State of Illinois
Illinois Finance Authority

Financial Audit
For the Year Ended June 30, 2020

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

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

Financial Audit
For the Year Ended June 30, 2020

Table of Contents

Agency Officials

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

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

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

ILLINOIS FINANCE AUTHORITY

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December 16, 2020

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

The annual financial report for the Illinois Finance Authority ("Authority") for the year ended June 30, 2020 is hereby submitted. Responsibility for the accuracy of the data in this report and completeness of its presentation lies solely with the Authority's management. The Authority has established internal controls that are designed to protect the Authority's assets from loss, theft and misuse and to compile complete and reliable information. As the cost of internal control should not exceed its benefits, the controls in place have been designed to provide reasonable, rather than absolute assurance, that the financial statements presented are free from material misstatements. To the best of our knowledge, this financial report is accurate and complete in all material aspects and fairly reflects the Authority's financial position and changes in financial position of the various funds of the Authority and the Authority as a whole.

We are pleased to report that the independent audit firm RSM US LLP has issued an unmodified opinion on the Authority's financial statements for the year ended June 30, 2020. The independent auditor's report is located at the front of the financial section of this report.

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

The Illinois Finance Authority Act (20 ILCS 3501/845-50), mandates the Authority to prepare financial statements which include a financial statement of its operations and its assets and liabilities. In the view of the Authority, the letter of transmittal in conjunction with the audited financial statements satisfies the requirement of this act and will be made available for distribution.

PROFILE OF THE ILLINOIS FINANCE AUTHORITY

Purposes and Projects of the Authority

The Authority is a body politic and corporate created by State statute. The Authority is governed by fifteen volunteer members who are appointed by the Governor and confirmed by the Senate. The Governor directly appoints the Authority Chair. As of June 30, 2020, the Authority had 21 employees who do not participate in the State's pension or health insurance programs and who are paid with Authority locally held funds, not State tax dollars appropriated by the General Assembly.

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

Long-term debt is incurred only to raise the capital necessary to provide financing for projects, including, but not limited to, health care facility projects, educational facility projects, housing projects, cultural institution projects, public purpose projects, industrial projects, agricultural projects, property assessed clean energy ("PACE") projects, and environmental facility projects as well as projects to or on behalf of, or in connection with, businesses, local governments and other public borrowers, water systems, senior living facilities, farmers, agribusinesses, student loans and others. The Authority finances the aforementioned projects in order to (1) promote a vigorous growing economy and avoid involuntary unemployment for Illinois residents; (2) reduce the cost of indebtedness to State taxpayers and residents; and (3) otherwise enhance the quality of life in Illinois by benefiting the health, welfare, safety, trade, commerce, industry and economy of the people of Illinois consistent with its statutory declarations of policy.

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

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

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

From time to time, the Authority has and may issue taxable conduit bonds (without federal exemption). Borrowers may see an advantage in issuing taxable conduit bonds through the Authority with a municipal CUSIP number. Public Act 101-0169 (House Bill 3501), the PACE Act comprehensive technical rewrite was enacted into law on July 29, 2019. As of June 30, 2020, the Authority has issued two bonds totaling $41,240,000 under House Bill 3501 as taxable conduit debt.

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

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

The Authority also issues federally tax-exempt bonds for the purpose of providing loans to other public agencies of the Primary Government and component units of the State of Illinois. Although similar to conduit bonds, these bonds are issued for the benefit of third parties that are part of the Authority's financial reporting entity, the State of Illinois. They do not meet the definition of conduit debt under GAAP and thus are reported as liabilities on the Authority's basic financial statements. Since this type of debt is also reported as a receivable on the Authority's basic financial statements, the impact to the Authority's net position is zero. For example, currently, the vast majority of the Authority's "component unit" debts are the State Revolving Fund ("SRF") bonds issued on behalf of the Illinois Environmental Protection Agency ("IEPA").

Moral Obligation or Additional Security Pledge

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

In Fiscal Year 2020, the Authority did not issue any bonds with a pledge of the State's moral obligation, additional security or any kind of contingent State taxpayer guarantee. As of June 30, 2020, the amount of outstanding bonds issued by the Authority with the State's pledge of moral obligation or additional security was zero.

Economic Factors, Decisions and Conditions

Beginning in February 2018, the Authority responded to the specific existential challenges posed by the federal Tax Cuts and Jobs Act ("TCJA") as well as larger economic and social trends through the development and implementation of the ***Transformation Initiative***. Specifically, the Authority recognized value in further diversifying its products and services so that its revenues were not as strongly correlated with the issuance of a single product, in this case, federally tax-exempt conduit bonds. Reflected in the priorities of the Authority's Fiscal Years 2019, 2020, and 2021 budgets, the Transformation Initiative is a growth and impact strategy, consistent with both the Authority's statutory policy objectives (2004) and its strategic plan (2013). The Transformation Initiative is designed to help meet Illinois' most pressing financial challenges in innovative ways and more effectively achieve the Authority's mission and its statutory declarations of policy. The Transformation Initiative seeks simultaneously to diversify the Authority's impact and revenue through the development and expansion of new products and services and to increase the Authority's organizational capacity by adding talent with new skills and experience. The additional organizational capacity allows for segregation of duties within a comparatively small organization, provides for essential function redundancy, and puts in place a possible succession framework. The Transformation Initiative also recognizes a fundamental distinction among the Authority's tools between products, where there is economic demand for the service provided, thus creating revenue to support the Authority's operations, and programs, where the Governor, the Authority members, or the General Assembly have decided that the Authority must provide a service at cost or even a loss. Finally, the Transformation Initiative recognizes that development and implementation of new products and services may require years of investment before generating revenue or having positive impact consistent with its statutory declarations of policy.

During Fiscal Year 2020, the Authority, through the Transformation Initiative, continued to invest in the development and implementation of these products and areas:

- Commercial PACE;
- Rejuvenated Participation Loans;
- Loans authorized by Senate Bill 1300 (Public Act 101-0610, effective date, January 1, 2020, "SB 1300"); and
- Enhanced organizational capacity and strength.

At the February 11, 2020 meeting of Authority Members, the Authority inaugurated its Sustainable Financing/Addressing Climate Change process ("***Climate Process***") within the Transformation Initiative. The Climate Process follows the direction of the Governor's Executive Order No. 2019-06 on climate change as well as builds upon the Authority's success with respect to the State of Illinois Clean Water Initiative Revolving Fund Revenue Bonds, Series 2019 Green Bonds and PACE. The Climate Process recognizes the importance of the view described in the January 2020 Letter to CEOs by Larry Fink, the CEO of Blackrock which manages nearly $7 trillion in assets: "we are on the edge of a fundamental reshaping of finance" [due to climate change]. In the near future – and sooner than most anticipate – there will be a significant reallocation of capital." Events since January 2020 have only strengthened the persuasive power of Mr. Fink's words.

On March 15, 2020, the Authority moved to full "remote/work from home" operations due to the spread of the COVID-19 global pandemic. On March 20, 2020, Governor Pritzker issued Executive Order 2020-10 requiring all Illinoisans to stay in their homes to prevent the further spread of COVID-19. The second half of March 2020 saw disruption in the municipal capital markets, including those sectors served by the Authority, until the federal government took decisive action. COVID-19 and the resultant series of orders from Governor Pritzker challenged the ability of the Members of the Authority to meet in person, as had been the Authority's longstanding practice. As a result, the Authority cancelled its April 14, 2020 regular scheduled meeting. Ultimately, outside bond counsel approved of remote meeting language incorporated into Governor Pritzker's series of executive orders with respect to COVID-19. On May 12, 2020, the Authority held its first remote meeting of its Members. In June 2020, state law was clarified with respect to remote meetings as well. Since March 10, 2020 and as of this date, the Authority has successfully held eight remote meetings of its Members, on the dates of the regularly scheduled meetings, the second Tuesday of each month. Accordingly, since March 15, 2020, Authority staff have continued to close conduit bond transactions, generate revenue on behalf of the Authority, and conduct ongoing organizational operations while working remotely from home.

As of June 30, 2020, the highlights of the Authority's successes and accomplishments include:

- Despite the unprecedented economic and operational challenges posed by the COVID-19 global pandemic, effectively managed operating expenses for Fiscal Year 2020, to end Fiscal Year 2020 with a small net income loss of $58 thousand in the General Fund and an overall increase in net position of $1 million when including all funds. Comparatively small net operating loss was achieved through careful management and monitoring of expenses $4.52 million, or 6.5% lower than budget, and higher than anticipated nonoperating revenues from investments of $1.18 million or 14.6% higher than budget;
- The Authority issued its largest not-for-profit healthcare federally tax-exempt conduit bond financing of this fiscal year on behalf of NorthShore University HealthSystem Obligated Group with a par amount of $517,125,000;
- The Authority issued its largest not-for-profit higher educational federally tax-exempt conduit bond financing of this fiscal year on behalf of the University of Chicago with a par amount of $164,555,000;
- The Authority issued federally tax-exempt conduit bonds on behalf of qualified corporate borrowers: Waste Management, Inc. for the first time since 2007, and American Water Capital Corporation for the first time since 2010;

- House Bill 3501, the PACE Act comprehensive technical rewrite, was enacted into law on July 29, 2019 as Public Act 101-0169. In Fiscal Year 2020, the Authority successfully closed two taxable PACE conduit bonds;
- SB 1300 was enacted into law as Public Act 101-0610. SB 1300 creates two new investment funds: the Police Officers' Pension Investment Fund and the Firefighters' Pension Investment Fund (the "Funds"). Through the creation of the Funds, and the consolidation of the $14.2 billion of associated pension assets, the downstate and suburban police and fire fund system will go from 650 investment portfolios, to two. The Funds will take material steps to ensure the retirement security of Illinois local first responders by increasing investment returns in a prudent manner. In doing so, the Funds should reduce the future burden on hard-pressed Illinois property taxpayers. The Authority plays a critical role in start-up and the consolidation of the Funds. SB 1300 authorizes the Authority to lend, and each of two funds to borrow, up to $7.5 million in capital (for a combined total of $15 million) to be used for start-up expenses. As of June 30, 2020, the Authority has loaned a combined amount of $491 thousand to the Funds; and
- Successfully added positions of accountants and entry-level analysts to add redundancy, depth, succession, and career paths to the Authority in connection to the ***Transformation Initiative.***

Respectfully Submitted,

SIGNED ORIGINAL ON FILE

Christopher B. Meister
Executive Director
Illinois Finance Authority

Financial Statement Report

Summary

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

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

Independent Auditor's Report

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Board of Directors
Illinois Finance Authority

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Illinois Finance Authority (Authority), a component unit of the State of Illinois, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Authority as of June 30, 2020, and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As discussed in Note 1 to the financial statements, the financial statements of the Authority are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of the business-type activities, each major fund, and the aggregate remaining fund information of the State of Illinois that is attributable to the transactions of the Authority. These financial statements do not purport to, and do not, present fairly the financial position of the State of Illinois as of June 30, 2020, the changes its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11 - 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

The combining statement of net position – nonmajor funds, combining statement of revenues, expenses, and changes in net position – nonmajor funds, combining statement of cash flows – nonmajor funds, and statement of changes in assets and liabilities – agency fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2020 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE

Schaumburg, Illinois
December 16, 2020

Our discussion and analysis of the financial performance of the Illinois Finance Authority (the "Authority"), a component unit of the State of Illinois, provides an overview of financial activities for the fiscal year ended June 30, 2020. Because the intent of this management discussion and analysis is to look at financial performance as a whole, readers should also review the financial statements, and notes to the basic financial statements, to further enhance their understanding of the Authority's financial performance.

Financial Highlights

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

On the basic financial statements under Statement of Net Position, Total Assets and Deferred Outflows of Resources among the General Operating Fund, Other State of Illinois Debt Fund, and Nonmajor Funds equaled $1.8 billion in Fiscal Year 2020, while Total Liabilities across all three categories equaled $1.6 billion. Total Assets and Deferred Outflows of Resources decreased $93.4 million and Total Liabilities similarly decreased $94.5 million from Fiscal Year 2019. These overall decreases in Total Assets, Deferred Outflows of Resources, and Total Liabilities primarily occurred in the Other State of Illinois Debt Fund and are attributable to the amortization of bond premium of $30.8 million and the retirement of $68.3 million Illinois Finance Authority State of Illinois Clean Water Initiative Revolving Fund Revenue Bonds (the Series 2013, 2016, 2017 and 2019 Green Bonds, collectively "SRF Bonds"), on behalf of the Illinois Environmental Protection Agency ("IEPA"), which is part of the primary government of the State of Illinois.

