through 2020-008 to be significant deficiencies.

Honorable Frank J. Mautino
Auditor General, State of Illinois
and
Board of Directors
The Illinois State Toll Highway Authority

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

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

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 Tollway as of and for the year ended December 31, 2020 not presented herein, and have issued our report thereon dated October 15, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Tollway's basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to October 15, 2021. The accompanying supplementary information for the year ended December 31, 2020, in Schedule 1 is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the Tollway. Such information is the responsibility of Tollway 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 December 31, 2020, in Schedule 1 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 December 31, 2020, in Schedule 1 is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2020.

Honorable Frank J. Mautino
Auditor General, State of Illinois
and
Board of Directors
The Illinois State Toll Highway Authority

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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CliftonLarsonAllen LLP

Oak Brook, Illinois
October 22, 2021



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Frank J. Mautino
Auditor General, State of Illinois

and

Board of Directors
The Illinois State Toll Highway 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, the financial statements of the business-type activities of the Illinois State Toll Highway Authority (the Tollway), a component unit of the State of Illinois, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Tollway's basic financial statements, and have issued our report thereon dated October 15, 2021.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Tollway's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings as item 2020-003.

Internal Control Over Financial Reporting

Management of the Tollway 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 Tollway's internal control for the purposes of designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Tollway's internal control. Accordingly, we do not express an opinion on the effectiveness of the Tollway's internal control.

Honorable Frank J. Mautino
Auditor General, State of Illinois
and
Board of Directors
The Illinois State Toll Highway Authority

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying Schedule of Findings as items: 2020-001 and 2020-002 to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Findings as items: 2020-003 and 2020-004 to be significant deficiencies.

Tollway's Responses to the Findings

The Tollway's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The Tollway's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 Tollway'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 Tollway's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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CliftonLarsonAllen LLP

Oak Brook, Illinois
October 15, 2021

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
A Component Unit of the State of Illinois
COMPLIANCE EXAMINATION
Current Findings – *Government Auditing Standards*
For the Year Ended December 31, 2020

Finding 2020-001 Significant Understatement of OPEB Balances

The Illinois State Toll Highway Authority (Tollway) did not identify an allocation error within its other postemployment benefits (OPEB) amounts recorded in its financial statements, resulting in a beginning balance restatement which reduced the Tollway’s unrestricted net position by \$505,692,050.

During testing, we noted employee-related costs incurred by the Tollway include both Tollway employees and staff of the Illinois State Police (ISP) consisting of four groups, as defined and further described below:

- 1) **“True Tollway Employees”** work for the Tollway, including its administrative, engineering, traffic, construction, and maintenance staff. These employees are paid on Tollway payroll vouchers and participate in the Tollway’s own group insurance program. Upon retirement, they transition to the State Employees Group Insurance Program (SEGIP) administered by the State of Illinois, Department of Central Management Services (CMS) for their OPEB. SEGIP does not receive a “retiree-load” charge (a charge added to contributions for current employees to obtain cash to pay benefit costs for retirees on a pay-as-you-go basis) for these employees’ current benefits provided by the Tollway’s own group insurance plan.
- 2) **“ISP District 15 State Troopers”** consist of two groups providing personal services within ISP District 15, which patrols the highways and facilities which encompass the Tollway’s operations.
 - a. The majority of these employees participate in the SEGIP for both their current employee benefits and OPEB during retirement.
 - b. Master sergeants, however, can opt-out of SEGIP for healthcare benefits and participate in the Teamsters Local No. 727 Health and Welfare Benefits Fund (union plan) for health insurance along with SEGIP for vision, dental, and life insurance benefits as an employee and then transition to SEGIP for all of their OPEB at retirement.

All troopers are paid on ISP’s payroll vouchers which are charged against the Tollway’s agency number and accounts. These vouchers include contributions to SEGIP for all troopers’ SEGIP-provided benefits. In addition, CMS prepares supplemental billings charged to the Tollway’s accounts for SEGIP to recover the healthcare costs paid to the union plan along with the associated “retiree-load” for SEGIP.

- 3) **“ISP District 15 Support Staff”** are Tollway employees supporting the troopers assigned to ISP District 15. These employees are paid on Tollway payroll vouchers and participate in the Tollway’s own group insurance program until they transition to SEGIP for their OPEB at retirement. SEGIP does not receive a “retiree-load” charge calculated on these employees’ current benefits from the Tollway’s own group insurance plan.

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
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Current Findings – *Government Auditing Standards*
For the Year Ended December 31, 2020

Because the “True Tollway Employees” and “ISP District 15 Support Staff” participate in the Tollway’s group insurance program until retirement, CMS has not charged the “retiree-load” built into active-employee SEGIP contributions to fund pay-as-you-go costs associated with retirees participating in SEGIP. Rather, the Tollway reimburses SEGIP for the pro rata share of the cost of providing retiree benefits to those retirees who had service in “True Tollway Employees” and “ISP District 15 Support Staff” positions compared to their total service credit to the State as determined by the State Employees’ Retirement System of Illinois (SERS), as required by the State Employees Group Insurance Act of 1971 (Act) (5 ILCS 375/11).

During our review of the SEGIP allocation, we noted CMS only considered current employee contributions (accounted for within detail object code 1180 group insurance contributions) to SEGIP within its allocation methodology. Both CMS and the Tollway failed to identify the pro rata share for “True Tollway Employees” and “ISP District 15 Support Staff” had not been considered in SEGIP’s State Fiscal Year 2019 allocation, which supported the Tollway’s opening balances for Calendar Year 2020.

After bringing this matter to the attention of officials at both the Tollway and CMS, CMS corrected these errors and reallocated SEGIP’s total Fiscal Year 2019 OPEB liability and determined the Tollway’s OPEB balances at January 1, 2020, should have been:

OPEB Liability	\$610,337,772
OPEB-related Deferred Inflows of Resources	\$66,818,243
OPEB-related Deferred Outflows of Resources	\$22,095,550

Additionally, Tollway officials recalculated the Tollway’s subsequent contributions to SEGIP for all four groups after considering each group’s unique OPEB characteristics and the impact of the error described in Finding 2020-003, estimating the Tollway’s subsequent contributions to SEGIP balance at January 1, 2020, should have been:

OPEB-related Deferred Outflows of Resources	\$19,180,890
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Tollway officials are responsible for understanding SEGIP’s allocation methodology and communicating with CMS officials about how the Tollway’s unique group insurance program and governing provision within Section 11 of the Act impact SEGIP’s allocation and Tollway’s OPEB balances. In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Tollway to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance resources and funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial reports. Additionally, the Government Accountability Office’s *Standards for Internal Control in the Federal Government (Green Book)* (§ 15.02 and § 15.03) endorses an entity’s management having open communication with, and obtaining quality information from, external parties using established reporting lines to help achieve management’s objectives and address related risks.

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
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Current Findings – *Government Auditing Standards*
For the Year Ended December 31, 2020

Tollway officials indicated Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was a complex pronouncement where, upon initial implementation, they did identify the “True Tollway Employees” and “ISP District 15 Support Staff” groups had contributions included in the SEGIP allocation which should not have been, but did not identify the need to separately state OPEB balances associated with these two groups.

