

State of Illinois
ILLINOIS POWER AGENCY
FINANCIAL AUDIT
INDIVIDUAL NONSHARED GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

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

**STATE OF ILLINOIS
ILLINOIS POWER AGENCY
FINANCIAL AUDIT
INDIVIDUAL NONSHARED GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024**

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**STATE OF ILLINOIS
ILLINOIS POWER AGENCY
FINANCIAL AUDIT
INDIVIDUAL NONSHARED GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024**

AGENCY OFFICIALS

Director (October 1, 2022 – Present) Mr. Brian Granahan

Administrative Services

Chief Financial Officer (December 16, 2022 – Present) Mr. Kevin Hayes

Chief Legal Counsel (October 1, 2022 - Present) Ms. Kelly Turner

Chief Operating Officer Mr. Sanjay Patel

Planning and Procurement Bureau

Bureau Chief (Acting) (June 3, 2022 – Present) Mr. Anthony Star

The Agency's office is located at:

180 North Wabash Avenue
Chicago, Illinois 60601

**STATE OF ILLINOIS
ILLINOIS POWER AGENCY
FINANCIAL AUDIT
INDIVIDUAL NONSHARED GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024**

FINANCIAL STATEMENT REPORT

SUMMARY

The audit of the accompanying financial statements of the Illinois Power Agency Operations Fund, the Illinois Power Agency Renewable Energy Resources Fund, and the Illinois Power Agency Trust Fund of the State of Illinois, Illinois Power Agency was performed by Plante Moran, PLLC.

Based on their audit, the auditors expressed unmodified opinions on the basic financial statements of the Illinois Power Agency Trust Fund, the Illinois Power Agency Renewable Energy Resources Fund, and the Illinois Power Agency Trust Fund.

SUMMARY OF FINDINGS

Number of	<u>Current Report</u>	<u>Prior Report</u>
Findings	0	1
Repeated Findings	0	1
Prior Recommendations Implemented or Not Repeated	1	0

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
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Current Findings

None

Prior Findings Not Repeated

A	22	2023/2023	Inadequate Controls Over Financial Statement Close Process	
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EXIT CONFERENCE

The Agency waived an exit conference in a correspondence from Kevin Hayes, Chief Financial Officer, on March 7, 2025.

INDEPENDENT AUDITOR'S REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Audit of the Financial Statements

Opinions

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the Illinois Power Agency Operations Fund, the Illinois Power Agency Renewable Energy Resources Fund, and the Illinois Power Agency Trust Fund of the State of Illinois, Illinois Power Agency, as of and for the year ended June 30, 2024, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Illinois Power Agency Operations Fund, the Illinois Power Agency Renewable Energy Resources Fund, and the Illinois Power Agency Trust Fund of the State of Illinois, Illinois Power Agency as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Illinois State Board of Investment, an internal investment pool of the State of Illinois, which represents 100 percent of the assets, fund balance, and revenue of the Illinois Power Agency Trust Fund as of and for the year ended June 30, 2024. Those financial statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Illinois Power Agency Trust Fund, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the (Board), and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Honorable Frank J. Mautino
Auditor General
State of Illinois

Emphasis of Matter

As discussed in Note 2, the financial statements of the Illinois Power Agency Operations Fund, the Illinois Power Agency Renewable Energy Resources Fund, and the Illinois Power Agency Trust Fund do not purport to, and do not, present fairly the financial position of the State of Illinois or the State of Illinois, Illinois Power Agency, as of June 30, 2024, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for purpose of expressing an opinion on the effectiveness of the State of Illinois, Illinois Power Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Honorable Frank J. Mautino
Auditor General
State of Illinois

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the management’s discussion and analysis and budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements of the State of Illinois, Illinois Power Agency in an appropriate operational, economic, or historical context. Our opinions on the financial statements are not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2025, on our consideration of the State of Illinois, Illinois Power Agency’s internal control over financial reporting of the Illinois Power Agency Operations Fund, the Illinois Power Agency Renewable Energy Resources Fund, and the Illinois Power Agency Trust Fund 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 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 State of Illinois, Illinois Power Agency’s internal control over financial reporting of the Illinois Power Agency Operations Fund, the Illinois Power Agency Renewable Energy Resources Fund, and the Illinois Power Agency Trust Fund and compliance.

Restricted Use of this Auditor’s Report

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, the Comptroller, and the State of Illinois, Illinois Power Agency’s management and is not intended to be and should not be used by anyone other than these specified parties.