On the Statement of Revenues, Expenses and Changes in Net Position, Total Revenues were $44.0 million or 22.2% higher than Fiscal Year 2019, while Total Expenses were $42.9 million or 24.7% higher than Fiscal Year 2019. Total Revenue increased $8.0 million due to greater operating Interest Income in the Other State of Illinois Debt Fund as a result of the $450 million State of Illinois Clean Water Initiative Revolving Fund Revenue Bonds, Series 2019 Green Bonds, issued on behalf of the IEPA ("2019 SRF Green Bonds"). These bonds were issued near the end of Fiscal Year 2019 but had an additional impact on Fiscal Year 2020 as they were outstanding the entire fiscal year. Operating expenses increased $8.5 million, primarily due to greater interest expense in the Other State of Illinois Debt Fund also as a result of the 2019 SRF Green Bonds.

Net Position in the General Operating Fund remained the same, while the Net Position in the Nonmajor Funds increased by $1.1 million, resulting in a Total Net Position of $124.4 million, which was an increase of 0.8% compared to Fiscal Year 2019.

Overview of the Financial Statements

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

Proprietary Funds

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

- The **Statement of Net Position** presents the financial position of the Authority as of June 30, 2020, and includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Authority.

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

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

Fiduciary Funds

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

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

Authority Component Unit

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

Notes to the Basic Financial Statements

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

Additional Information

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

Condensed Statement of Net Position
(Amounts in Thousands)

	Business-type Activities			
	2020	**2019**	**Difference ($)**	**Change (%)**
Current assets	$ 421,550	$ 673,592	$ (252,042)	-37.4%
Capital assets, net	46	53	(7)	-13.2%
Noncurrent assets	1,351,607	1,192,894	158,713	13.3%
Total assets	1,773,203	1,866,539	(93,336)	-5.0%
Total deferred outflow of resources	70	155	(85)	-54.8%
Total assets and deferred outflows of resources	1,773,273	1,866,694	(93,421)	-5.0%
Current liabilities	128,735	104,443	24,292	23.3%
Noncurrent liabilities	1,520,096	1,638,855	(118,759)	-7.2%
Total liabilities	1,648,831	1,743,298	(94,467)	-5.4%
Investment in capital assets	46	53	(7)	-13.2%
Restricted	60,258	59,258	1,000	1.7%
Unrestricted	64,138	64,085	53	0.1%
Total net position	$ 124,442	$ 123,396	$ 1,046	0.8%

Current assets of $421.6 million decreased $252.0 million or (37.4%), primarily due to the decrease in investments of $345.8 million and an increase in cash and cash equivalents of $92.7 million due to the maturity of investments and making additional loans to the primary government.

Capital assets, net of depreciation decreased $7 thousand or (13.2%) due to depreciation expense.

Non-current assets of $1,352 million increased $158.7 million or 13.3% primarily due to the increase in bonds and notes receivable from the primary government of $145.4 million, while the long-term portion of the Authority's unrestricted investment portfolio increased by $7.5 million.

Current liabilities of $128.7 million increased $24.3 million or 23.3% primarily due to the increase in the current portion of bonds and notes payable of $19.3 million and interest payable of $4.2 million due to the debt issued on behalf of the IEPA near the end of Fiscal Year 2019 which was outstanding all of Fiscal Year 2020.

Non-current liabilities decreased $118.8 million or (7.2%), due to the decrease in the long-term portion of bonds and notes payable of $87.9 million and $30.8 million in the noncurrent unamortized bond premium.

Net position may serve, over a period of time, as a useful indicator of the Authority's financial position. As of June 30, 2020, total net position was $124.4 million, an increase of $1.0 million or 0.8% from the balance of $123.4 million in Fiscal Year 2019. Of this amount, $46 thousand represents the Authority's investment in capital assets. Restricted net position of $60.3 million is reported separately to present legal constraints from debt covenants, grantors and/or enabling legislation. The $64.1 million of unrestricted net position represents the excess the Authority would experience if it had to liquidate all of its non-capital liabilities as of June 30, 2020.

The following table presents the changes in net position from Fiscal Year 2019 to 2020:

Changes in Net Position
(Amounts in Thousands)

	Business-type Activities			
	2020	**2019**	**Difference ($)**	**Change (%)**
Revenues:				
Closing fees	$ 2,360	$ 2,272	$ 88	3.9%
Annual fees	231	246	(15)	-6.1%
Administrative service fees	192	266	(74)	-27.8%
Application fees	42	21	21	100.0%
Miscellaneous fees	1	5	(4)	-80.0%
Interest income - loans	31,623	24,436	7,187	29.4%
Transfer of funds and interest in program from the State of Illinois	260	449	(189)	-42.1%
Bad debt recoveries and other	1	-	1	N/A
Interest and investment income	9,265	8,283	982	11.9%
Total revenues	43,975	35,978	7,997	22.2%
Expenses:				
Employee related expenses	2,566	2,555	11	0.4%
Professional services	1,365	1,459	(94)	-6.4%
Occupancy costs	185	174	11	6.3%
General and administrative	370	378	(8)	-2.1%
Bad debt expense	39	15	24	160.0%
Depreciation and amortization	18	17	1	5.9%
Interest expense	38,386	29,828	8,558	28.7%
Total expenses	42,929	34,426	8,503	24.7%
Change in net position	1,046	1,552	(506)	-32.6%
Net position - beginning	123,396	121,844	1,552	1.3%
Net position - ending	$ 124,442	$ 123,396	$ 1,046	0.8%

Operating revenues included closing fees from conduit bond issuances of $2.4 million, an increase of $88 thousand or 3.9%, due to an increase in the number of conduit transaction closings in Fiscal Year 2020. Annual, administrative service, application, and miscellaneous fees showed a collective decrease of $72 thousand or 13.4%, due to a decrease in annual and administrative fees which were offset by the increased number of application fees. The interest income on loans shows an increase from Fiscal Year 2019 of $7.2 million, or 29.4%, due to the increase on outstanding loans with regard to other State of Illinois primary government debt. Interest and investment income of $9.3 million was higher than Fiscal Year 2019 by 11.9%, driven mostly by the increased investment portfolio generated by the additional bond proceeds obtained near the end of Fiscal Year 2019.

All expenses totaled $42.9 million in Fiscal Year 2020, an increase of $8.5 million due mainly from the increase in interest expense caused by the additional debt issued on behalf of the other State of Illinois primary government.

Capital Assets

The Authority has established a policy of capitalizing assets as described in Note 1 to the financial statements. The Authority's investment in capital assets, net of accumulated depreciation, for business-type activities as of June 30, 2020 was $46 thousand.

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

Amounts in Thousands

	2020	2019	Difference ($)	Change (%)
Furniture and equipment	$ 194	$ 193	$ 1	0.5%
Computers	148	139	9	6.5%
Software	288	288	-	0.0%
Total capital assets	630	620	10	1.6%
Less: accumulated depreciation	(584)	(567)	(17)	3.0%
Total capital assets, net	$ 46	$ 53	(7)	-13.2%

Long-Term Debt Obligations

The Authority's primary product and revenue source is the issuance of federally tax-exempt conduit bonds as allowed by the federal tax code and State law. In limited circumstances, the Authority may also issue taxable conduit bonds. Conduit bonds are not the debt or obligation of the Authority, the State or any subdivision thereof, but are solely the debt of the conduit borrower. The Authority issued bonds in connection with 30 separate conduit bond debt transactions in Fiscal Year 2020, with an aggregate principal amount of $1.78 billion.

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

As of June 30, 2020, the aggregate amount of intra-state debt outstanding is $1.4 billion, a decrease of $68.6 million. No new intra-state debt issuances were made during Fiscal Year 2020. SRF Bond leveraged debt does not constitute an indebtedness of the Authority, the IEPA, or the State of Illinois or any political subdivision thereof.

In Fiscal Year 2020, the Authority did not issue any bonds with a pledge of the State's moral obligation, additional security or any kind of contingent State taxpayer guarantee. As of June 30, 2020, the amount of bonds issued by the Authority with the State's pledge of moral obligation or additional security was zero.

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

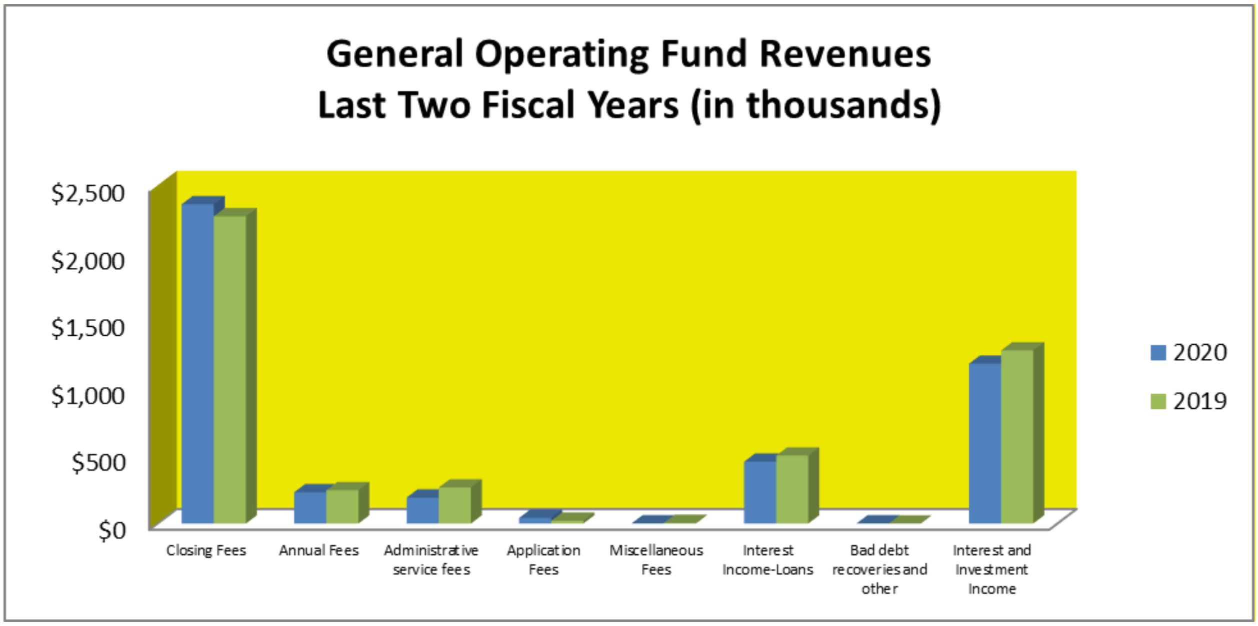
Financial Analysis of the Authority's Funds

The Authority has two major enterprise funds.

<u>General Operating Fund</u> – This fund is the primary operating fund of the Authority, which receives revenues from program applications, interest payments from direct loans, and investment income. All administrative expenses for establishing and monitoring the Authority's programs are paid out of this fund. In Fiscal Year 2020, closing fees accounted for 52.9% of total revenues in the fund, an increase of $88 thousand or 3.9% when compared to 2019, due to an increase in the number of closings and/or bonds issued in Fiscal Year 2020. Interest income on loans decreased by $45 thousand, or 9.0%, as a result of the continued decrease in the amount of outstanding indebtedness attributable to loans to Illinois local governments. This legacy portfolio of Illinois local government loans became part of the Authority's General Operating Fund in 2014 when the Authority used its own funds to defease (pay-off) outstanding bonds enhanced with the State's moral obligation pledge thus removing unnecessary risk to State taxpayers. Administrative service fees total $192 thousand, which is a decrease of $74 thousand or 27.8% from the prior fiscal year in this category. Interest and investment income decreased by $99 thousand or 7.7% in Fiscal Year 2020 due to a smaller investment portfolio. Overall, revenues in the fund totaled $4.5 million, which was $126 thousand or 2.7% lower than Fiscal Year 2019. With spending of $4.5 million, the General Operating Fund realized a decrease in net position of $57.8 thousand.