Failure to identify an error in the allocation of SEGIP’s OPEB activity to the Tollway resulted in a material misstatement of the Tollway’s Annual Comprehensive Financial Report (ACFR) and negatively impacted the allocation of the State’s OPEB balances among the governmental activities, business-type activities, and component units reported in the State’s ACFR. (Finding Code No. 2020-001)

Recommendation:

We recommend the Tollway communicate with CMS so both parties have a complete understanding of the Tollway’s various employee groups so the factors unique to each group can be considered in preparing SEGIP’s separately-stated liability for “True Tollway Employees” and “ISP District 15 Support Staff” and proportionate allocation of OPEB balances related to “ISP District 15 State Troopers” among the State’s other funds and public universities. In addition, the Tollway and CMS should develop internal controls to reconcile the active and inactive “True Tollway Employees” and “ISP District 15 Support Staff” recorded within the SERS’ records to the Tollway’s records by focusing on the incremental changes from the prior reconciliation to ensure SEGIP’s separately-stated OPEB balances associated with the Tollway are determined using complete and accurate data. Finally, the Tollway and CMS should implement internal controls to ensure the pro rata share estimate of future retiree benefits for “True Tollway Employees” and “ISP District 15 Support Staff” is prepared using a three-year rolling average of the pro rata share of current retirees and this average is complete and accurate (for more information, please see Finding 2020-003).

Tollway Response:

The Tollway concurs with the auditor’s recommendation. At all times on and after the OPEB standard was established, the Tollway utilized an audited allocation report provided by CMS, the SEGIP plan administrator, and relied upon external auditors. Also, the Tollway advised CMS of its group insurance arrangements and of the fact that the Tollway was not contributing to SEGIP for active employees. Further, based upon historical contributions for Tollway retirees, the OPEB liability allocated to the Tollway appeared reasonable. The Tollway will work with CMS to develop an ongoing reconciliation process to ensure the Tollway’s share of the net OPEB liability is properly allocated.

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
A Component Unit of the State of Illinois
COMPLIANCE EXAMINATION
Current Findings – *Government Auditing Standards*
For the Year Ended December 31, 2020

Auditor Comment:

The *Clarified Statements on Auditing Standards* (AU-C § 200.05) published by the American Institute of Certified Public Accountants states:

The financial statements subject to audit are those of the entity, prepared and presented by management of the entity with oversight from those charged with governance. ... The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

As noted in the finding, Tollway officials were responsible for understanding SEGIP's allocation methodology and communicating with CMS officials about how the Tollway's unique group insurance program and governing provision within Section 11 of the Act impacted SEGIP's allocation and Tollway's OPEB balances. Meanwhile, CMS officials were solely responsible for preparing a complete and accurate allocation schedule for SEGIP, and the Tollway's governing board and management were solely responsible for preparing complete and accurate financial statements for the Tollway.

The fact audits occurred, which were only designed to obtain a high, but not absolute, level of assurance SEGIP's schedules and the Tollway's financial statements were not materially misstated, does not relieve the Tollway's governing board and management nor CMS' officials of their responsibilities under the professional standards.

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
A Component Unit of the State of Illinois
COMPLIANCE EXAMINATION
Current Findings – *Government Auditing Standards*
For the Year Ended December 31, 2020

Finding 2020-002 Need to enhance Relationship with the Illinois State Police

The Illinois State Toll Highway Authority (Tollway) needs to update the duties, roles, functions, and responsibilities within its Intergovernmental Agreement (IGA) with the Illinois State Police (ISP).

The State Police Act (20 ILCS 2610/20) notes ISP and the Tollway may enter into an IGA to provide for policing of toll highways, including remuneration of police services, which comprise of (1) compensation and training of troopers and clerical employees, (2) uniforms, equipment, and supplies used by the ISP in patrolling the Tollway, and (3) reimbursements for injuries or occupational illnesses suffered by ISP personnel in the line of duty. In accordance with this IGA, ISP has assigned troopers to District 15 who police the Tollway's highways and facilities, while also allowing for troopers to be diverted to or from District 15 in emergency situations. This IGA was last updated on July 17, 2012.

During testing, we noted the following:

- The IGA does not address how the Tollway and ISP will implement a census data reconciliation process for the troopers directly paid for by the Tollway to provide assurance census data submitted to the State Employees' Retirement System of Illinois (SERS) for pension benefits and the State Employees Group Insurance Program administered by the State of Illinois, Department of Central Management Services (CMS) for the troopers' other postemployment benefits (OPEB) is complete and accurate. Under the current process, we noted:
 - 1) ISP maintains each trooper's personnel records;
 - 2) ISP is responsible for updating each trooper's personnel records;
 - 3) the Tollway is responsible for transmitting the census data within each trooper's personnel records to SERS and CMS through the Tollway's transmission of payroll data to the Office of the Comptroller to actually pay the troopers for their work; and,
 - 4) the Tollway is responsible for subsequently ensuring the information transmitted to SERS and CMS agrees with the records maintained by ISP which support the pension and OPEB balances recorded in the Tollway's financial statements.

The IGA (Part III, Section A) requires the Tollway directly pay the salaries and benefits of troopers assigned to District 15 in accordance with any applicable contract between the ISP and the ISP's unions, making the troopers effectively Tollway employees for financial reporting purposes. For employers where their employees participate in plans with multiple-employer and cost-sharing features, the American Institute of Certified Public Accountants' *Audit and Accounting Guide: State and Local Governments (AAG-SLG)* (§ 13.177 for pensions and § 14.184 for OPEB) notes the determination of net pension/OPEB liability, pension/OPEB expense, and the associated deferred inflows and deferred outflows of resources depends on employer-provided census data reported to the plan being complete and accurate along with the accumulation and maintenance of this data by the plan being complete and accurate. To help mitigate against the risk of a plan's actuary using incomplete or inaccurate census data within similar agent multiple-employer plans, the AAG-SLG (§ 13.181 (A-27) for pensions and § 14.141 for OPEB) recommends an employer annually reconcile its active members' census data to a report from the plan of census data

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submitted to the plan's actuary, by comparing the current year's census data file to both the prior year's census data file and its underlying records for changes occurring during the current year.

Tollway officials indicated they do not consider it their responsibility to ensure ISP officials reconcile their census data.

ISP officials indicated they were not aware of the need to perform annual reconciliations.

- The Tollway and ISP have not fully established proper procedures and mutual understanding of what books and records should be shared between the Tollway and ISP to enable complete and accurate financial reporting within the IGA. For example, we noted an instance where Tollway requests for ISP to produce records necessary to determine the completeness and accuracy of OPEB amounts as part of the Tollway's efforts to correct the conditions noted in Finding 2020-001 was denied by ISP. After follow-up by the Office of the Auditor General and the Governor's Office of Management and Budget, the ISP would only provide this requested information to us and not to the Tollway's officials. Ultimately, we had to design alternative procedures to address not receiving this request. This type of routine interaction should be addressed by the IGA as opposed to requiring intervention by other State officials.

While the IGA (Part IV, Section B) notes ISP shall supply, upon the request of the Tollway, additional books and records related to the cost or efficiency of providing police services to the Tollway, the IGA does not establish what and how financial and non-financial records needed to prepare financial information are to be supplied between Tollway and ISP officials.

Tollway officials indicated they believe ISP officials should have fulfilled this request pursuant to their obligations under the IGA and they did not.

ISP officials indicated the protection of the troopers' personal information is extremely important and they did not want to have information they believed was only needed by the auditors also in the hands of Tollway officials. This position was incorrect, as management – in this case, Tollway officials – needed the data to perform the reconciliation to prepare the Tollway's financial information, while our responsibility as the auditors was to audit management's work.

- The Tollway and ISP do not appear to have active communication protocols to address financial matters within the IGA. We identified several instances of confusion about the responsibilities of the parties and no clear assigned point of contact at both the Tollway and ISP who would oversee their respective party's interactions with the other party within the IGA.

The Government Accountability Office's *Standards for Internal Control in the Federal Government (Green Book)* (§ 15.02 and § 15.03) endorses an entity's management having open communication with, and obtaining quality information from, external parties using established reporting lines to help achieve management's objectives and address related risks. A good system of internal control would include these protocols within the written IGA.

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Tollway and ISP officials indicated each group believed, prior to this audit, that the lines of communication were adequate.

