



STATE OF ILLINOIS  
**OFFICE OF THE  
 AUDITOR GENERAL**

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**ENVIRONMENTAL PROTECTION AGENCY**  
**Water Revolving Fund**

**Financial Audit  
 For the Year Ended June 30, 2024**

**Release Date: February 20, 2025**

FINDINGS THIS AUDIT: 1	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
<b>Category 1:</b>	<b>0</b>	<b>1</b>	<b>1</b>	2020	<b>24-01</b>		
<b>Category 2:</b>	<b>0</b>	<b>0</b>	<b>0</b>				
<b>Category 3:</b>	<b>0</b>	<b>0</b>	<b>0</b>				
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>1</b>				
<b>FINDINGS LAST AUDIT: 1</b>							

This digest covers the Agency’s Financial Audit as of and for the year ended June 30, 2024. A digest covering the Agency’s State Compliance Examination report on the entire Agency for the two years ending June 30, 2024 will be released at a later date.

**SYNOPSIS**

- **(24-01)** The Agency did not take sufficient measures to ensure all census data submitted to its pension and other postemployment benefits plans was complete and accurate.

**Category 1:** Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).  
**Category 2:** Findings that are **significant deficiencies** in internal control and **noncompliance** with State laws and regulations.  
**Category 3:** Findings that have **no internal control issues but are in noncompliance** with State laws and regulations.

**ENVIRONMENTAL PROTECTION AGENCY  
FINANCIAL AUDIT - WATER REVOLVING FUND  
For the Year Ended June 30, 2024**

<b>FINANCIAL INFORMATION (in thousands)</b>	<b>FY 2024</b>	<b>FY 2023</b>
<b>OPERATING REVENUES</b>		
Interest income on loans - unpledged.....	\$ 51,343	\$ 63,276
Interest income on loans - pledged.....	30,594	36,717
Total operating revenues.....	<u>81,937</u>	<u>99,993</u>
<b>OPERATING EXPENSES</b>		
General and administrative.....	26,839	20,222
Principal forgiveness.....	116,050	67,329
Depreciation.....	44	37
Total operating expenses.....	<u>142,933</u>	<u>87,588</u>
<b>NONOPERATING REVENUES.....</b>	336,660	90,706
<b>NONOPERATING EXPENSES.....</b>	14,479	22,032
<b>NET TRANSFERS.....</b>	-	27,284
<b>CHANGE IN NET POSITION.....</b>	261,185	108,363
<b>NET POSITION, BEGINNING OF YEAR.....</b>	<u>3,864,506</u>	<u>3,756,143</u>
<b>NET POSITION, END OF YEAR.....</b>	<u>\$ 4,125,691</u>	<u>\$ 3,864,506</u>
<b>STATEMENT OF NET POSITION (in thousands)</b>		
	<b>June 30, 2024</b>	<b>June 30, 2023</b>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents.....	\$ 460,173	\$ 362,630
Securities lending collateral equity with State Treasurer.....	84,009	65,087
Loans and notes receivable.....	69,700	70,956
Other receivables.....	30,202	26,736
Due from federal government.....	4,693	1,087
Due from component unit.....	9,533	10,921
Restricted assets - accrued interest receivable.....	19,377	18,369
Restricted assets - loans receivable .....	260,931	257,535
Prepaid expenses .....	34	19
Total current assets.....	<u>938,652</u>	<u>813,340</u>
<b>Noncurrent Assets</b>		
Loans and notes receivable, net of current portion.....	1,725,656	1,262,237
Restricted assets - loans receivable.....	2,964,519	3,216,536
Capital assets, net of accumulated depreciation.....	278	167
Total noncurrent assets.....	<u>4,690,453</u>	<u>4,478,940</u>
<b>Deferred Outflows of Resources</b>		
Deferred amount on pension liability.....	12,799	14,535
Deferred amount on OPEB liability .....	13,922	14,576
Total deferred outflows of resources.....	<u>26,721</u>	<u>29,111</u>
Total assets and deferred outflows of resources.....	<u>\$ 5,655,826</u>	<u>\$ 5,321,391</u>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>		
Total current liabilities.....	85,748	67,101
Total noncurrent liabilities.....	1,419,770	1,358,716
Deferred amount on pension liability.....	4,139	5,812
Deferred amount on OPEB liability .....	20,478	25,256
Total liabilities and deferred inflows of resources.....	<u>1,530,135</u>	<u>1,456,885</u>
<b>NET POSITION</b>	<u>\$ 4,125,691</u>	<u>\$ 3,864,506</u>
<b>AGENCY DIRECTOR</b>		
During Audit Period: John J. Kim		
Currently: James Jennings, Acting Director		

**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

**INADEQUATE INTERNAL CONTROLS OVER  
CENSUS DATA**

The Agency did not take sufficient measures to ensure all census data submitted to its pension and other postemployment benefits (OPEB) plans was complete and accurate for the Water Revolving Fund (Fund).

**Insufficient documentation that a complete reconciliation was properly performed**

The Agency had not prepared or maintained sufficient documentation that a complete reconciliation was properly performed for census data used to calculate the Fund's pension and OPEB balances used for their Fiscal Year 2024 financial statements. Although the Agency performed a reconciliation of its census data, they did not take or document sufficient measures to ensure 100% of data in the base year was checked for completeness and accuracy. (Finding 1, pages 48-49). **This finding was first reported in 2020.**

We recommended the Agency ensure a base year reconciliation of its active members' census data from its underlying records and source documents to a report of the census data submitted to the plan's actuary is complete and accurate. We further recommended the Agency maintain sufficient documentation of the reconciliations performed, including the methodology used, data traced, exceptions identified, and conclusions reached.

**Agency accepted recommendation**

Agency officials accepted the recommendation.

**AUDITOR'S OPINION**

The auditors stated the financial statements of the Agency's Water Revolving Fund as of and for the year ended June 30, 2024 are fairly stated in all material respects.

This financial audit was conducted by Roth and Company, LLP.

**SIGNED ORIGINAL ON FILE**

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COURTNEY DZIERWA  
Division Director

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

**SIGNED ORIGINAL ON FILE**

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FRANK J. MAUTINO  
Auditor General

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