Amounts in Thousands

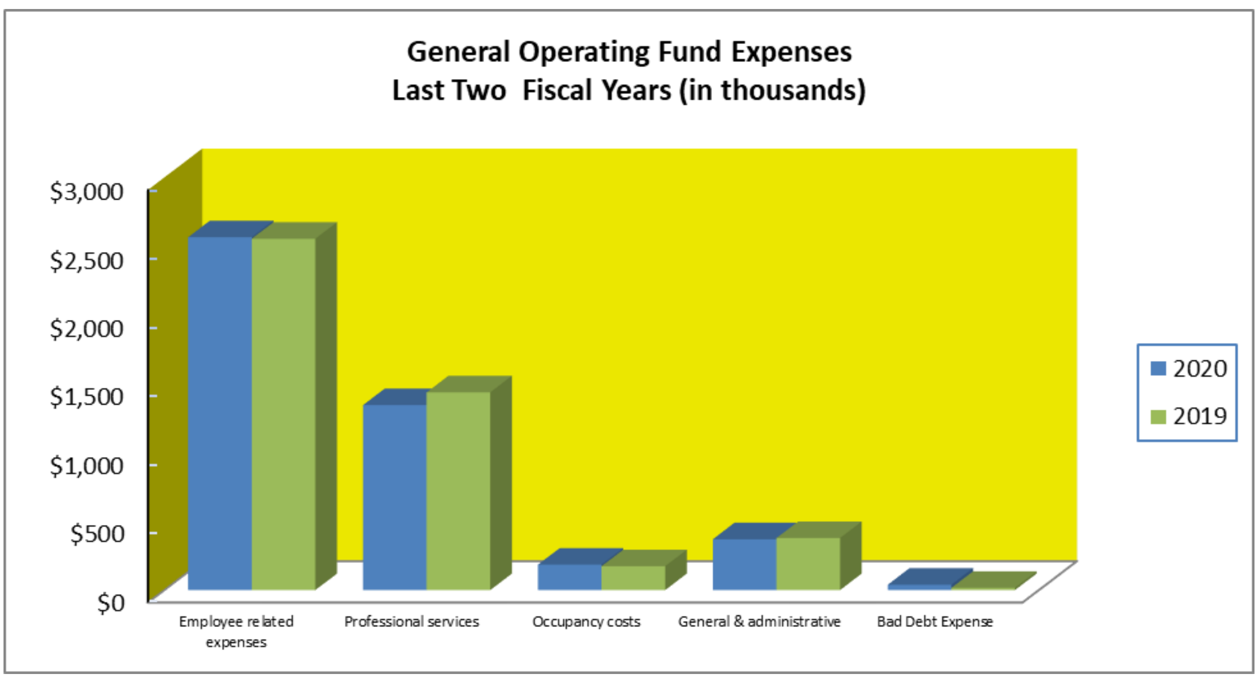
	2020	2019	2020 % of Total	Increase/ (Decrease) from 2019 ($)	Increase/ (Decrease) from 2019 (%)
Closing fees	$ 2,360	$ 2,272	52.9%	$ 88	3.9%
Annual fees	231	246	5.2%	(15)	-6.1%
Administrative service fees	192	266	4.3%	(74)	-27.8%
Application fees	42	21	0.9%	21	100.0%
Miscellaneous fees	1	4	0.0%	(3)	-75.0%
Interest income - loans	457	502	10.2%	(45)	-9.0%
Bad debt recoveries and other	1	-	0.0%	1	N/A
Interest and investment income	1,181	1,280	26.5%	(99)	-7.7%
Total revenues	$ 4,465	$ 4,591	100.0%	$ (126)	-2.7%



Employee related expenses increased only $11 thousand or 0.4% from Fiscal Year 2019. Professional services costs decreased by $93 thousand or 6.5%. Occupancy costs increased by $11 thousand or 6.3%, since Fiscal Year 2019. General and administrative expenses declined by $9 thousand or 2.4%. Overall, expenses in the general operating fund were relatively unchanged decreasing by $55 thousand or 1.2%.

Amounts in Thousands

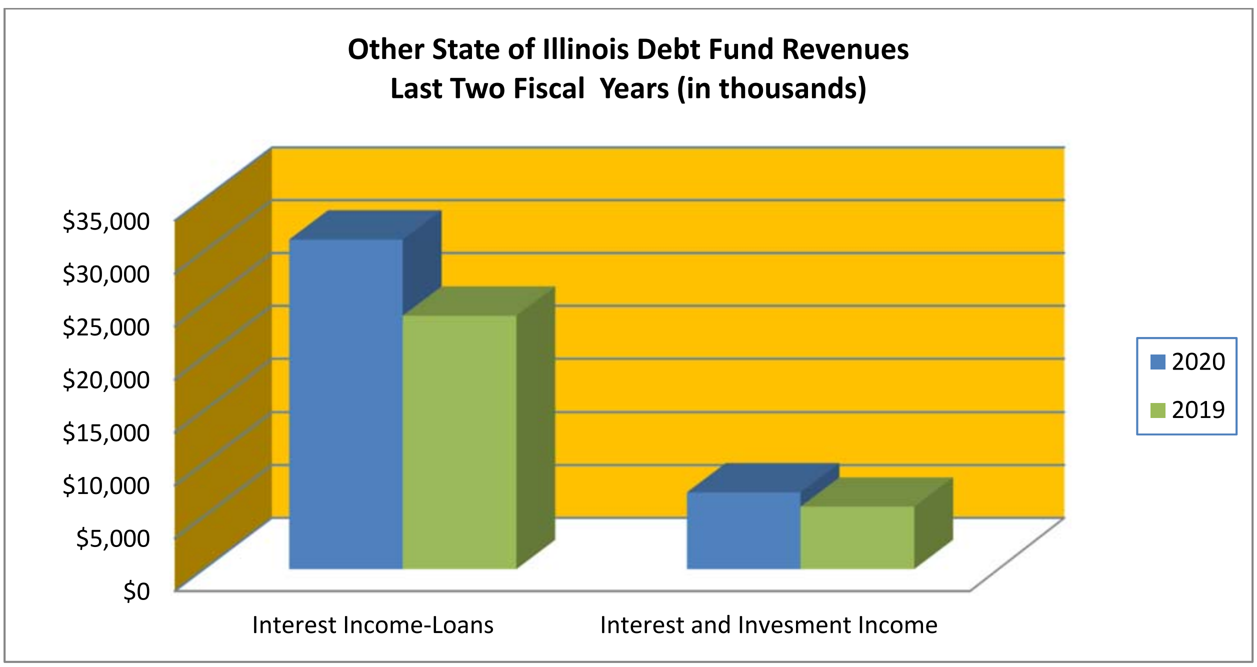
	2020	2019	2020% of Total	Increase/ (Decrease) from 2019 ($)	Increase/ (Decrease) from 2019 (%)
Employee related expenses	$ 2,566	$ 2,555	56.7%	$ 11	0.4%
Professional services	1,345	1,438	29.7%	(93)	-6.5%
Occupancy costs	185	174	4.1%	11	6.3%
General and administrative	370	379	8.2%	(9)	-2.4%
Bad debt expense	39	15	0.9%	24	160.0%
Depreciation and amortization	18	17	0.4%	1	5.9%
Total expenses	$ 4,523	$ 4,578	100.0%	$ (55)	-1.2%



Other State of Illinois Debt Fund – The purpose of this fund is to account for bond proceeds, principal and interest payments, bonds and notes receivable transactions, and other debt related activity for other entities within the State of Illinois' reporting entity. The vast majority of the transactions of this debt fund are attributable to the SRF Bonds but a comparatively small amount is attributable to the Northern Illinois University Foundation conduit bonds. The fund also collects interest and principal payments from the participating borrowers and makes debt service payments on the bonds. All activity in this fund is of a conduit nature (but not within the definition of conduit debt under GAAP) on behalf of the other State agencies and/or component units. Interest income from loans totaled $31.1 million versus $23.9 million from Fiscal Year 2019, an increase of $7.2 million or 30.1%. This increase results from the additional loans made in 2020 to the IEPA using SRF Bond proceeds. Interest and investment income increased in this fund by $1.4 million, due to the additional moneys invested due to the 2019 SRF Green Bond proceeds. Overall, revenues in this fund were $8.6 million or 28.7% higher than Fiscal Year 2019. The ending net position for this fund is zero.

Amounts in Thousands

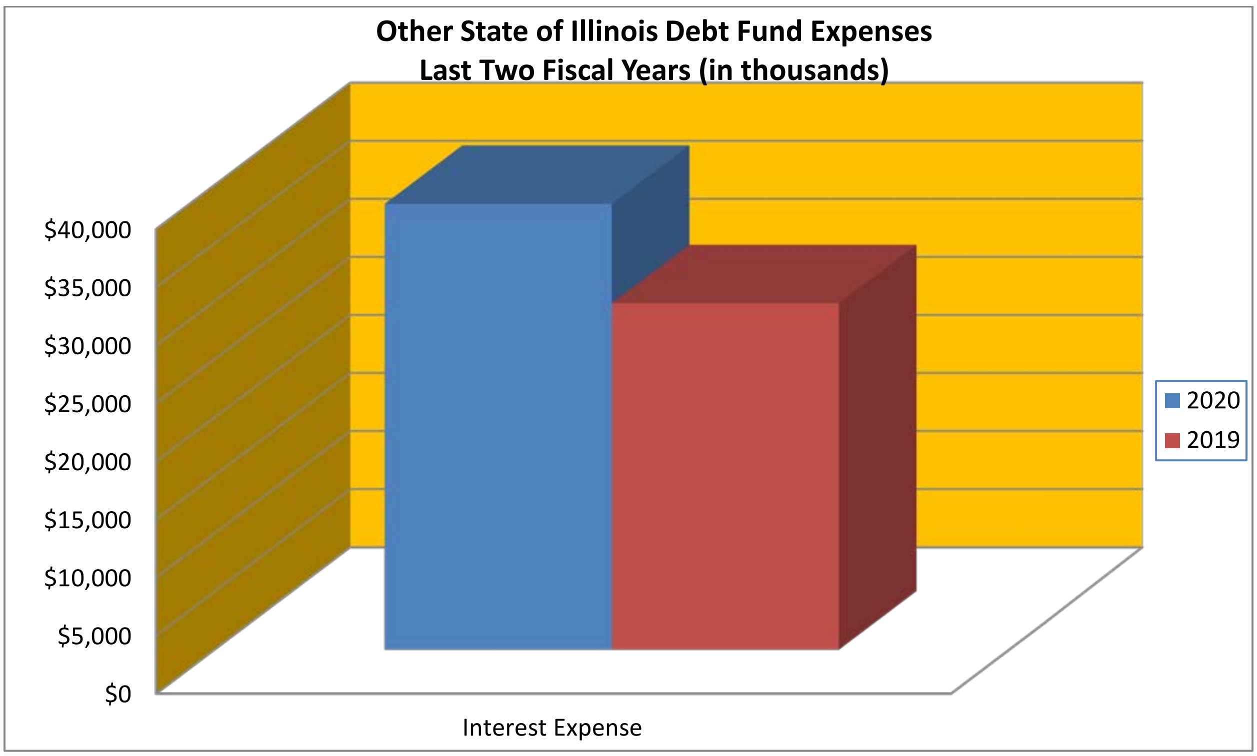
	2020	2019	2020 % of Total	Increase from 2019 ($)	Increase from 2019 (%)
Interest income loans	$ 31,123	$ 23,921	81.1%	$ 7,202	30.1%
Interest and investment income	7,263	5,907	18.9%	1,356	23.0%
Total revenues	$ 38,386	$ 29,828	100.00%	$ 8,558	28.7%



Interest expense in the fund totaled $38.4 million, which is an increase of $8.6 million from Fiscal Year 2019. The increase is attributable to the issuance of the 2019 SRF Green Bonds near the end of Fiscal Year 2019 and outstanding all of Fiscal Year 2020. Other financial activity of these State agencies is included on the financial statements of the primary government.