- The ISP did not timely respond to our inquiries regarding census data testing. We provided the ISP with problems noted from our testing on June 7, 2021, and ISP officials provided responses to these matters over several weeks with the last response to all of the matters on August 18, 2021, 72 days later.

The IGA does not address the Tollway's need for promptness in responses by the ISP, which can negatively impact the Tollway's ability to have its financial statements audited and posted on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system by the deadlines established within the Tollway's continuing disclosure agreements for its bond issues. Further, Concepts Statement No. 1 of the Governmental Accounting Standards Board, *Objectives of Financial Reporting* (paragraph 66), states, "If financial reports are to be useful, they must be issued soon enough after the reported events to affect decisions." Finally, Government Finance Officers Association guidance notes governments should complete and file their Annual Comprehensive Financial Report (ACFR) no later than six months after the end of a government's fiscal year to be eligible to receive a Certificate of Excellence in Financial Reporting award.

Tollway officials indicated they believe ISP officials should have fulfilled our request timelier pursuant to their obligations under the IGA and they did not.

ISP officials indicated these delays were due to (1) other competing priorities of staff during the busiest time of the fiscal year, (2) payroll staff working on the new human resources system scheduled to go-live later this fiscal year, (3) additional time needed by staff to review issues that arose from this testing that had not previously been performed by the auditors at ISP, and (4) limited staff numbers.

- The ISP has not been able to maintain a minimum staffing level of 175 troopers assigned to District 15.

The IGA (Part II, Section K) requires, subject to budget availability and certain reassignments and/or diversions allowed for by the IGA, the ISP maintain, at least, 175 troopers with a goal of 196 troopers assigned to District 15.

Tollway officials indicated they disagree that the IGA establishes a minimum staffing level due to the express statements that the minimum staffing level is subject to budget availability and certain reassignments and/or diversions.

ISP officials indicated shortages are an ISP-wide issue due to several factors including, but not limited to, (1) retirements, (2) troopers seeking promotions and changes in job assignments as agreed to through collective bargaining agreements, and (3) the low response rate from the public of individuals seeking to become a trooper.

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In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Tollway establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance resources and funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial reports. Further, the *Green Book* (§ 16.09 and § 17.06) endorses an entity's management conducting ongoing monitoring of operations to identify internal control deficiencies to remediate those deficiencies by implementing timely and appropriate corrective action.

Failure to ensure the IGA between the Tollway and ISP reflects up-to-date duties, roles, functions, and responsibilities and covers all areas of internal control hinders the ability of the Tollway to timely prepare its ACFR and could result in noncompliance with the Tollway's continuing disclosure requirements for its bond issues. Further, failure to ensure compliance with the minimum number of troopers could hinder efforts to provide timely police services and adequate protection of the Tollway's highways and facilities. (Finding Code No. 2020-002)

Recommendation:

We recommend the Tollway work with ISP to update its IGA to allow for:

- 1) performing an initial complete reconciliation of ISP's census data recorded by SERS and CMS to ISP's internal records to establish a base year of complete and accurate census data;
- 2) developing a process to annually obtain from SERS and CMS the incremental changes recorded by SERS and CMS in their census data records and reconcile these changes back to ISP's internal supporting records;
- 3) establishing proper procedures and mutual understanding of what books and records can be shared between the Tollway and ISP to facilitate each party's operations;
- 4) establishing active communication protocols to address financial matters; and,
- 5) establishing deadlines for responses reflective of the Tollway's need to release its ACFR within six months after the end of its fiscal year.

Further, we recommend the Tollway and ISP work together to ensure District 15 has, at least, the minimum number of troopers assigned as required by the IGA.

ISP Response:

The ISP is currently working with the Tollway to update the IGA and will ensure the recommendations are addressed accordingly. Additionally, there is a cadet class in process for the Tollway which will increase the number of officers above the minimum number of troopers assigned to District 15.

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Tollway Response:

The Tollway agrees with recommendations 1 through 5, but disagrees that the IGA unconditionally requires a minimum staffing level.

- As expressly stated in the IGA and agreed by the Tollway and ISP, “ISP District 15 State Troopers” are not Tollway employees. Accordingly, personnel data regarding “ISP District 15 State Troopers” is maintained by ISP rather than the Tollway, and ISP is ultimately responsible for reconciling its census data. The Tollway will work with ISP to ensure the IGA appropriately reflects ISP’s duty to reconcile its census data.
- The IGA compels ISP to make books and records relating to the IGA available for review or audit by representatives of the Tollway, the Auditor General, the Executive Inspector General, the Tollway Inspector General, State of Illinois’ internal auditors, and other governmental entities with monitoring authority. Prior to this audit, the Tollway believed that the lines of communication between Tollway and ISP officials were adequate. Nonetheless, the Tollway will work with ISP to ensure that the IGA more specifically (i) addresses the need for ISP to provide timely responses to requests for books and records, and (ii) identifies necessary lines of communication.
- Regarding District 15 staffing, the IGA expressly states that ISP’s duty to maintain a minimum staffing level is subject to budget availability, reassignments and/or diversions as provided for in the IGA, and agreements of the parties. Thus, for any of these reasons, the staffing level at District 15 may be below the stated minimum, and the deficiency would not violate the IGA. Accordingly, as set forth in the IGA, ISP does not have an unconditional duty to maintain the minimum staffing level identified in the IGA, and it is the Tollway’s understanding that retirements, changes in job assignments as authorized by ISP collective bargaining agreements and low recruitment levels, among other things, adversely impacted ISP’s ability to provide the minimum staffing level identified in the IGA. The Tollway disagrees with the finding that the IGA requires a minimum number of troopers, unconditionally and without exception. The Tollway currently is funding a cadet class which should enable ISP to assign additional troopers to District 15 and potentially achieve the minimum staffing level identified in the IGA.

Auditor Comment:

The Tollway has not provided any evidence to indicate Tollway officials had a separate agreement with ISP officials or that budget availability, reassignments, or diversions as allowed for by the IGA occurred during the period resulting in less than 175 troopers being assigned to ISP’s District 15. In fact, as noted in the finding, ISP officials pointed to several ISP-wide issues as being the root cause of not having 175 troopers assigned to District 15, which did not include any of the conditions noted in the response from the Tollway’s officials. We continue to recommend the Tollway work with the ISP to maintain the minimum number of troopers at District 15.

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Finding 2020-003 Noncompliance with the State Employees Group Insurance Act of 1971

The Illinois State Toll Highway Authority (Tollway) did not ensure its repayment of the pro rata share of certain retiree costs incurred by the State Employees Group Insurance Program (SEGIP) administered by the State of Illinois, Department of Central Management Services (CMS) was complete and accurate.

As further described in Finding 2020-001, employee-related costs incurred by the Tollway include both Tollway employees and staff of the Illinois State Police (ISP) and consist of four groups. The “True Tollway Employees” and “ISP District 15 Support Staff” groups are paid on Tollway payroll vouchers and participate in the Tollway’s group insurance program until they transition to SEGIP for their OPEB at retirement. As these groups participate in the Tollway’s group insurance program until retirement, CMS has not collected the “retiree-load” charge (a charge added to contributions for current employees to obtain cash to pay benefit costs for retirees on a pay-as-you-go basis) built into active-employee SEGIP contributions to fund costs associated with retirees participating in SEGIP. Rather, the State Employees Group Insurance Act of 1971 (Act) (5 ILCS 375/11) requires the Tollway reimburse SEGIP for the pro rata share of the cost of providing retiree benefits to those retirees who had service in “True Tollway Employees” and “ISP District 15 Support Staff” positions compared to their total service to the State.

