



STATE OF ILLINOIS
OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

OFFICE OF THE TREASURER
FISCAL OFFICER RESPONSIBILITIES

**Attestation Examination – Securities Lending Schedules
For the Year Ended June 30, 2020**

Release Date: December 10, 2020

INTRODUCTION

This digest covers the Attestation Examination of the Office of the Treasurer, Fiscal Officer Responsibilities (“State Treasurer”) Schedules of Securities Lending Entries; Securities Lending Collateral, SCO-576 Agency Fund Activity; Allocation of Securities Lending Collateral Based on Distribution of Interest Income Earned During the Month of June 2020; and Securities Lending Activity of State Treasurer, Agency Fund Activity and the related Notes to the Schedules, which collectively comprise the “Securities Lending Schedules” as of and for the year ended June 30, 2020.

The State Treasurer lends securities to broker-dealers and other entities for collateral that will be returned for the same securities in the future. During fiscal year 2020, a bank contracted by the State Treasurer 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. The securities lending collateral received that was invested in repurchase agreements and the fair value of securities on loan for the State Treasurer as of June 30, 2020 were \$4,344,267,500 and \$4,290,619,359, respectively.

As described in Note 2 to the Securities Lending Schedules, when a government pools money from several funds for investment purposes and the pool, rather than the individual funds, has securities lending transactions, the government should report the assets and liabilities arising from the securities lending transactions in the balance sheets of the funds and activities that have the risk of loss on the collateral assets. As a result, the State, participating component units and certain departments will report a portion of the securities lending collateral and obligations in their financial statements. The State Treasurer has prepared Securities Lending Schedules as of and for the year ended June 30, 2020 which provide the necessary information to assist the State, its participating component units and certain departments in preparing financial statements. These schedules have been examined and will provide relevant information for the fiscal year 2020 financial statements and audits thereof.

ACCOUNTANT'S OPINION

The accountants conducted an attestation examination of the Securities Lending Schedules of the State Treasurer as of and for the year ended June 30, 2020. The accountants stated the Securities Lending Schedules were presented in accordance with the criteria contained in Note 2 to the Securities Lending Schedules in all material respects.

This attestation examination was conducted by Crowe LLP.

SIGNED ORIGINAL ON FILE

JANE CLARK
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

FJM:sjs