Amounts in Thousands

	2020	2019	2020 % of Total	Increase from 2019 ($)	Increase from 2019 (%)
Interest expense	$ 38,386	$ 29,828	100.0%	$ 8,558	28.7%
Total expenses	$ 38,386	$ 29,828	100.0%	$ 8,558	28.7%



Nonmajor Funds - As of June 30, 2020, the Authority's nonmajor funds in aggregate reported unrestricted net position of $4.6 million and restricted net position of $60.3 million, for a total net position of $64.9 million. The net position restricted in the nonmajor funds is for locally held agricultural guarantees, public safety, and low-income community investments.

Economic Factors, Decisions and Conditions

All Funds - The Authority receives revenues from the management and closing of financial bond issues and other transactions; evaluating, documenting, and closing loan applications; bond and loan application fees; annual maintenance fees for ongoing agreements; interest on loans; and investment income. The Authority closed Fiscal Year 2020 (ended June 30, 2020) having issued more than $1.78 billion in debt during the 12-month period.

The size, impact and variety of the Authority's projects in Fiscal Year 2020 fulfill the Authority's statutory policy objectives to (1) promote a vigorous growing economy and avoid involuntary unemployment for Illinois residents; (2) reduce the cost of indebtedness to State taxpayers and residents; and (3) otherwise enhance the quality of life in Illinois by benefiting the health, welfare, safety, trade, commerce, industry and economy of the people of Illinois. The Authority's projects also demonstrate the positive social, economic and job creation/retention impact that federally tax-exempt conduit bonds provide to the people of Illinois through not-for-profit organizations, private businesses, and local governments.

The Authority's investment strategy has provided additional and predictable interest and investment income to support the Authority's operations without any support of State tax dollars appropriated by the General Assembly. Overall, the Authority reported an ending Fiscal Year 2020 net position of $124.4 million.

Since its enactment in 2017, the federal Tax Cuts and Jobs Act, 115 Public Law 97 (the "TCJA"), particularly its elimination of advanced refunding, has negatively impacted the Authority's revenues. There are indications that TCJA has lowered the economic benefit to potential federally tax-exempt borrowers and projects, thus lowering the Authority's overall bond issuance volume and revenue. The Authority has responded to this and other economic and social trends through the development and implementation of the Transformation Initiative and through the Transformation Initiative new or expanded product offerings not tied to federally tax-exempt conduit bonds.

At the February 11, 2020 meeting of Authority Members, the Authority inaugurated its Sustainable Financing/Addressing Climate Change process ("Climate Process") within the Transformation Initiative. The Climate Process follows the direction of the Governor's Executive Order No. 2019-06 on climate change as well as builds upon the Authority's success with respect to the 2019 SRF Green Bonds and PACE.

Until COVID-19 and the global pandemic arrived in Illinois in March 2020, the ongoing national consolidation trend in the non-profit healthcare sector, a major driver of the Authority's bond issuance volume and revenues, continued to reduce the number of potential borrowers with projects that qualify for federally tax-exempt conduit bonds. Similarly, non-profit higher education was under particular strain due to rising costs/tuition and declining demographic trends. Also, the continued historically low interest rate environment had compressed the difference between federally taxable interest rates and federally tax-exempt interest rates, thus reducing the economic value to potential borrowers of federally tax-exempt conduit bonds.

As of June 30, 2020, it is too early to determine the full impact of COVID-19 and the global pandemic on the Authority's conduit products and its future revenues. The early indications portend challenges for sectors and borrowers reliant upon any sort of congregate living and working environment.

Requests for Information

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

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

Or visit our website at: http://www.il-fa.com/public-access/financial-reports/2020 for a complete copy of this report and other financial information.

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

Statement of Net Position
June 30, 2020

	General Operating Fund	Other State of Illinois Debt Fund	Nonmajor Funds	Total Business-Type Activities
ASSETS				
Current assets:				
Current unrestricted assets:				
Cash and cash equivalents	$ 3,218,186	$ -	$ 1,780,484	$ 4,998,670
Investments	25,316,798	-	1,747,927	27,064,725
Accounts receivable, net	14,506	-	-	14,506
Loans receivable, net	263,564	-	-	263,564
Accrued interest receivable	480,543	-	14,054	494,597
Bonds and notes receivable	827,400	-	-	827,400
Due from other funds	17	-	-	17
Prepaid expenses	146,127	-	-	146,127
Total current unrestricted assets	30,267,141	-	3,542,465	33,809,606
Current restricted assets:				
Cash and cash equivalents	-	276,556,991	10,341,080	286,898,071
Investments	-	88,211,116	4,120,830	92,331,946
Securities lending collateral equity with the State Treasurer	-	-	5,918,000	5,918,000
Accrued interest receivable	-	5,581	73,332	78,913
Loans receivables, net	-	-	2,513,258	2,513,258
Total current restricted assets	-	364,773,688	22,966,500	387,740,188
Total current assets	30,267,141	364,773,688	26,508,965	421,549,794
Noncurrent assets:				
Noncurrent unrestricted assets:				
Investments	18,787,787	-	853,840	19,641,627
Loans receivables, net	4,328,968	-	200,068	4,529,036
Bonds and notes receivable	6,522,137	-	-	6,522,137
Capital assets, net of accumulated depreciation	46,153	-	-	46,153
Total noncurrent unrestricted assets	29,685,045	-	1,053,908	30,738,953
Noncurrent restricted assets:				
Cash and cash equivalents	-	-	19,068,435	19,068,435
Investments	-	-	2,405,671	2,405,671
Accrued interest receivable	-	-	14,000	14,000
Loans receivables, net	-	-	21,722,894	21,722,894
Bonds and notes receivable from primary government	-	1,277,262,100	-	1,277,262,100
Bonds and notes receivable from State component units	-	441,300	-	441,300
Total noncurrent restricted assets	-	1,277,703,400	43,211,000	1,320,914,400
Total noncurrent assets	29,685,045	1,277,703,400	44,264,908	1,351,653,353
Total assets	59,952,186	1,642,477,088	70,773,873	1,773,203,147
DEFERRED OUTFLOWS OF RESOURCES				
Net loss on debt refundings	-	69,954	-	69,954
Total deferred outflows of resources	-	69,954	-	69,954
Total assets and deferred outflows of resources	59,952,186	1,642,547,042	70,773,873	1,773,273,101

(Continued)

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

Statement of Net Position (Continued)
June 30, 2020

	General Operating Fund	Other State of Illinois Debt Fund	Nonmajor Funds	Total Business-Type Activities
LIABILITIES				
Current liabilities:				
Payable from unrestricted current assets:				
Accounts payable	$ 75,436	$ -	$ 558	$ 75,994
Accrued liabilities	79,877	-	-	79,877
Due to employees	141,511	-	-	141,511
Due to primary government	1	-	-	1
Unearned revenue, net of accumulated amortization	66,026	-	-	66,026
Total current liabilities payable from unrestricted current assets	362,851	-	558	363,409
Payable from restricted current assets:				
Accounts payable	-	-	1,977	1,977
Due to other funds	-	-	17	17
Obligation under securities lending of the State Treasurer	-	-	5,918,000	5,918,000
Accrued interest payable	-	34,443,356	-	34,443,356
Bonds and notes payable, primary government	-	87,525,000	-	87,525,000
Bonds and notes payable, State component units	-	441,300	-	441,300
Other liabilities	-	41,741	-	41,741
Total current liabilities payable from restricted current assets	-	122,451,397	5,919,994	128,371,391
Total current liabilities	362,851	122,451,397	5,920,552	128,734,800
Noncurrent liabilities:				
Payable from unrestricted noncurrent assets:				
Noncurrent payables	585	-	-	585
Total noncurrent liabilities payable from unrestricted noncurrent assets	585	-	-	585
Payable from restricted noncurrent assets:				
Bonds and notes payable, primary government	-	1,323,650,000	-	1,323,650,000
Unamortized bond premium	-	196,445,645	-	196,445,645
Total noncurrent liabilities payable from restricted noncurrent assets	-	1,520,095,645	-	1,520,095,645
Total noncurrent liabilities	585	1,520,095,645	-	1,520,096,230
Total liabilities	363,436	1,642,547,042	5,920,552	1,648,831,030
NET POSITION				
Investment in capital assets	46,153	-	-	46,153
Restricted for:				
Industrial revenue debt and agricultural guarantees	-	-	12,220,925	12,220,925
Public safety loans	-	-	28,942,674	28,942,674
Agricultural and rural development loans	-	-	19,082,435	19,082,435
Low income community investments	-	-	11,472	11,472
Unrestricted	59,542,597	-	4,595,815	64,138,412
Total net position	$ 59,588,750	$ -	$ 64,853,321	$ 124,442,071

See accompanying notes to the basic financial statements.

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

Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2020

	General Operating Fund	Other State of Illinois Debt Fund	Nonmajor Funds	Total Business-Type Activities
Operating revenues:				
Closing fees	$ 2,359,539	$ -	$ -	$ 2,359,539
Annual fees	231,037	-	-	231,037
Administrative service fees	192,200	-	-	192,200
Application fees	41,550	-	-	41,550
Miscellaneous fees	952	-	-	952
Interest income - loans	457,496	31,122,554	42,700	31,622,750
Other revenue	1,452	-	-	1,452
Total operating revenues	3,284,226	31,122,554	42,700	34,449,480
Operating expenses:				
Employee related expenses	2,565,807	-	-	2,565,807
Professional services	1,345,329	-	19,286	1,364,615
Occupancy costs	185,210	-	-	185,210
General and administrative	370,479	-	-	370,479
Interest expense	-	38,386,055	-	38,386,055
Bad debt expense	39,118	-	-	39,118
Depreciation and amortization	17,533	-	-	17,533
Total operating expenses	4,523,476	38,386,055	19,286	42,928,817
Operating (loss) income	(1,239,250)	(7,263,501)	23,414	(8,479,337)
Nonoperating revenues:				
Transfers of funds and interest in program from the State of Illinois	-	-	260,290	260,290
Interest and investment income	1,181,463	7,263,501	820,450	9,265,414
Total nonoperating revenues	1,181,463	7,263,501	1,080,740	9,525,704
Change in net position	(57,787)	-	1,104,154	1,046,367
Net position - beginning of year	59,646,537	-	63,749,167	123,395,704
Net position - end of year	$ 59,588,750	$ -	$ 64,853,321	$ 124,442,071

See accompanying notes to the basic financial statements.