To enable the Tollway and CMS to accomplish this mandate during Calendar Year 2020, the State Employees’ Retirement System of Illinois (SERS) sent the Tollway a monthly extraction of Tollway-associated retirees along with each retiree’s total SERS’ service credit months and months of total service at the Tollway from SERS’ records. Further, this extraction included the State-paid OPEB costs for retirees, except for the State’s costs for “CMS Direct Bill” retirees, which SERS had previously extracted from the Department’s third-party administrator of SEGIP benefits for another purpose. The totality of this report was imported into the Tollway’s systems to generate a monthly invoice, which was sent to and approved by CMS. These monthly invoices were then aggregated together across the calendar year for one cash contribution to SEGIP by the Tollway in February 2021.

Under Section 11 of the Act, the Tollway and CMS are solely responsible for ensuring compliance with this mandate. While SERS has some of the historical records necessary for the Tollway and CMS to fulfill this mandate, neither CMS nor the Tollway have communicated with nor entered into a written agreement with SERS so SERS officials could understand the information needs of the Tollway and CMS. As a result, the following occurred:

- Each retiree’s service months to the Tollway were not calculated on the same basis as SERS’ total months of service credit. After consultation with officials at CMS with input from SERS officials, it was determined SEGIP benefits are processed based on the service credit granted by SERS. As such, a month of Tollway service should only be included on the monthly extraction if SERS also granted service credit with the associated month of service.

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- The monthly extraction from SERS did not include all retirees from the “True Tollway Employees” and “ISP District 15 Support Staff” groups, while some retirees from the Tollway’s other groups were incorrectly included within the monthly extraction.
- The monthly extraction from SERS did not include the State’s costs for “CMS Direct Bill” retirees. These retirees, as their pension is too small to cover their retiree contribution to SEGIP for their benefits, receive a supplemental billing from the Department for balance due.
- Officials at the Tollway and CMS failed to demonstrate the amounts remitted by the Tollway for the pro rata share of its retirees from the “True Tollway Employees” and “ISP District 15 Support Staff” groups to SEGIP were complete and accurate.

After bringing these problems to the attention of officials at the Tollway, SERS, and CMS, SERS prepared a new data extraction of OPEB costs associated with retirees from the “True Tollway Employees” and “ISP District 15 Support Staff” groups for the months of June 2018, June 2019, and June 2020. The amounts due to SEGIP from these months were used to estimate the total amount due to SEGIP from the 42-month period starting on July 1, 2017, through December 31, 2020. This 42-month period was selected as OPEB records were not timely made available from SERS due to a system conversion at CMS for periods which occurred before July 1, 2017. Tollway officials estimated the Tollway had a net underpayment of contributions to SEGIP for the retirees from the “True Tollway Employees” and “ISP District 15 Support Staff” groups during this 42-month period of \$18,438,839. The Tollway recorded an adjustment for this error in the Tollway’s final financial statements. In addition, the impact of this change on the estimated OPEB-related deferred outflows of resources for subsequent contributions to SEGIP was considered in calculating the adjustment further described in Finding 2020-001.

Tollway and CMS officials are jointly-responsible for understanding and complying with the retiree cost repayment provisions of Section 11 of the Act. In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Tollway to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance resources and funds applicable to operations are properly accounted for to permit the preparation of accounts and reliable financial reports. Finally, the Government Accountability Office’s *Standards for Internal Control in the Federal Government* (Green Book) (§ 15.02 and § 15.03) endorses an entity’s management having open communication with, and obtaining quality information from, external parties using established reporting lines to help achieve management’s objectives and address related risks.

Tollway officials indicated they were unaware of the problems within the file, including the two different bases of monthly service, provided in the extraction by SERS, and they believed the report was accurate because (1) they noticed new retirees appeared on the listing, and (2) CMS approved and returned the monthly reports to the Tollway.

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Failure to properly calculate reimbursements to SEGIP for the pro rata share of the cost of providing retiree benefits to those retirees who had service in “True Tollway Employees” and “ISP District 15 Support Staff” positions compared to their total service to the State hindered the accuracy of the Tollway’s financial reporting, delayed SEGIP’s receipt of cash and prolonged SEGIP’s payment delays to vendors, and represents noncompliance with State law. (Finding Code No. 2020-003)

Recommendation:

We recommend the Tollway communicate with CMS and SERS so all parties have a complete understanding of both the overall process and Tollway’s various employee groups so the factors unique to each group can be considered in calculating the Tollway’s monthly retiree OPEB cost repayment pursuant to Section 11 of the Act. When an understanding has been reached, the parties should enter into a formal, written interagency agreement to memorialize each party’s roles and responsibilities to fulfill this mandate. At a minimum, officials at the Tollway and the Department should agree their records for the amount due to SEGIP at June 30 and December 31 each year.

In addition, the Tollway should work with CMS and SERS to calculate the total amount past due to SEGIP which can be ascertained or, if necessary, soundly estimated based on available records and contribute this amount to SEGIP as soon as practicable.

If, after investigation, the Tollway and CMS determine it is not possible and/or not practicable to comply with Section 11 of the Act both for past periods and future periods, the Tollway and CMS should work with the Governor and the General Assembly to develop a legislative remedy that addresses both the financing needs of SEGIP and facilitates financial reporting in accordance with generally accepted accounting principles.

Tollway Response:

The Tollway concurs with the auditor’s recommendation. The Tollway will work with CMS and SERS to develop an acceptable method to determine the annual payment due to SEGIP for Tollway retirees.

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Finding 2020-004 Inadequate Internal Controls over Census Data

The Illinois State Toll Highway Authority (Tollway) did not have a reconciliation process to provide assurance census data submitted to its pension and other postemployment benefits (OPEB) plans was complete and accurate.

Census data is demographic data (date of birth, gender, years of service, etc.) of the active, inactive, or retired members of a pension or OPEB plan. The accumulation of inactive or retired members' census data occurs before the current accumulation period of census data used in the plan's actuarial valuation (which eventually flows into each employer's financial statements), meaning the plan is solely responsible for establishing internal controls over these records and transmitting this data to the plan's actuary. In contrast, responsibility for active members' census data during the current accumulation period is split among the plan and each member's current employer(s). Initially, employers must accurately transmit census data elements of their employees to the plan. Then, the plan must record and retain these records for active employees and then transmit this census data to the plan's actuary.

We noted the Tollway's employees are members of both the State Employees' Retirement System of Illinois (SERS) for their pensions and the State Employees Group Insurance Program administered by the State of Illinois, Department of Central Management Services (CMS) for their OPEB. In addition, we noted these plans have characteristics of different types of pension and OPEB plans, including single employer plans and cost-sharing multiple-employer plans.

During testing, we noted the following:

- 1) The Tollway had not performed an initial complete reconciliation of its census data recorded by SERS and CMS to its internal records to establish a base year of complete and accurate census data.
- 2) After establishing a base year, the Tollway had not developed a process to annually obtain from SERS and CMS the incremental changes recorded by SERS and CMS in their census data records and reconcile these changes back to the Tollway's internal supporting records.

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For employers where their employees participate in plans with multiple-employer and cost-sharing features, the American Institute of Certified Public Accountants' *Audit and Accounting Guide: State and Local Governments* (AAG-SLG) (§ 13.177 for pensions and § 14.184 for OPEB) notes the determination of net pension/OPEB liability, pension/OPEB expense, and the associated deferred inflows and deferred outflows of resources depends on employer-provided census data reported to the plan being complete and accurate along with the accumulation and maintenance of this data by the plan being complete and accurate. To help mitigate against the risk of a plan's actuary using incomplete or inaccurate census data within similar agent multiple-employer plans, the AAG-SLG (§ 13.181 (A-27) for pensions and § 14.141 for OPEB) recommends an employer annually reconcile its active members' census data to a report from the plan of census data submitted to the plan's actuary, by comparing the current year's census data file to both the prior year's census data file and its underlying records for changes occurring during the current year.

Further, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Tollway establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance resources and funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial reports.

Tollway officials indicated they were not aware of the need to perform the annual reconciliations so they did not request the census data from SERS and CMS to perform the reconciliation.

Failure to reconcile active members' census data reported to and held by SERS and CMS to the Tollway's records could result in each plan's actuary relying on incomplete or inaccurate census data in the calculation of the Tollway's pension and OPEB balances, which may result in a misstatement of these amounts. (Finding Code No. 2020-004)

Recommendation:

We recommend the Tollway work with SERS and CMS to develop an annual reconciliation process of its active members' census data from its underlying records to a report from each plan of census data submitted to the plan's actuary. After completing an initial full reconciliation, the Tollway may limit the annual reconciliations to focus on the incremental changes to the census data file from the prior actuarial valuation, provided no risks are identified that incomplete or inaccurate reporting of census data may have occurred during prior periods.

Tollway Response:

The Tollway concurs with the auditor's recommendation. The Tollway has instituted a process to reconcile active employee census data with SERS' census data. This has been performed in cooperation with SERS for the period ended June 30, 2021, with a plan to reconcile retiree and incremental changes annually going forward.

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Finding 2020-005 Inadequate Controls over Completion of I-9 Forms

The Illinois State Toll Highway Authority (the Tollway) has not established adequate controls over completion of the U.S. Citizenship and Immigration Services (USCIS) I-9 Employment Eligibility Verification Forms (I-9) for the employees hired by the Tollway.

During our sample testing of 40 employees' personnel files, we noted the following:

- Thirteen employees (33%) failed to date section 1 of the I-9 Form by their respective hire date.
- Eleven employees (28%) did not fully complete section 1 of the I-9 Form as there was no indication as to whether the employee used a preparer, translator, or other individual to assist in completing Form I-9 on or before their respective hire date.
- For one employee (3%) the Tollway did not complete section 2 of the I-9 Form.

U.S. Citizen and Immigration Services (USCIS) instructions for I-9 Forms require Section 1 to be completed no later than the first day of employment. After completing Section 1, the employee is to sign their name and document the date signed. Additionally, Section 1 of the I-9 Form requires the employee to indicate whether a preparer, translator, or other individual provided assistance in completing the I-9 Form. The employer is to complete and sign Section 2 of the I-9 Form within 3 days of the employees' first day of employment.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Tollway to establish and maintain a system, or systems, of internal fiscal and administrative controls. Effective internal controls should ensure that employee I-9 forms are properly completed, adequately reviewed by the Tollway, and retained in employee personnel files to ensure compliance.

In discussing this condition with Tollway management, they stated the missing review of the I-9 form and the incomplete I-9 forms were due to human error.

Failure to complete I-9 forms within the required timeframe is a violation of USCIS requirements and could expose the Tollway to penalties. (Finding Code No. 2020-005, 2019-001, 2018-002)

Recommendation:

We recommend the Tollway review their current procedures to prepare, review, and retain I-9 forms and make any necessary changes to ensure compliance with USCIS requirements.

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Tollway Response:

The Tollway concurs with the auditors' recommendation and will reinforce training to staff of current procedures. We will continue the process of auditing all active employee files to verify that I-9 forms are completed and filed appropriately.

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Finding 2020-006 Inadequate Procedures to Approve Timecards

The Illinois State Toll Highway Authority (the Tollway) did not ensure all employee timecards were properly approved in accordance with its formal policies and procedures.

The Tollway utilizes an electronic time reporting system that requires all employees to clock-in at the beginning of each shift and clock-out at the end of each shift. Prior to the COVID-19 pandemic, electronic time punches were supported by biometric verification of the employee's identity; however, during the pandemic beginning mid-March 2020 thru year-end, the biometric verification portion of the time punch was disabled for safety purposes. The electronic reporting system was still utilized and accessed daily by employees and supervisors to record time entries and was used each pay cycle when the payroll was processed to calculate the hourly earnings. In addition to this daily time reporting, the Tollway's formal policies and procedures require each timecard to be certified by the employee and approved by the employees' respective supervisor to ensure the accuracy of the time reported, and to ensure any personal, vacation, sick, or overtime was properly included and reported.

During our sample testing over 40 timecards, we noted four (10%) timecards were not approved by the respective employee's supervisor/manager.

The Tollway's Employee Policies and Procedures Manual (Chapter 5, Section C) states the supervisor must review and approve the time record in a timely manner.

Furthermore, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Tollway to establish and maintain a system, or systems, of internal fiscal and administrative controls. Effective internal controls should include procedures to ensure timecards are approved in accordance with Tollway policies and procedures.

This finding was first noted during the examination for the year ended December 31, 2014. In subsequent years, the Tollway has been unsuccessful in implementing a corrective action plan.

In discussing this condition with Tollway management, they stated the missing approvals were due to human error.

Failure to review and approve timecards results in noncompliance with the Tollway's established internal control procedures. (Finding Code No. 2020-006, 2019-002, 2018-003, 2017-004, 2016-006, 2015-006, 2014-006)

Recommendation:

We recommend the Tollway review its current procedures for reviewing timecards and make any necessary changes to ensure timecards are properly approved in accordance with its formal policies and procedures.

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Tollway Response:

The Tollway concurs with the auditors' recommendation. The Tollway will review current policies and procedures to ensure adequacy and we will continue to reinforce procedures to ensure timely approval of timecards.

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Finding 2020-007 Failure to Fully Comply with the Toll Highway Act

The Illinois State Toll Highway Authority (the Tollway) did not comply with the electric vehicle charging station requirements of the Toll Highway Act.

The Tollway did not construct and maintain at least one electric vehicle charging station at each location in which Tollway has contracted with third parties to provide auto and truck fueling stations, garages, stores, or restaurants, as required. During our testing, we noted three of six Tollway oasis locations (50%) did not have electric vehicle charging stations installed and operating as of December 31, 2020.

The Toll Highway Act (605 ILCS 10/11(e)) requires the Tollway to construct and maintain at least one electric vehicle charging station at any location where the Tollway has entered into an agreement with any entity pursuant to subsection (e) for the purpose of providing motor fuel service stations and facilities, garages, stores, or restaurants by January 1, 2016.

In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Tollway to maintain a system, or systems, of internal fiscal and administrative controls. Effective internal controls should include procedures to ensure the Tollway is in compliance with state mandates.

This finding was first noted during the examination for the year ended December 31, 2016. In subsequent years, the Tollway has been unsuccessful in implementing a corrective action plan.

In discussing this condition with Tollway management, they stated compliance with the statute has proven difficult because the Tollway has leased its oasis facilities to private third parties. The terms of these leases grant the lessees control over the business operations, including whether or not they install electric charging stations. The original legislation requiring electric vehicle charging stations was passed subsequent to the execution of the lease agreements.

Failure to construct and maintain electric vehicle charging stations results in noncompliance with the Toll Highway Act. (Finding Code No. 2020-007, 2019-003, 2018-004, 2017-005, 2016-007)

Recommendation:

We recommend the Tollway fully comply with the requirements of the Toll Highway Act, or seek legislative remedy.

Tollway Response:

The Tollway concurs with the auditors' recommendation. As of early 2021, the Tollway has fully complied with this requirement in the Toll Highway Act. Electric vehicle charging stations have been installed and are operating at all Tollway oasis locations.

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
A Component Unit of the State of Illinois
COMPLIANCE EXAMINATION
Current Findings – State Compliance
For the Year Ended December 31, 2020

Finding 2020-008 Inadequate Controls over Hiring Forms

The Illinois State Toll Highway Authority (the Tollway) has not established adequate controls to complete and retain hiring forms in accordance with the Tollway’s formal policies and procedures.