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

Statement of Cash Flows
For the Year Ended June 30, 2020

	General Operating Fund	Other State of Illinois Debt Fund	Nonmajor Funds	Total Business-Type Activities
Cash flows from operating activities:				
Cash received for fees and other	$ 2,827,249	$ -	$ -	$ 2,827,249
Cash payments for employee services	(2,545,417)	-	-	(2,545,417)
Cash payments to suppliers for goods and services	(1,964,684)	-	(20,154)	(1,984,838)
Net cash used in operating activities	(1,682,852)	-	(20,154)	(1,703,006)
Cash flows from noncapital financing activities:				
Bonds and notes principal payments	-	(68,584,122)	-	(68,584,122)
Interest payments	-	(64,934,125)	-	(64,934,125)
Permanent capital transfer from the State	-	-	260,290	260,290
Due from other funds	(17)	-	-	(17)
Due to other funds	-	-	17	17
Net cash (used in) provided by noncapital financing activities	(17)	(133,518,247)	260,307	(133,257,957)
Cash flows from capital and related financing activities:				
Purchase of capital assets	(11,082)	-	-	(11,082)
Net cash used in capital and related financing activities	(11,082)	-	-	(11,082)
Cash flows from investing activities:				
Purchase of investments	(52,655,370)	(3,308,440,770)	(11,276,328)	(3,372,372,468)
Maturity and sales of investments	53,957,817	3,638,171,620	18,543,587	3,710,673,024
Interest and dividends on investments	894,401	7,894,946	759,524	9,548,871
Cash received for interest on loans	441,705	31,126,651	46,338	31,614,694
Cash received on loan receivables and guarantees	1,584,061	417,713,048	2,337,793	421,634,902
Cash payments on loan receivables and guarantees	(655,139)	(562,935,102)	(9,526,326)	(573,116,567)
Net cash provided by investing activities	3,567,475	223,530,393	884,588	227,982,456
Net increase in cash and cash equivalents	1,873,524	90,012,146	1,124,741	93,010,411
Cash and cash equivalents - beginning of year	1,344,662	186,544,845	30,065,258	217,954,765
Cash and cash equivalents - end of year	$ 3,218,186	$ 276,556,991	$ 31,189,999	$ 310,965,176

(Continued)

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

Statement of Cash Flows (Continued)
For the Year Ended June 30, 2020

	General Operating Fund	Other State of Illinois Debt Fund	Nonmajor Funds	Total Business-Type Activities
Reconciliation of operating (loss) income to net cash used in operating activities:				
Operating (loss) income	$ (1,239,250)	$ (7,263,501)	$ 23,414	$ (8,479,337)
Adjustments to reconcile operating (loss) income to net cash used in operating activities:				
Depreciation and amortization	17,533		-	17,533
Interest on loans	(457,496)	(31,122,554)	(42,700)	(31,622,750)
Interest expense		38,386,055	-	38,386,055
Bad debt expense	39,118	-	-	39,118
Changes in assets and liabilities:				
Accounts receivable	519	-	-	519
Prepaid expenses	(99,928)	-	-	(99,928)
Accounts payable and accrued liabilities	31,700	-	(868)	30,832
Due to employees	24,952	-	-	24,952
Net cash used in operating activities	$ (1,682,852)	$ -	$ (20,154)	$ (1,703,006)

See accompanying notes to the basic financial statements.

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

Statement of Fiduciary Net Position - Agency Fund
June 30, 2020

	Metro East Police District Commission Fund
Assets	
Current assets:	
Cash and cash equivalents	$ 4,923
Liabilities	
Current liabilities:	
Other liabilities	$ 4,923

See accompanying notes to the basic financial statements.

Note 1. Summary of Significant Accounting Policies

Reporting Entity

The Illinois Finance Authority ("Authority") is a body politic and corporate created on July 17, 2003, by Public Act 93-205, effective January 1, 2004. Public Act 93-205 consolidated seven of the State's existing finance authorities into the Authority. The Authority succeeded to the rights and duties of the existing finance authorities as of January 1, 2004. Public Act 93-205 also repealed the existing finance authorities' authorizing legislation. The Authority is composed by 15 volunteer Members appointed by the Governor and confirmed with the advice and consent of the Senate. The Governor directly appoints the Authority Chair.

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

Basis of Presentation

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

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

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

Agency funds, such as the Fund are used to report resources held in a purely custodial capacity. Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. As of June 30, 2020, the amount held by the Authority on behalf of the Metro East Police District Commission was $4,923. The Metro East Police District Act was repealed by operation of law on December 31, 2019. The Authority has no statutory powers or duties with respect to the wind-up of the Commission and is not the statutory successor of the Commission. The Authority believes that the General Assembly must act with respect to the disposition of the remaining dollars in this Fund. Until the General Assembly directs the Authority with respect to the disposition of the remaining dollars in this Fund, the Authority will continue to act in a custodial capacity with respect to the remaining dollars in this fiduciary fund.

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

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

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

The IFADF did not apply for an allocation in Fiscal Year 2020. As of June 30, 2020, restricted net position of the IFADF, which is presented as part of the nonmajor funds, is $11,472.

Basis of Accounting

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

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

Cash, Cash Equivalents and Investments

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

Restricted Assets

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

Investments

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

Issuance Costs and Premium and Revenue

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

Deferred Loss on Early Extinguishment

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

Interfund Transactions

The Authority has the following types of interfund transactions:

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

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

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

Capital Assets

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

Capitalization thresholds and the estimated useful lives are as follows:

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

Note 1. Summary of Significant Accounting Policies (Continued)

Vacation and Sick Leave

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

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

Activity related to accrued vacation leave for the year ended June 30, 2020, consisted of the following:

Balance June 30, 2019	Earned	Paid	Balance June 30, 2020	Due Within One Year
$ 116,560	$ 116,078	$ 91,127	$ 141,511	$ 141,511

Healthcare Benefits

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

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

Termination Benefits

Termination, or severance benefits, are specified and detailed in separation agreements between the Authority and former employees. These benefits may include continued payments of the employee's salary for a specified duration of time. The cost of these benefits is calculated based on the employee's last salary amount and includes salary related costs (e.g. Social Security and Medicare tax). No termination and/or severance payments were authorized or disbursed in Fiscal Year 2020.

Net Position

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

Investment in Capital Assets - This component consists of capital assets, net of accumulated depreciation. As of June 30, 2020, the Authority had investments in capital assets of $46,153.

Note 1. Summary of Significant Accounting Policies (Continued)

Net Position (Continued)

Restricted - This component consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the Authority's policy to use restricted resources first, then unrestricted resources when they are needed. As of June 30, 2020, the Authority had restricted net position of $60,257,506 of which $60,246,034 is restricted by State law.

Unrestricted - This component consists of all other net position that do not meet the definition of "restricted" or "investment in capital assets." As of June 30, 2020, the Authority had unrestricted net position of $64,138,412.

Classification of Revenues

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

Use of Estimates

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

Conduit Debt Obligations

In accordance with the Illinois Finance Authority Act (20 ILCS 3501/801-40(c)), the Authority issues limited obligation revenue bonds and participated in lending and leasing agreements to provide low cost financing to businesses, agribusinesses, health care facilities, educational facilities, municipalities, and other organizations in order to stabilize and strengthen the Illinois economy in areas of job creation and job retention. The bonds and leases are secured by the property financed. Upon repayment of the debt, ownership of the acquired facilities transfers to the entity served by the issuance. In regards to these conduit issuances, neither the Authority or the State, nor any political subdivision thereof, is obligated in any manner for repayment of the debt. Accordingly, the bonds and leases are not reported as liabilities in the Authority's basic financial statements. As of June 30, 2020, the aggregate amount of conduit debt outstanding is approximately $22.7 billion.

New Accounting Standards

During Fiscal Year 2020, the Authority did not adopt any new Governmental Accounting Standards Board ("GASB") standards since GASB Statement No. 95, *Postponement of Effective Dates of Certain Authorizing Guidance*, extended the effective dates of certain statements by one year.

Note 1. Summary of Significant Accounting Policies (Continued)

New Accounting Standards (Continued)

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

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

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

- GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

- GASB Statement No. 90, *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Note 1. Summary of Significant Accounting Policies (Continued)

New Accounting Standards (Continued)

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

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

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

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

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

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

Note 2. Stewardship, Compliance and Accountability

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

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

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

Note 3. Cash, Deposits and Investments

Cash, Deposits and Investments

Cash and investments as of June 30, 2020, are classified in the accompanying basic financial statements as follows:

Cash and cash equivalents - unrestricted	$ 4,998,670
Cash and cash equivalents - fiduciary fund	4,923
Cash and cash equivalents - restricted current assets	286,898,071
Cash and cash equivalents - restricted noncurrent assets	19,068,435
Investments - unrestricted current assets	27,064,725
Investments - unrestricted noncurrent assets	19,641,627
Investments - restricted current assets	92,331,946
Investments - restricted noncurrent assets	2,405,671
Total	$ 452,414,068

Cash and investments as of June 30, 2020, consist of the following:

Deposits with financial institutions	$ 159,690
Deposits with State of Illinois Treasurer	19,298,988
Investments	432,955,390
Total	$ 452,414,068

Note 3. Cash, Deposits and Investments (Continued)

Allowable Investments

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

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

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

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

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

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

Note 3. Cash, Deposits and Investments (Continued)

Interest Rate Risk

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

As of June 30, 2020, the weighted average maturities of the Authority's investments were:

Investment Type	June 30, 2020	Weighted Average Maturity (in years)
U.S. Treasury notes	$ 19,019,987	1.11
U.S. Treasury bills	17,997,265	0.11
U.S. Government agency securities	84,042,602	0.33
Money market mutual funds	290,993,973	N/A
Corporate debt securities	20,384,115	0.14
Repurchase agreements	517,448	0.00
Total	$ 432,955,390	

Note 3. Cash, Deposits and Investments (Continued)

Credit Risk

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

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

		Ratings	
Investment Type	June 30, 2020	S & P	Moody's
U.S. Treasury notes	$ 19,019,987	AA+	Aaa
U.S. Treasury bills	17,997,265	AA+	Aaa
U.S. Government agency securities	84,042,602	AA+	Aaa
Money market mutual funds	290,993,973	AAA	Aaa
Corporate debt securities	200,889	AAA	Aaa
Corporate debt securities	205,297	AA+	Aa1
Corporate debt securities	478,667	AA	Aa2
Corporate debt securities	276,417	AA-	Aa3
Corporate debt securities	846,492	A+	A1
Corporate debt securities	2,081,962	A+	A3
Corporate debt securities	2,625,919	A	A1
Corporate debt securities	920,267	A	A2
Corporate debt securities	1,151,363	A	Aa3
Corporate debt securities	750,915	A-	A2
Corporate debt securities	3,847,625	A-1+	P1
Corporate debt securities	6,998,302	A-1	P1
Repurchase agreements	517,448	AAA	Aaa
Total	$ 432,955,390		

Concentration of Credit Risk

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

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

Note 3. Cash, Deposits and Investments (Continued)

Concentration of Credit Risk (Continued)

As of June 30, 2020, investments in any one issuer (other than U.S. Treasury securities and external investment pools) that represent 5% or more of the total Authority investments are as follows:

Issuer	Investment Type	Amount
Goldman Sachs Financial Square Government Fund	Money Market Mutual Funds	$ 290,990,385
Federal Home Loan Bank	U.S. Government Agency Securities	72,074,672

Custodial Credit Risk

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

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

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

The Authority has entered into a repurchase agreement with Bank of America ("Bank"). Under the terms of this agreement, at the end of each business day, the Bank will sell the Authority government securities. The Bank promises to repurchase these same securities at the beginning of the next banking day for the amount invested plus interest. The interest rate is established each day by the Bank. If, on the maturity date, the Bank defaults on its obligation to repurchase the securities, the Bank will transfer the securities to a custodian to hold for the benefit of the Authority. If this occurs, the Authority could incur a loss if the value of the securities declines. At June 30, 2020, the Authority had invested $517,448 under this agreement. The underlying securities are held by Bank of America's safekeeping department.

Note 4. Fair Value Measurement

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

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

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

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

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

The following table presents the Authority's fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2020.

Assets Investments	Total	Level 1	Level 2	Level 3
U.S. Treasury notes	$ 19,019,987	$ 19,019,987	$ -	$ -
U.S. Treasury bills	17,997,265	17,997,265	-	-
U.S. Government agency securities	84,042,602	-	84,042,602	-
Corporate debt securities	20,384,115	-	20,384,115	-
Repurchase agreements	517,448	517,448	-	-
Money market mutual funds	290,993,973	290,993,973	-	-
Total Investments	$ 432,955,390	$ 328,528,673	$ 104,426,717	$ -

Note 5. Securities Lending Transactions

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

During fiscal year 2020 and 2019, Deutsche Bank AG lent U.S. Agency securities and U.S. Treasury securities and received as collateral U.S. dollar denominated cash. Borrowers were required to deliver collateral for each loan equal to at least 100% of the aggregate fair value of the loaned securities. Loans are marked to market daily. If the fair value of collateral falls below 100%, the borrower must provide additional collateral to raise the fair value to 100%.

Note 5. Securities Lending Transactions (Continued)

The State Treasurer did not impose any restrictions during fiscal years 2020 and 2019 on the amount of loans of available, eligible securities. In the event of borrower default, Deutsche Bank AG provides the State Treasurer with counterparty default indemnification. In addition, Deutsche Bank AG is obligated to indemnify the State Treasurer if Deutsche Bank AG loses any securities, collateral or investments of the State Treasurer in Deutsche Bank AG's custody. There were no losses during fiscal years 2020 and 2019 resulting from a default of the borrowers or Deutsche Bank AG.