The Tollway’s hiring and personnel practices are required to be consistent with the U.S. Supreme Court’s 1990 decision in the *Rutan v. Republican Party of Illinois* (*Rutan*) case which states that hiring, promotion, transfer, and recall decisions are not to be decided on the basis of party affiliation or support. Pursuant to this decision, the Tollway follows different hiring processes depending on whether the positions to be filled are *Rutan*-covered or *Rutan*-exempt.

During our review of hiring forms for 10 employees hired by the Tollway during 2020, we noted two employees’ (20%) employment decision forms and memos to the Executive Director could not be located.

The Tollway’s standard operating procedures require all new employees to have memos to the Executive Director and employment decision forms reviewed and signed by the Executive Director documenting the approval to hire the recommended candidate.

In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Tollway to establish and maintain a system, or systems, of internal fiscal and administrative controls. Effective internal controls should include procedures to ensure required forms are completed and retained in accordance with the Tollway’s policies and procedures.

In discussing this condition with Tollway management, they stated the missing forms and memos were due to staff turnover.

Failure to complete required forms results in noncompliance with the Tollway’s policies and procedures. (Finding Code No. 2020-008)

Recommendation:

We recommend the Tollway fully comply with the existing policies and procedures to complete and retain hiring forms.

Tollway Response:

The Tollway concurs with the auditors’ recommendation. We will continue to ensure that all hiring forms are completed and retained in accordance with established hiring policies and procedures.

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
A Component Unit of the State of Illinois
COMPLIANCE EXAMINATION
Prior Findings Not Repeated
For the Year Ended December 31, 2020

State Compliance

A. Noncompliance with Toll Highway Act Reporting Requirements

During the prior year examination, the Illinois State Toll Highway Authority (the Tollway) did not comply with the reporting requirements of the Toll Highway Act.

During the current year examination, we noted the Tollway strengthened its controls over reporting requirements. Similar exceptions were not noted during our current year testing. (Finding Code No. 2019-004, 2018-005, 2017-006)

B. Inadequate Procedures for Approval of Vendor Invoices

During the prior year examination, the Illinois State Toll Highway Authority (the Tollway) did not have adequate procedures to approve, process, and pay vendor invoices.

During the current year examination, the number of exceptions noted was significantly less than in the prior year. This finding has been moved to the immaterial findings letter as finding number IM2020-001. (Finding Code No. 2019-005, 2018-008)

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY

A Component Unit of the State of Illinois

Comparative Schedule of Cash Receipts
and Deposits into the State Treasury
For the Year Ended December 31, 2020

Schedule 1

State Treasury Fund 455:

Receipt Source:

Tolls	\$	1,176,029,284
Bond Proceeds		499,783,000
Miscellaneous		108,661,124
Petty Cash Fund Returned		100
Prior Year Warrant Voided		1,572
Total Receipts per the Agency's Records	\$	<u>1,784,475,080</u>
Receipts per the Agency's Records:	\$	1,827,262,497
Deposits in Transit, Beginning of Year		45,414,764
Deposits in Transit, End of Year		<u>(88,202,181)</u>
Deposits Recorded by the State Comptroller	\$	<u>1,784,475,080</u>

See accompanying independent auditors' report.

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
A Component Unit of the State of Illinois

Supplementary Information for State Compliance Purposes
Analysis of Operations
Tollway Functions and Planning Program (Unaudited)
For the Year Ended December 31, 2020

Tollway Functions and Planning Program

The Tollway was established in 1968 as an instrumentality and administrative agency of the State of Illinois. The Tollway was created to provide for construction, operation, regulation, and maintenance of toll highways to accommodate the traveling public through and within the State of Illinois.

The Tollway's predecessor, the Illinois State Toll Highway Commission established in 1953, issued revenue bonds totaling \$493,250,000 to finance the original three toll highways. During 1974, the Tollway completed the westward extension of the Ronald Reagan Memorial Tollway (formerly the East-West Extension) of the toll highway system. In 1992, the Tollway completed the Veterans Memorial Tollway (formerly the North-South). In 2007, the Tollway completed the South extension of the Veterans Memorial Tollway. In 2017, the Tollway completed the Illinois Route 390 Tollway. Since 1985, the following bonds have been issued:

- 1985, \$167,200,000, Refunding revenue bonds to advance refund \$204,354,000 of the 1955 series bonds.
- 1986, \$400,825,000, Priority revenue bonds to pay the cost of construction of the North-South Tollway, an expansion of the State toll highway system;
- 1987, \$139,145,000, Refunding revenue bonds to advance refund \$117,115,000 of the 1985 refunding bonds;
- 1992, \$459,650,000, Priority revenue bonds to pay the cost of construction of the Tri-State Tollway Widening Project;
- 1993, \$387,345,000, Refunding revenue bonds to advance refund \$342,290,000 of 1985, 1986, and 1992 series bonds;
- 1996, \$148,285,000, Refunding revenue bonds to advance refund \$144,300,000 of 1986 and 1987 series bonds;
- 1998, \$325,135,000, Refunding revenue bonds to advance refund \$313,105,000 of 1992 series bonds;
- 2005 A, \$770,000,000, Senior Priority Revenue Bonds to pay a portion of the costs of the Congestion Relief Program.
- 2006 A, \$1,000,000,000, Senior Priority Revenue Bonds to pay a portion of the costs of the Congestion Relief Program.
- 2007 A, \$700,000,000, Variable Rate Senior Priority Revenue Bonds to pay a portion of the costs of the Congestion Relief Program.
- 2008 A, \$766,200,000, Variable Rate Senior Refunding Revenue Bonds to advance refunds all of the \$500,000,000 2006 Series A-2 Bonds and \$208,340,000 of the 2006 Series A-1 Bonds.

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
A Component Unit of the State of Illinois

Supplementary Information for State Compliance Purposes
Analysis of Operations
Tollway Functions and Planning Program (Unaudited)
For the Year Ended December 31, 2020

- 2008 B, \$350,000,000, Senior Priority Revenue Bonds to pay a portion of the costs of the Congestion Relief Program.
- 2009 A, \$500,000,000, Senior Priority Revenue Bonds (Taxable) to pay a portion of the costs of the Congestion Relief Program.
- 2009 B, \$280,000,000, Senior Priority Revenue Bonds (Taxable) to pay the costs of the Congestion Relief Program.
- 2010 A-1, \$279,300,000, Senior Revenue Bonds (Refunding) to advance refund \$287,300,000 2008 Series A-2 Bonds.
- 2013 A, \$500,000,000, Senior Revenue Bonds to pay a portion of costs of the “Move Illinois” Program.
- 2013 B-1, \$217,390,000, Senior Revenue Bonds (Refunding) to advance refund \$228,195,000 2005 Series A Bonds.
- 2014 A, \$378,720,000, Senior Revenue Bonds (Refunding) to advance refund \$436,545,000 2005 Series A Bonds.
- 2014 B, \$500,000,000, Senior Revenue Bonds to pay a portion of costs of the “Move Illinois” Program.
- 2014 C, \$400,000,000, Senior Revenue Bonds to pay a portion of costs of the “Move Illinois” Program.
- 2014 D, \$264,555,000, Senior Revenue Bonds (Refunding) to advance refund \$291,660,000 2006 A-1 Series Bonds.
- 2015 A, \$400,000,000, Senior Revenue Bonds to pay a portion of costs of the “Move Illinois” Program.
- 2015 B, \$400,000,000, Senior Revenue Bonds to pay a portion of costs of the “Move Illinois” Program.
- 2016 A, \$333,060,000, Senior Revenue Bonds (Refunding) to advance refund \$350,000,000 2008 B Series Bonds.
- 2016 B, \$300,000,000, Senior Revenue Bonds to pay a portion of costs of the “Move Illinois” Program.
- 2017 A, \$300,000,000, Senior Revenue Bonds to pay a portion of costs of the “Move Illinois” Program.
- 2018 A, \$515,250,000, Senior Revenue Bonds (Refunding) to advance refund \$262,500,000 2007 Series A-2 Bonds, \$189,600,000 2008 Series A-1a Bonds and \$78,060,000 2009 Series A Bonds and two variable -to-fixed interest rate exchange agreements.

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
A Component Unit of the State of Illinois

Supplementary Information for State Compliance Purposes
Analysis of Operations
Tollway Functions and Planning Program (Unaudited)
For the Year Ended December 31, 2020

- 2019 A, \$300,000,000 Senior Revenue Bonds to pay a portion of costs of the “Move Illinois” Program.
- 2019 B, \$225,245,000 Senior Revenue Bonds (Refunding) to advance refund \$276,560,000 2010 Series A-1 Bonds.
- 2019 C, \$697,870,000 Senior Revenue Bonds (Refunding) to advance refund \$350,000,000 2007 Series A-1 Bonds, \$87,500,000 2007 Series A-2d Bonds, \$189,600,000 2008 Series A-1b Bonds and \$94,825,000 2008 Series A-2 Bonds and five variable-to-fixed interest rate exchange agreements.
- 2020 A, \$500,000,000 Senior Revenue Bonds to pay a portion of costs of the “Move Illinois” Program.

The operations of the Tollway are administered by a Board of Directors, which includes the Governor of the State of Illinois and Secretary of the Illinois Department of Transportation as Ex-Officio members.

The Tollway has the power and responsibility to establish and collect tolls sufficient to pay for maintenance, repairs, regulation, and operation of the toll highway system and to meet its debt service funding requirements. The Tollway does not receive any State government appropriations. No federal grants were received in 2020.

The Tollway’s accounting records are maintained in accordance with the Tollway’s Trust Indenture. The Tollway’s Trust Indenture prescribes investment and accounting requirements, which differ in some instances from GAAP. The Tollway prepares quarterly and annual Trust Indenture financial reporting. At fiscal year-end, management makes accounting entries to convert the Tollway’s accounting records to GAAP for annual financial reporting purposes. The Trust Indenture also requires the Tollway to prepare a tentative budget of the operating expenditures for the ensuing calendar year on or before October 31. The budget is required to include the recommendation of the consulting engineers as to the renewal and replacement deposit for the budget year. The final budget must be approved by the Board of Directors of the Tollway prior to January 31 of the calendar year budgeted. The Tollway complied with these budgetary requirements for this fiscal year.

Annual detailed departmental budgets are prepared for all Tollway expenditures. The Chief Financial Officer, Controller, Budget Manager, and each department manager monitor expenditures and analyze budgetary variances.

The Tollway works with the consulting engineers to develop long-range improvement programs for the toll highway system. The Chief Engineer of the Tollway uses the long-range plan with traffic studies and physical inspections to develop annual improvement programs and budgets.

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
A Component Unit of the State of Illinois

Supplementary Information for State Compliance Purposes
Analysis of Operations
Tollway Functions and Planning Program (Unaudited)
For the Year Ended December 31, 2020

The Tollway has developed an adequate and comprehensive planning program to meet its objectives of providing for the construction, operation, regulation, and maintenance of the toll highway system. The Tollway believes that its monitoring of its expenditures and its monitoring of the physical condition of the roads is adequate to meet Tollway goals related to its operating expenditures and improvement programs.

The office of the Tollway's Executive Director is located at the Tollway's Central Administration Building, 2700 Ogden Avenue, Downers Grove, Illinois, 60515.

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
A Component Unit of the State of Illinois

Explanation of Significant Variations in Asset Accounts and Deferred Outflow of Resources* (Unaudited)
For the Year Ended December 31, 2020

Assets and Deferred Outflows of Resources	December 31		Increase/ (decrease)	Percentage change
	2020	2019		
Cash and cash equivalents - unrestricted, current	\$ 1,022,766,480	\$ 319,647,195	\$ 703,119,285	220%
Accounts receivable, net of allowance for doubtful accounts - unrestricted, current	60,617,559	30,711,519	29,906,040	97%
Intergovernmental agreements receivable - unrestricted, current	52,775,634	105,305,602	(52,529,968)	-50%
Investments - unrestricted, current	49,996,900	896,465,630	(846,468,730)	-94%
Land, improvements and construction in progress	2,406,810,049	1,936,209,441	470,600,608	24%
Cash and cash equivalents - debt reserve, restricted, noncurrent	330,190,001	75,213,731	254,976,270	339%
Investments - debt reserve - restricted, noncurrent	95,000,000	325,000,000	(230,000,000)	-71%
Cash and cash equivalents - construction fund	124,935,561	-	124,935,561	100%
Deferred outflow of resources - OPEB	43,550,286	34,084,814	9,465,472	28%

Explanation:

Cash and cash equivalents - unrestricted, current	Dependent on timing of payments. Maintained liquidity due to uncertainty of pandemic.
Accounts receivable, net of allowance for doubtful accounts - unrestricted, current	There was an increase in accounts receivable for evasion recovery in 2020 due to implementation of Tolling 2020 initiative of all electronic tolling.
Intergovernmental agreements - unrestricted, current	There was an amendment to an intergovernmental agreement which provided for the early pay off in 2019 of the receivable from Northwest Suburban Municipal Joint Action Water Agency (NSMJAWA) which caused this balance to be classified as current in 2019, which was subsequently paid.
Investments - unrestricted, current	Maintained liquidity due to uncertainty of pandemic.
Land, improvements and construction in progress	The Move Illinois capital program continued with additional investments in infrastructure.
Cash and cash equivalents - debt reserve, restricted, noncurrent	Funds were moved into money market funds.
Investments - debt reserve - restricted, noncurrent	Funds were moved into money market funds.
Cash and cash equivalents - construction fund	Construction funds remained on hand at the end of 2020.
Deferred outflow of resources - OPEB	The Tollway's net OPEB liability was restated as of 1/1/20 and increased significantly.

* Variances over \$5 million and +/- 20% are considered significant.

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
A Component Unit of the State of Illinois

Explanation of Significant Variations in Liability Accounts and Deferred Inflow of Resources* (Unaudited)
For the Year Ended December 31, 2020

Liabilities and Deferred Inflows of Resources	December 31		Increase (decrease)	Percentage change
	2020	2019		
Accounts payable	\$ 15,365,144	\$ 22,810,970	\$ (7,445,826)	-33%
Net OPEB liability, current	24,417,291	2,388,009	22,029,282	922%
Unearned revenue, less accumulated amortization - noncurrent	23,625,478	13,090,610	10,534,868	80%
Net OPEB liability, non-current	555,600,990	129,060,032	426,540,958	330%
Deferred inflows, pension related	33,054,063	58,557,894	(25,503,831)	-44%
Deferred inflows - OPEB related	87,490,495	45,494,180	41,996,315	92%

Explanation:

Accounts Payable	Dependent on timing of purchases and payments.
Net OPEB liability, current	The allocation of the Tollway's share of the State unfunded OPEB liability was corrected in 2020.
Unearned revenue, less accumulated amortization - noncurrent	There were additional fiber optic contracts signed in 2020.
Net OPEB liability, non-current	The allocation of the Tollway's share of the State unfunded OPEB liability was corrected in 2020.
Deferred inflows, pension related	Deferred inflows decreased in 2020.
Deferred inflows - OPEB related	Deferred inflows increased in 2020 as a result of the restatement as of 1/1/2020 to OPEB liability.

* Variances over \$5 million and +/- 20% are considered significant.