During fiscal years 2020 and 2019, the State Treasurer and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested in repurchase agreements with approved counterparties collateralized with securities approved by Deutsche Bank AG and marked to market daily at no less than 102%. Because the loans are terminable at will, their duration did not generally match the duration of the investments made with cash collateral. The State Treasurer had no credit risk as a result of its securities lending program as the collateral held exceeded the fair value of the securities lent.

The securities lending collateral received that were invested in repurchase agreements allocated to the Illinois Agricultural Loan Guarantee and Illinois Farmer Agribusiness Loan Guarantee Fund were $3,317,000 and $2,601,000, respectively, as of June 30, 2020.

Note 6. Bonds, Notes and Loans Receivable

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

<u>Illinois Housing Partnership Program</u> - The Authority administers the Illinois Housing Partnership Program ("IHPP") which was established by the Illinois General Assembly in 1985 in order to finance the acquisition and renovation of multi-family housing units. The fund is also authorized to make loans per Public Act 100-919. On November 14, 2019, Senate Bill 1300 (Public Act 101-0610, effective date, January 1, 2020, "SB 1300") passed both chambers of the Illinois General Assembly. SB 1300 creates two new investment funds: the Police Officers' Pension Investment Fund and the Firefighters' Pension Investment Fund. Through the creation of these funds, and the consolidation of the $14.2 billion of associated pension assets, the downstate and suburban police and fire fund system will go from 650 investment portfolios, to two. The Authority plays a critical role in consolidation of these funds. SB 1300 authorized the Authority to lend, and each of two funds to borrow, up to $7.5 million in capital (for a combined total up to $15 million) to be used for start-up expenses. The Illinois Housing Partnership Program is one of the funds allowed to originate loans to the Police Officers' Pension Investment Fund and the Firefighters' Pension Investment Fund and loans to the Police Officers' Pension Investment Fund were made during the year. The total loan outstanding as of June 30, 2020 is $200,068.

<u>Industrial Project Insurance Fund</u> - The Authority administers the Industrial Project Insurance Fund which was established to give small and midsize businesses access to Industrial Revenue Bond funds at advantageous rates as set forth in Public Act 93-205 (as originally established by Public Act 83-965) (the Fund). The Fund is also authorized to make loans per Public Act 100-919. Additionally, the Industrial Project Insurance Fund is one of the funds allowed to originate loans to the Police Officers' Pension Investment Fund and the Firefighters' Pension Investment Fund under SB 1300. Loans to the Firefighters' Pension Investment Fund were made during the year and the total loan outstanding as of June 30, 2020 is $291,070.

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

Participation Loan Program - The Authority allows for the purchase of a bank loan to finance the purchase of land and/or buildings or fixtures as well as the construction, or renovation of a building, and acquisition of machinery and equipment up to the lesser of $500,000 or 50% of the project. By purchasing a participation of the bank at a lower interest rate than the borrower would receive on its own, the Authority requires the bank to pass savings directly to the borrower. The Authority participations are on a pro-rata 50/50 basis with the bank. Loans under this program carry a variable interest rate that is up to 100 basis points less than the bank's rate with maturity dates up to ten years. Total loans outstanding as of June 30, 2020, were $728,707 within the General Operating Fund.

Deferred Action for Childhood Arrivals (DACA) Loan Program - The Deferred Action for Childhood Arrivals Loan Program is the Authority's direct loan pilot program designed to provide student loans for eligible applicants to medical and dental schools in Illinois. The loans are offered at zero percent interest provided a student meets a service obligation of practicing full-time in a qualified, medically underserved Illinois community in certain medical specialties for each year of medical school financed by the loan program. If the service obligation is not fulfilled, the interest rate of the loan increases to 10.82% retroactively to the date of each disbursement. Loan payments commence upon completion of a student's service obligation and full payment is due within 10 years of completion of the service obligation. There are no loan payments due yet under this program. This program was funded by $1.6 million in unrestricted monies transferred from the Authority's General Operating Fund, in July 2014, to the DACA sub-fund. On October 1, 2015, an additional $854,835 was transferred to the DACA sub-fund. Total loans outstanding as of June 30, 2020 were $2,881,433 within the General Operating Fund.

Fire Truck Revolving Loan Program - This program provides zero and low interest rate loans for the purchase of fire trucks by fire departments, fire protection districts, or township fire departments. Public Act 97-900, effective August 6, 2012, expanded this program to include loans for "brush trucks". Brush truck loans under the program will bear interest at 2% simple interest if both the chassis and the apparatus are built outside Illinois, 1% simple interest if either the chassis or the apparatus is built in Illinois, or zero interest if both the chassis and apparatus are built in Illinois. The loans to each department, district or township may not exceed $350,000 and must be repaid within 20 years. A loan for the purchase of brush trucks may not exceed $100,000 per truck. The program was originally funded by a transfer of $19,000,000 from the State of Illinois and administered by the Authority, through a Locally Held Fund. This transfer of funds was converted to program interest for the Authority, as recorded on the financial statements for the fiscal year ended June 30, 2014. Current and future program transfers are funded from State of Illinois collections on outstanding loans and fines from traffic violations. During the fiscal year, three loans were issued for brush trucks for an aggregate amount of $225,000 and 22 loans were issued for fire trucks for an aggregate amount of $6,758,335. Total loans outstanding as of June 30, 2020, were $21,107,091 within the Locally Held Fire Truck Revolving Loan Fund, a nonmajor fund.

Ambulance Revolving Loan Program - This program provides zero and low interest rate loans for the purchase of ambulances by fire departments, fire protection districts, township fire departments, and non-profit ambulance services. The loans may not exceed $200,000 and must be repaid within 10 years. The program was originally funded by an appropriation of $4,000,000 received by the State of Illinois and administered by the Authority, through a Locally Held Fund. This transfer of funds was converted to program interest for the Authority, as recorded on the financial statements for the Fiscal Year ended June 30, 2014. Current and future program transfers are funded from State of Illinois collections on outstanding debt. During the fiscal year, 11 loans issued for an aggregate amount of $2,052,991. Total loans outstanding as of June 30, 2020, were $2,837,991 within the Locally Held Ambulance Revolving Loan Fund, a nonmajor fund.

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

Local Government Financing Assistance Program - This program provides financing to units of local government located in the State of Illinois by purchasing the securities of the local governments. These loans are typically used by the local governments to finance short-term financing needs until a longer term financing solution becomes available under the Bond Bank Lending Program. Total loans outstanding as of June 30, 2020, were $1,000,072 in the General Operating Fund.

Local Government Borrowing Program - This program facilitates the financing needs of a broad array of governmental units located throughout the State. The loans are used by the local governments to finance long-term water and sewer infrastructure improvements and general capital improvement projects. The local government units make payments on the loans from taxes, revenues, rates, charges, or assessments, in an amount sufficient to pay the principal of and interest on its local government securities when due. This program was funded by the issuance of revenue bonds, which were fully paid off in a prior fiscal year. Total loans outstanding as of June 30, 2020, were $7,349,537 in the General Operating Fund.

Loans with the Primary Government and Component Units of the State of Illinois - The Authority has provided financing to the State of Illinois and to component units of the State of Illinois. The loans under this program were used to expand capacity for and to fund the Illinois Clean Water and Drinking Water revolving loan program administered by the State of Illinois, Environmental Protection Agency. This program was funded by the issuance of revenue bonds. Further information on these revenue bonds can be found in Note 9 to the financial statements. The borrowers make payments in an amount sufficient to pay the principal of and interest on the bonds when due. Total loans outstanding as of June 30, 2020, were $1,277,703,400 in the Other State of Illinois Debt Fund.

Allowance for Doubtful Accounts

The allowance for doubtful accounts for all loans and notes receivable on June 30, 2020 is comprised of two components: a general reserve and a reserve for delinquencies. Loans which are delinquent greater than 90 days are reserved for at 100% of principal outstanding. In addition, the Authority provides a general reserve at approximately 2% for the principal balance of all other loans outstanding. Loans in the DACA Loan Program, Fire Truck Revolving Loan Program, Ambulance Revolving Loan Program, Local Government Financing Assistance Program, Local Government Borrowing Program, Loans with Primary Government and Component Units of the State of Illinois have not experienced a default; therefore, the allowance for doubtful accounts based on prior experience is zero.

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

The Authority's accounts, bonds, notes and loans receivable for the year ended June 30, 2020, consisted of the following:

	Fund	All Receivables June 30, 2020	Allowance for Doubtful Accounts	Net Receivable June 30, 2020
Accounts Receivable	General Operating	$ 62,251	$ (47,745)	$ 14,506
DACA Loan Program	General Operating	2,881,433	-	2,881,433
Illinois Housing Partnership Program	Nonmajor	200,068	-	200,068
Industrial Project Insurance Fund	Nonmajor	291,070	-	291,070
Direct Lending Participation Program	General Operating	728,707	(17,680)	711,027
Fire Truck Revolving Loan Program	Nonmajor	21,107,091	-	21,107,091
Ambulance Revolving Loan Program	Nonmajor	2,837,991	-	2,837,991
Local Government Financing Assistance Program	General Operating	1,000,072	-	1,000,072
Local Government Borrowing Program	General Operating	7,349,537	-	7,349,537
Loans with the Primary Government and Component Units of the State of Illinois	Other State of Illinois Debt	1,277,703,400	-	1,277,703,400
		$ 1,314,161,620	$ (65,425)	$ 1,314,096,195

Note 7. Interfund Transfers and Balances

Interfund Transfers

Interfund transfers are defined as the flow of assets, such as cash or goods, without equivalent flows of assets in return. Interfund borrowings are reflected as "Due to/from Other Funds" on the accompanying financial statements. All other interfund transfers are reported as transfers in/out. There were no interfund transfers in the year ended June 30, 2020.

Balance due from/to other funds - The following amounts represent balances due to/from major and also nonmajor funds as of June 30, 2020:

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

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

Note 8. Capital Assets

Capital assets activity for the year ended June 30, 2020, was as follows:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets being depreciated:				
Furniture and equipment	$ 192,899	$ 1,459	$ 484	$ 193,874
Computers	138,737	9,623	-	148,360
Software	287,799	-	-	287,799
Total capital assets being depreciated	619,435	11,082	484	630,033
Less: Accumulated depreciation				
Furniture and equipment	188,985	2,487	484	190,988
Computers	90,134	15,046	-	105,180
Software	287,712	-	-	287,712
Total accumulated depreciation	566,831	17,533	484	583,880
Capital assets, net of depreciation	$ 52,604	$ (6,451)	$ -	$ 46,153

The Authority's records were reconciled to the records maintained by the Comptroller of the State of Illinois as of June 30, 2020.

Note 9. Long-term Obligations

Revenue Bonds Payable

The following schedule details the changes of all revenue bonds payable as of June 30, 2020:

Revenue bonds payable:	Balance June 30, 2019	Additions	(Retirements)	Balance June 30, 2020	Amounts Due Within One Year
Northern Illinois University Foundation	$ 770,422	$ -	$ (329,122)	$ 441,300	$ 441,300
Illinois Environmental Protection Agency Clean Water Series 2013	40,365,000	-	(14,665,000)	25,700,000	11,140,000
Illinois Environmental Protection Agency Clean Water Series 2016	447,740,000	-	(29,870,000)	417,870,000	30,765,000
Illinois Environmental Protection Agency Clean Water Series 2017	541,325,000	-	(23,720,000)	517,605,000	27,455,000
Illinois Environmental Protection Agency Clean Water Series 2019	450,000,000	-	-	450,000,000	18,165,000
	$1,480,200,422	$ -	$ (68,584,122)	$1,411,616,300	$ 87,966,300

Note 9. Long-term Obligations (Continued)

Revenue Bonds Payable (Continued)

The future debt service requirements for revenue bonds as of June 30, 2020, including interest payments are as follows:

Fiscal Year Ending June 30,	Total Outstanding Revenue Bonds Principal	Interest	Total
2021	$ 87,966,300	$ 67,797,294	$ 155,763,594
2022	88,985,000	63,395,038	152,380,038
2023	89,965,000	58,971,063	148,936,063
2024	91,465,000	54,606,463	146,071,463
2025	92,020,000	50,021,588	142,041,588
2026-2030	446,060,000	184,079,713	630,139,713
2031-2035	371,620,000	80,821,888	452,441,888
2036-2040	142,845,000	12,115,856	154,960,856
2041-2042	690,000	34,250	724,250
	$ 1,411,616,300	$ 571,843,153	$ 1,983,459,453

Each revenue bond issue is payable only out of the trust estate established for each issue. The trust estate is comprised of all rights, title, and interest of the Authority in the loan securities, the purchase agreements, the intercept proceedings, and all moneys and securities held in all funds and accounts under the indenture, except moneys and securities on deposit in the redemption fund which are for the payment of the principal and interest of bonds called for redemption prior to maturity. The Authority has pledged future loan revenues to repay the outstanding principal of the revenue bonds. Proceeds from the bonds provided financing for various loan programs. The bonds are payable solely from principal and interest revenues under the related loans and are payable through the final maturity of the bonds in 2042. Principal and interest payments on the bonds are expected to require approximately 100% of these loan revenues. All bonds outstanding at June 30, 2020, are revenue bonds of the Authority and are payable solely from the revenues or funds pledged or available for their payment as authorized by the Illinois Finance Authority Act (20 ILCS 3501/801-40(c)). Neither the faith and credit nor the taxing power of the State of Illinois is pledged to the payment of the principal or interest on the bonds.