See accompanying independent auditors' report.

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY

A Component Unit of the State of Illinois

Explanation of Significant Variations in Revenues and Expenses* (Unaudited)
For the Year Ended December 31, 2020

<u>Revenues/expenses</u>	<u>2020</u>	<u>2019</u>	<u>Increase/ (decrease)</u>	<u>Percentage change</u>
Procurement, IT finance and administration	\$ 75,211,820	\$ 55,443,876	\$ 19,767,944	35.65%
Investment income	13,726,188	39,833,676	(26,107,488)	-65.54%
Change in net position	124,176,542	374,627,224	(250,450,682)	-66.85%

Explanation:

Procurement, IT, finance and administration

Increase in consulting services and IT expense.

Investment income

Investment returns declined in 2020.

Change in net position

Due to the COVID-19 pandemic, toll revenue dropped by approximately \$200 million, or 17%, in 2020, while additional investments in infrastructure resulted in depreciation expense approximately \$19 million higher than 2019.

* Variances over \$5 million and +/- 20% are considered significant.

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
A Component Unit of the State of Illinois

Analysis of Operations
Average Number of Employees by Function (Unaudited)
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Tollway Employees:		
Executive office	12	9
Directors	9	9
Inspector General	5	5
Internal audit	8	3
Legal	6	8
State police-civilian employees	12	13
Finance	58	61
Administration	29	23
Operations:		
Toll collectors	248	268
Plaza managers and assistants	22	23
Other	81	108
Information Technology	27	38
Engineering:		
Maintenance:		
Roadway	356	390
Transportation	80	72
Engineers	29	36
Others	178	65
Planning	27	24
Procurement	46	53
Diversity & strategic development	10	6
Communications	9	10
Business Systems	15	56
	<u>1,267</u>	<u>1,280</u>
State Troopers	<u>164</u>	<u>153</u>
Total Personnel	<u><u>1,431</u></u>	<u><u>1,433</u></u>

	<u>Amount</u>	<u>Percent</u>
Collective bargaining unit payroll	\$ 61,237,610	56.41%
Non-collective bargaining unit payroll	37,327,243	34.39%
Overtime	<u>9,992,668</u>	<u>9.20%</u>
2020 Total payroll	<u>\$ 108,557,521</u>	<u>100.00%</u>
Collective bargaining unit payroll	\$ 62,627,820	58.52%
Non-collective bargaining unit payroll	34,733,141	32.45%
Overtime	<u>9,667,192</u>	<u>9.03%</u>
2019 Total payroll	<u>\$ 107,028,153</u>	<u>100.00%</u>

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
A Component Unit of the State of Illinois

Analysis of Operations
Analysis of Overtime (Unaudited)
For the Year Ended December 31, 2020

Functional Category:	Engineering, Maintenance of Roadway and Structures	Services and Toll Collection	Traffic Control, Safety Patrol, and Radio Communications ⁽¹⁾	Procurement, IT, Finance and Administration	Total
Overtime Hours Paid	\$ 112,952	\$ 9,976	\$ 8,270	\$ 3,190	\$ 134,388
Compensatory Hours Granted	968	415	535	1,587	3,505
Total Hours	<u>\$ 113,920</u>	<u>\$ 10,391</u>	<u>\$ 8,805</u>	<u>\$ 4,777</u>	<u>\$ 137,893</u>
Value of Overtime Hours Paid	\$ 5,884,261	\$ 467,416	\$ 3,489,072	\$ 151,919	\$ 9,992,668
Value of Compensatory Hours Granted	29,911	13,756	18,804	50,978	113,449
Total Costs	<u>\$ 5,914,172</u>	<u>\$ 481,172</u>	<u>\$ 3,507,876</u>	<u>\$ 202,897</u>	<u>\$ 10,106,117</u>

⁽¹⁾ Value of overtime includes the overtime paid for Illinois State Police District 15 troopers but the number of hours related to this overtime was not available.

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY

A Component Unit of the State of Illinois

Analysis of Operations
Major Construction Projects (Unaudited)
For the Year Ended December 31, 2020

In 2020, the Illinois Tollway completed the ninth year of its 15-year capital program, Move Illinois, which included the following projects.

Jane Addams Memorial Tollway (I-90):

Reconstruction and roadway widening and bridge and ramp repairs. These improvements include fiber optic removal, grading, tree planting, and repairs.

Tri-State Tollway (I-94/I-294/I-80):

Reconstruction and improvement of the Tri-State Tollway from 95th Street to Balmoral Avenue. Reconstruction of the Edens Spur and the Archer Avenue, Santa Fe Railway, and Mile Long bridges.

Veterans Memorial Tollway (I-355):

Roadway resurfacing from I-55 to Army Trail Road and roadway widening between Illinois Route 56 and Illinois Route 38.

Reagan Memorial Tollway (I-88):

Roadway reconstruction between York Road and I-290 and reconstruction of the connector ramp between the Tri-State Tollway and I-88.

Elgin O'Hare Western Access (I-390 & I-490):

New Illinois Route 390 Tollway from U.S Route 20 to the west side of O'Hare International Airport. Construction of the new I-490 Tollway from Jane Addams Memorial Tollway (I-90) to the Tri-State Tollway (I-294).

Systemwide Projects:

Bridge pavement and interchange improvements, as well as other capital expenditures, such as fleet additions, general engineering consultant, traffic engineer, traffic and incident management system, and other program support activities.

See accompanying independent auditors' report.

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
A Component Unit of the State of Illinois

Analysis of Operations
Service Efforts and Accomplishments (Unaudited)
For the Year Ended December 31, 2020

Tollway Mission

The Illinois State Toll Highway Authority is dedicated to providing and promoting a safe and efficient system of toll supported highways while ensuring the highest possible level of customer service.

Strategic Priorities

With the above Mission Statement in mind, the Tollway is guided by five strategic priorities that are consistent with those outlined by the Governor's Office of Management and Budget:

- Promote the regional economy. (Attract, retain, and grow business)
- Foster environmental responsibility and sustainability in roadway and agency operations. (Improve infrastructure safety)
- Increase collaboration with regional transportation and planning agencies. (Improve infrastructure safety)
- Further transparency and accountability. (Support basic functions of government)
- Enhance customer service for its 1.3 million daily drivers. (Improve infrastructure safety)

Summary of Tollway Operations

The Tollway maintains and operates 294 miles of interstate tollways in 12 counties in northern Illinois, including the Reagan Memorial Tollway (I-88), the Veterans Memorial Tollway (I-355), the Jane Addams Memorial Tollway (I-90), the Tri-State Tollway (I-94/I-294/I-80), and Illinois Route 390.

The Tollway is a user fee system. No state or federal tax dollars are used to support the maintenance and operation of the Tollway System. The Tollway depends on toll revenues and proceeds from the issuance of revenue bonds for the expansion, reconstruction, and improvement of the Tollway system. The Tollway's budget is a balanced budget in which revenues provide sufficient resources for operating and maintenance expenses, debt service and required deposits to the Renewal and Replacement and Improvement Accounts as required by the Trust Indenture.

Key Performance Measures

The following metrics were reported for the year ended December 31, 2020:

- | | |
|---|------------|
| 1. The percentage of vehicles using I-PASS for all hours: | 89.1% |
| 2. Travel Time Index Congestion Measure for the A.M. rush hour: | 0.88 |
| 3. The average personal injury accident clearance time: | 42 minutes |

The following metrics were reported for the year ended December 31, 2019:

- | | |
|---|------------|
| 1. The percentage of vehicles using I-PASS for all hours: | 90.7% |
| 2. Travel Time Index Congestion Measure for the A.M. rush hour: | 1.00 |
| 3. The average personal injury accident clearance time: | 35 minutes |

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