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

Note 9. Long-term Obligations (Continued)

Revenue Bonds Payable (Continued)

In Fiscal Year 2020, the Authority did not issue any bonds with a pledge of the State's moral obligation, additional security or any kind of contingent State taxpayer guarantee. As of June 30, 2020, the amount of outstanding bonds issued by the Authority with the State's pledge of moral obligation or additional security was zero.

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

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

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

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

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

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

Note 9. Long-term Obligations (Continued)

Revolving Loans

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

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

In April 2014, the Authority and the Office of the State Fire Marshal entered into an intergovernmental agreement to jointly administer the Fire Truck, Fire Station, and Ambulance Revolving Loan programs. Shortly after the adoption of this intergovernmental agreement, the Office of the State Fire Marshal paid all moneys on deposit in these funds to the Authority for the sole purpose of funding loans under the loan programs as required by the Illinois Finance Authority Act. In addition, all moneys deposited in the future into the State Treasury's Fire Truck Revolving Loan and Ambulance Revolving Loan Funds, will be paid to the Authority to provide future funding for loans. In Fiscal Year 2020, with regards to these deposits, the State of Illinois transferred capital of $260,290 for the Fire Truck Revolving Loan program to the Authority.

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

Note 10. Lease Commitments

Operating Leases

Total rent expense for all three Illinois Finance Authority locations for the year ended June 30, 2020 was $133,552, including utilities.

State of Illinois, Department of Central Management Services/Michael A. Bilandic Building – On August 1, 2015, the Chicago Office of the Authority relocated to the tenth floor of the Michael A. Bilandic building (a State-owned facility) at 160 N. LaSalle Street, Suite S-1000 in Chicago, Illinois 60601. As the building is managed by the Department of Central Management Services, the Authority compensates the State of Illinois for the use of its office space. Total rent expense for the year ended June 30, 2020, was $118,155.

State of Illinois, Department of Commerce and Economic Opportunity - The Authority entered into an interagency agreement with the Department of Commerce and Economic Opportunity to lease office space in Springfield, with no charge to the Authority, effective July 1, 2019, until June 30, 2021.

One Oaks - The Authority entered into a rental lease agreement for office space for its Mount Vernon Office at 2929 Broadway, Suite #7B; Mount Vernon, Illinois 62864. The initial term of the lease expires on June 30, 2024. The lessee has the right to renew the lease for a further period of 60 months, at the rate in effect during the final month of the lease term, beginning in 2024. Annual base rent payments are approximately $12,408, with utilities charged per the rental agreement.

Equipment Leases - The Authority entered into an equipment lease agreement. The annual base rental payments for this lease are approximately $10,431. The Authority has a total of four equipment lease agreements for its Chicago office and one equipment lease for its Mount Vernon office, totaling approximately $13,069, for the year ended June 30, 2020.

The future minimum lease commitments as of June 30, 2020, are as follows:

Fiscal Year Ending June 30	Amount
2021	$ 23,092
2022	20,662
2023	18,915
2024	12,914
	$ 75,583

Note 11. Commitments and Contingencies

Current Federally Assisted Programs

Loan Guarantees

The Authority has a contingent liability regarding the loan guarantees outstanding at June 30, 2020. When a guaranteed loan defaults, the Authority is responsible for 85% of the liability, with the participating lender being responsible for the remaining 15%. Any guarantee that must be paid out by the State of Illinois because of a claim properly filed by a bank that has a guaranteed loan that has defaulted, becomes a receivable on the books of the Authority. The State Treasurer maintains the cash and cash equivalents of the Illinois Agricultural Loan Guarantee Fund and the Illinois Farmer Agribusiness Loan Guarantee Fund which are restricted by enabling legislation to secure the State guarantees. The Authority must first liquidate the loan collateral, and absorb any loss due to uncollectible amounts. Any recoveries on the defaulted loan are first used to repay the Authority's guarantee and then used to repay the lender. These future liabilities, if any, cannot be estimated.

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

	Balance at June 30, 2020		
	Illinois Agricultural Loan Guarantee Fund	Illinois Farmer Agribusiness Loan Guarantee Fund	Total
Cash Deposits	$ 10,687,383	$ 8,381,052	$ 19,068,435
Maximum Outstanding Guarantees:			
State Guarantee Program for Restructuring Agricultural Debt	2,349,220	-	2,349,220
Specialized Livestock Loan Guarantee Program	-	1,012,708	1,012,708
Young Farmer Loan Guarantee Program	-	187,399	187,399
Total	$ 2,349,220	$ 1,200,107	$ 3,549,327

Approved payouts specific to the Specialized Livestock Loan Guarantee Program, the Young Farmer Loan Guarantee Program, and the Farm Purchase Program, may be made from either the Illinois Agricultural Loan Guarantee Fund or the Illinois Farmer Agribusiness Loan Guarantee Fund per statute. In addition to the loan guarantee funds held by the State Treasury, the Illinois Finance Authority Act (20 ILCS 3501/805-20(j)), authorizes the Authority to make payments on State guarantees from the Industrial Project Insurance Fund. This fund has cash and investments totaling $11,895,161 at June 30, 2020.

Note 12. Risk Financing Activities

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

Note 13. Defined Contribution Plan

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

The maximum contributions through the calendar year 2019 are:

Year	Maximum Contribution	Age 50 Catch Up
2020	$19,500	$26,000

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

Total employer and employee contributions for Fiscal Year 2020 were $138,888 and $127,857, respectively.

Note 14. Transactions with the Primary Government

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

<u>Due to primary government ("CMS")</u> – The Department of Central Management Services ("CMS") is the manager of real property for the State of Illinois. As such, amounts due for monthly rent expense and telecommunications costs for the Chicago Office have been incurred by the Authority and owed to CMS as of June 30, 2020. The Authority is indebted with CMS in the amount of $2,531. This amount is a component of the amount reported as account payable in the Authority's General Operating Fund.

Note 15. Subsequent Events

Changes in Authority Leadership

On July 17, 2020, Governor Pritzker appointed Authority Member Will Hobert as the fifth Chair of the Illinois Finance Authority following the resignation of Eric Anderberg as Authority Chair and Member. In addition, since July 17, 2020, Governor Pritzker has appointed four new Members, Drew Beres, Peter Amaro, Eduardo Tobon and José Restituyo following the resignations of Members Lerry Knox, Beth Smoots and Lyle McCoy.

Deferred Action for Childhood Arrivals (“DACA”) Program and the Authority’s Pilot DACA Medical School Direct Loan Program

DACA Overview

On June 15, 2012, President Obama announced a new policy, DACA, allowing some undocumented individuals who had been brought into the United States as children to receive renewable two-year periods of deferred action from deportation and become eligible for work permits. United States Citizenship and Immigration Services began accepting applications for deferred action on August 15, 2012, and as of this year, some 700,000 people have been granted this status.

On September 5, 2017, the United States Department of Homeland Security (“DHS”) issued a rescission of DACA based on the determination by the United States Attorney General that the program was illegal. The rescission was immediately challenged in court, and on June 18, 2020, the United States Supreme Court ruled that DHS's decision to rescind DACA was arbitrary and capricious under the Administrative Procedures Act, vacating the rescission but declining to rule on DACA's legality. Under the Court’s decision, the executive branch may repair the procedural errors and attempt to rescind DACA status again. Depending on the outcomes of the November 3, 2020 General Election, there may be changes to federal law and policy that may materially impact the Authority’s Pilot DACA Medical School Direct Loan Program (“Pilot Program”) described below.

Authority’s Pilot Program

In July 2013, the Illinois Finance Authority (“Authority”) created a pilot loan program under which the Authority made loans from its own funds for the purpose of financing tuition and fees to students who have/had federal DACA status and who are/were enrolled in participating medical or dental schools in Illinois. Once the DACA medical students (“DACA borrowers”) complete medical school and their medical residencies, they will be obligated to work in a qualified medically underserved Illinois community in certain medical specialties. DACA borrowers agree to work for one year in a qualified medically underserved Illinois community for each year of medical school financed under the Pilot Program. Only Stritch School of Medicine at Loyola University, Chicago (“Stritch”) is participating in the Pilot Program.

Note 15. Subsequent Events (Continued)

Deferred Action for Childhood Arrivals ("DACA") Program and the Authority's Pilot DACA Medical School Direct Loan Program (Continued)

Authority's Pilot Program (Continued)

DACA borrowers who fail to perform their service obligation must repay their loans at an increased rate of interest (10.82%, rather than 0%). The Authority authorized $2,900,000 in loan funds in May 2014 and an additional $3,000,000 in loan funds in June 2018, a total of $5,900,000. To date, the Authority has funded loans in the amount of $2,901,433 and has reserved to fund possible future loans in the amount of $331,690, or a total of $3,233,123. Under the Pilot Program, the Authority has provided loans for three cohorts of DACA borrowers at Stritch for fifteen DACA borrowers. The ability of the Authority's DACA borrowers to meet their obligations to repay their loans to the Authority and to meet their service obligation to practice medicine in certain qualified medically underserved areas in Illinois is dependent on their ability to legally live and work as a medical doctor in the United States in accordance with federal law. The Authority expects that Joe Biden will become President of the United States on January 20, 2021. As a result, the Authority believes that the Pilot Program and the Authority's net position will no longer be subject to the risk of negative outcomes due to federal policy with respect to DACA.

Property Assessed Clean Energy ("PACE")

On July 29, 2019, House Bill 3501 (Public Act 101-0169), a comprehensive technical rewrite of the Property Assessed Clean Energy Act (50 ILCS 50/1, et seq.), was enacted into law. PACE, begun by the Authority through its 2018 ***Transformation Initiative***, is a developing product within a developing market.

On September 1, 2020, the Authority issued its third taxable conduit PACE Bond and its first since the onset of the COVID-19 global pandemic on behalf of a project in Beardstown, Illinois.

Potential Changes to Federal Law with respect to the issuance of the Issuance of Federally Tax-Exempt Conduit Bonds

On August 3, 2020, the Authority refinanced $225 million in existing federally tax-exempt conduit bonds authorized by Congress for a limited period during federal Stimulus on behalf of the Navistar Corporation ("Navistar") in 2010 by issuing taxable conduit bonds. This decision by Navistar is significant because the Authority has lost revenue, dollar volume of issuance and projects to the taxable bond market whose borrowers may decide not to use a conduit issuer like the Authority. This trend has accelerated since 2017 when Congress eliminated advance refunding, a form of tax-exempt refinancing, under the 2017 federal Tax Cuts and Jobs Act. While the outcomes of the November 3, 2020 General Election is undetermined at this date, changes to federal law and policy resulting from the election may materially (both negatively and positively) impact the revenues, dollar volume of issuance and net position of the Authority.

Note 15. Subsequent Events (Continued)

Illinois Finance Authority State of Illinois Clean Water Initiative Revolving Fund Revenue Bonds, Series 2020 (Green Bonds) ("CWI RF Series 2020-Green bonds")

On December 15, 2020, the Authority priced $500,000,000 of "AAA-rated" (S&PGlobal/Fitch) CWI RF Series 2020-Green bonds on a federally tax-exempt conduit basis on behalf of the Illinois Environmental Protection Agency ("IEPA") State Revolving Fund ("270 Fund"). The Authority expects to close the CWI RF Series 2020-Green bonds on December 30, 2020. The CWI RF Series 2020-Green bonds will be issued in furtherance of both Governor Pritzker's Executive Order No. 2019-06 on Climate and the Authority's Climate Process under its Transformation Initiative. Importantly, from a disclosure perspective for the CWI RF Series 2020-Green bonds, such bonds will, for the first time, integrate certain of the United Nations Sustainable Development Goals and current performance indicators posted on the IEPA website in alignment with the International Capital Market Association's Green Bond Principles, 2018. Under GASB Interpretation No. 2, the CWI RF Series 2020-Green bonds will benefit the IEPA's 270 Fund, part of the primary government of the State of Illinois. Accordingly, for the audit period that will end June 30, 2021, the Authority anticipates increasing its balance sheet by approximately $500,000,000, consistent with the GASB Interpretation No. 2 and the amount of the outstanding CWI RF Series 2020-Green bonds.

SUPPLEMENTARY INFORMATION

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

Combining Statement of Net Position-Nonmajor Funds
June 30, 2020

	Industrial Project Insurance Fund	Locally Held Fire Truck Revolving Loan fund	Locally Held Ambulance Revolving Loan Fund
ASSETS			
Current assets:			
Current unrestricted assets:			
Cash and cash equivalents	$ -	$ -	$ -
Investments	-	-	-
Accrued interest receivable	-	-	-
Total current unrestricted assets	-	-	-
Current restricted assets:			
Cash and cash equivalents	5,368,660	3,429,246	1,531,685
Investments	4,120,830	-	-
Securities lending collateral equity with the State Treasurer	-	-	-
Accrued interest receivable	36,138	29,667	7,527
Loans receivables, net	-	2,082,160	431,098
Total current restricted assets	9,525,628	5,541,073	1,970,310
Total current assets	9,525,628	5,541,073	1,970,310
Noncurrent assets:			
Noncurrent unrestricted assets:			
Investments	-	-	-
Loans receivables, net	-	-	-
Total noncurrent unrestricted assets	-	-	-
Noncurrent restricted assets:			
Cash and cash equivalents	-	-	-
Investments	2,405,671	-	-
Accrued interest receivable	-	-	-
Loans receivables, net	291,070	19,024,931	2,406,893
Total noncurrent restricted assets	2,696,741	19,024,931	2,406,893
Total noncurrent assets	2,696,741	19,024,931	2,406,893
Total assets	12,222,369	24,566,004	4,377,203

Illinois Agricultural Loan Guarantee Fund	Illinois Farmer Agribusiness Loan Guarantee Fund	Illinois Housing Partnership Program Fund	Illinois Finance Authority Development Not-for-Profit Fund	Total Nonmajor Funds
$ -	$ -	$ 1,780,484	$ -	$ 1,780,484
-	-	1,747,927	-	1,747,927
-	-	14,054	-	14,054
-	-	3,542,465	-	3,542,465
-	-	-	11,489	10,341,080
-	-	-	-	4,120,830
3,317,000	2,601,000	-	-	5,918,000
-	-	-	-	73,332
-	-	-	-	2,513,258
3,317,000	2,601,000	-	11,489	22,966,500
3,317,000	2,601,000	3,542,465	11,489	26,508,965
-	-	853,840	-	853,840
-	-	200,068	-	200,068
-	-	1,053,908	-	1,053,908
10,687,383	8,381,052	-	-	19,068,435
-	-	-	-	2,405,671
8,000	6,000	-	-	14,000
-	-	-	-	21,722,894
10,695,383	8,387,052	-	-	43,211,000
10,695,383	8,387,052	1,053,908	-	44,264,908
14,012,383	10,988,052	4,596,373	11,489	70,773,873

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

Combining Statement of Net Position-Nonmajor Funds (Continued)
June 30, 2020

	Industrial Project Insurance Fund	Locally Held Fire Truck Revolving Loan fund	Locally Held Ambulance Revolving Loan Fund
LIABILITIES			
Current liabilities:			
Payable from unrestricted current assets:			
Accounts payable	$ -	$ -	$ -
Total current liabilities payable from unrestricted current assets	-	-	-
Payable from restricted current assets:			
Accounts payable	1,444	356	177
Due to other funds	-	-	-
Obligation under securities lending of the State Treasurer	-	-	-
Total current liabilities payable from restricted current assets	1,444	356	177
Total current liabilities	1,444	356	177
NET POSITION			
Restricted for:			
Industrial revenue debt and agricultural guarantees	12,220,925	-	-
Public safety loans	-	24,565,648	4,377,026
Agricultural and rural development loans	-	-	-
Low income community investments	-	-	-
Unrestricted	-	-	-
Total net position	$ 12,220,925	$ 24,565,648	$ 4,377,026

Illinois Agricultural Loan Guarantee Fund	Illinois Farmer Agribusiness Loan Guarantee Fund	Illinois Housing Partnership Program Fund	Illinois Finance Authority Development Not-for-Profit Fund	Total Nonmajor Funds
$ -	$ -	$ 558	$ -	$ 558
-	-	558	-	558
-	-	-	-	1,977
-	-	-	17	17
3,317,000	2,601,000	-	-	5,918,000
3,317,000	2,601,000	-	17	5,919,994
3,317,000	2,601,000	558	17	5,920,552
-	-	-	-	12,220,925
-	-	-	-	28,942,674
10,695,383	8,387,052	-	-	19,082,435
-	-	-	11,472	11,472
-	-	4,595,815	-	4,595,815
$ 10,695,383	$ 8,387,052	$ 4,595,815	$ 11,472	$ 64,853,321

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

Combining Statement of Revenues, Expenses and Changes in Net Position-Nonmajor Funds
For the Year Ended June 30, 2020

	Industrial Project Insurance Fund	Locally Held Fire Truck Revolving Loan Fund	Locally Held Ambulance Revolving Loan Fund
Operating revenues:			
Interest income - loans	$ 1,070	$ 33,663	$ 7,899
Total operating revenues	1,070	33,663	7,899
Operating expenses:			
Professional services	7,946	3,790	2,892
Total operating expenses	7,946	3,790	2,892
Operating (loss) income	(6,876)	29,873	5,007
Nonoperating revenues:			
Transfer of funds and interest in program from the State of Illinois	-	260,290	-
Interest and investment income	286,017	78,971	28,902
Total nonoperating revenues	286,017	339,261	28,902
Change in net position	279,141	369,134	33,909
Net position - beginning of year	11,941,784	24,196,514	4,343,117
Net position - end of year	$ 12,220,925	$ 24,565,648	$ 4,377,026

Illinois Agricultural Loan Guarantee Fund	Illinois Farmer Agribusiness Loan Guarantee Fund	Illinois Housing Partnership Program Fund	Illinois Finance Authority Development Not-for-Profit Fund	Total Nonmajor Funds
$ -	$ -	$ 68	$ -	$ 42,700
-	-	68	-	42,700
-	-	4,253	405	19,286
-	-	4,253	405	19,286
-	-	(4,185)	(405)	23,414
-	-	-	-	260,290
178,199	139,372	108,989	-	820,450
178,199	139,372	108,989	-	1,080,740
178,199	139,372	104,804	(405)	1,104,154
10,517,184	8,247,680	4,491,011	11,877	63,749,167
$ 10,695,383	$ 8,387,052	$ 4,595,815	$ 11,472	$ 64,853,321

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

Combining Statement of Cash Flows-Nonmajor Funds
For the Year Ended June 30, 2020

	Industrial Project Insurance Fund	Locally Held Fire Truck Revolving Loan Fund	Locally Held Ambulance Revolving Loan Fund
Cash flows from operating activities:			
Cash payments to suppliers for goods and services	$ (7,995)	$ (4,380)	$ (3,118)
Net cash used in operating activities	(7,995)	(4,380)	(3,118)
Cash flows from noncapital financing activities:			
Permanent capital transfer from State	-	260,290	-
Due to other funds	-	-	-
Net cash provided by noncapital financing activities	-	260,290	-
Cash flows from investing activities:			
Purchase of investments	(8,259,540)	-	-
Maturity and sales of investments	13,679,118	-	-
Interest and dividends on investments	239,186	63,721	31,406
Cash received for interest on loans	-	41,656	4,682
Cash received on loan receivables and guarantees	-	2,013,473	324,320
Cash payments on loan receivables and guarantees	(290,000)	(6,983,335)	(2,052,991)
Net cash provided by (used in) investing activities	5,368,764	(4,864,485)	(1,692,583)
Net increase (decrease) in cash and cash equivalents	5,360,769	(4,608,575)	(1,695,701)
Cash and cash equivalents - beginning of year	7,891	8,037,821	3,227,386
Cash and cash equivalents - end of year	$ 5,368,660	$ 3,429,246	$ 1,531,685
Reconciliation of operating (loss) income to net cash used in operating activities:			
Operating (loss) income	$ (6,876)	$ 29,873	$ 5,007
Adjustments to reconcile operating (loss) income to net cash used in operating activities:			
Interest on loans	(1,070)	(33,663)	(7,899)
Changes in assets and liabilities:			
Accounts payable	(49)	(590)	(226)
Net cash used in operating activities	$ (7,995)	$ (4,380)	$ (3,118)

Illinois Agricultural Loan Guarantee Fund	Illinois Farmer Agribusiness Loan Guarantee Fund	Illinois Housing Partnership Program Fund	Illinois Finance Authority Development Not-for-Profit Fund	Total Nonmajor Funds
$ -	$ -	$ (4,256)	$ (405)	$ (20,154)
-	-	(4,256)	(405)	(20,154)
-	-	-	-	260,290
-	-	-	17	17
-	-	-	17	260,307
-	-	(3,016,788)	-	(11,276,328)
-	-	4,864,469	-	18,543,587
189,199	148,372	87,640		759,524
-	-	-	-	46,338
-	-	-	-	2,337,793
-	-	(200,000)	-	(9,526,326)
189,199	148,372	1,735,321	-	884,588
189,199	148,372	1,731,065	(388)	1,124,741
10,498,184	8,232,680	49,419	11,877	30,065,258
$ 10,687,383	$ 8,381,052	$ 1,780,484	$ 11,489	$ 31,189,999
$ -	$ -	$ (4,185)	$ (405)	$ 23,414
-	-	(68)	-	(42,700)
-	-	(3)		(868)
$ -	$ -	$ (4,256)	$ (405)	$ (20,154)

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

Statement of Changes in Assets and Liabilities - Agency Fund
June 30, 2020

	Metro East Police District Commission Fund
Assets	
Cash and cash equivalents	
July 1, 2019	$ 4,059
Additions	864
Total Cash and cash equivalents	
June 30, 2020	4,923
Total Assets	
July 1, 2019	4,059
Additions	864
Total Assets	
June 30, 2020	$ 4,923
Liabilities	
Other Liabilities	
July 1, 2019	$ 4,059
Additions	864
Total Other Liabilities	
June 30, 2020	4,923
Total Liabilities	
July 1, 2019	4,059
Additions	864
Total Liabilities	
June 30, 2020	$ 4,923

RSM

Independent Auditor's Report On Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

RSM US LLP

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Board of Directors
Illinois Finance Authority

Report on the Financial Statements
As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Illinois Finance Authority (Authority), a component unit of the State of Illinois, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and we have issued our report thereon dated December 16, 2020. Our report contains an emphasis of matter paragraph that the financial statements present only information attributable to the Authority. Our opinion was not modified with respect to this matter.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting
Management of the Authority is responsible for establishing and maintaining effective internal control over financial reporting (internal control).

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Purpose of this Report

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

SIGNED ORIGINAL ON FILE

Schaumburg, Illinois
December 16, 2020