SIGNED ORIGINAL ON FILE

East Lansing, Michigan
March 13, 2025

State of Illinois
Illinois Power Agency
Individual Nonshared Governmental Funds
Balance Sheet
June 30, 2024

	<u>Special Revenue</u>		<u>Permanent Trust</u>
	<u>Illinois Power Agency Operations 0425</u>	<u>Illinois Power Agency Renewable Energy Resources 0836</u>	<u>Illinois Power Agency Trust 0424</u>
Assets			
Cash equity in State Treasury	\$ 16,205,690	\$ 98,759,029	\$ 19,956
Investments - Held in the Illinois State Board of Investment Commingled Fund at fair value	-	-	45,695,548
Other receivables, net	2,037,922	19,173	-
Total Assets	<u><u>\$ 18,243,612</u></u>	<u><u>\$ 98,778,202</u></u>	<u><u>\$ 45,715,504</u></u>
Deferred Outflows of Resources (DOR)	-	-	-
Total DOR	-	-	-
Total assets and DOR	<u><u>\$ 18,243,612</u></u>	<u><u>\$98,778,202</u></u>	<u><u>\$45,715,504</u></u>
Liabilities			
Accounts payable and accrued liabilities	\$ 2,451,487	\$ 15,818	\$ 19,921
Bid Deposits	-	3,285,671	-
Total Liabilities	<u><u>2,451,487</u></u>	<u><u>3,301,489</u></u>	<u><u>19,921</u></u>
Deferred Inflows of Resources (DIR)	-	-	-
Fund Balances			
Nonspendable-endowments and similar funds Committed	\$ -	\$ -	\$ 45,695,583
Employment and economic development	15,792,125	95,476,713	-
Total fund balances	<u><u>15,792,125</u></u>	<u><u>95,476,713</u></u>	<u><u>45,695,583</u></u>
Total liabilities, DIR, and fund balances	<u><u>\$ 18,243,612</u></u>	<u><u>\$ 98,778,202</u></u>	<u><u>\$ 45,715,504</u></u>

The Accompanying notes to the financial statements are an integral part of this statement.

State of Illinois
Illinois Power Agency
Individual Nonshared Governmental Funds
Statements of Revenues, Expenditures, and Changes in
Fund Balances
For the Year Ended June 30, 2024

	<u>Special Revenue</u>		<u>Permanent Trust</u>
	Illinois Power Agency Operations 0425	Illinois Power Agency Renewable Energy Resources 0836	Illinois Power Agency Trust 0424
Revenues			
Fees	\$ 29,487,211	-	\$ -
Interest and other investment income	-	-	4,037,153
Other Revenues	18,701	175,000	-
Total Revenue	\$ 29,505,912	\$ 175,000	\$ 4,037,153
Expenditures			
Employment and Economic Development	\$ 28,969,285	\$ 22,828,633	\$ 19,922
Administrative and other	193,188	-	14,626
Total Expenditures	\$ 29,162,473	\$ 22,828,633	\$ 34,548
Excess (deficiency) of revenues over (under) expenditures	\$ 343,439	\$ (22,653,633)	\$ 4,002,605
Other financing sources (uses)			
Transfer In/(Out) to other State fund	2,247,500	-	(2,247,500)
Transfer In/(Out) from other State fund	4,000,000	-	-
Net other financing sources (uses)	\$ 6,247,500	\$ -	\$ (2,247,500)
Net Change in fund balances	\$ 6,590,939	\$ (22,653,633)	\$ 1,755,105
Fund Balance July 1, 2023	\$ 9,201,186	\$ 118,130,346	\$ 43,940,478
Fund Balance June 30, 2024	\$ 15,792,125	\$ 95,476,713	\$ 45,695,583

The Accompanying notes to the financial statements are an integral part of this statement.

**STATE OF ILLINOIS
ILLINOIS POWER AGENCY**

Individual Nonshared Governmental Funds
Notes to the Financial Statements

June 30, 2024

(1) Organization

The Illinois Power Agency (Agency) is a part of the executive branch of government of the State of Illinois (State) and operates under the authority of and review by the Illinois General Assembly. The Agency actively administers four individual nonshared governmental funds - the Illinois Power Agency Operations Fund, the Illinois Power Agency Trust Fund, the Illinois Power Agency Investment Fund, and the Illinois Power Agency Renewable Energy Resources Fund (collectively, Funds) - described within these Notes to the Financial Statements. A nonshared fund is a fund in which a single agency of the State is responsible for administering substantially all of the financial transactions of the fund. Each of the Funds operate under a budget approved by the Illinois General Assembly in which resources are appropriated for the use of the Agency to meet each one of the Funds specific mission and functions as described within the Illinois Compiled Statutes and the Illinois Administrative Code. All funds appropriated to the Agency from each one of the Funds and all cash received for each one of the Funds are under the custody and control of the State Treasurer.

The Agency, created in Fiscal Year 2008, is dedicated to capturing the benefits of competitive energy markets and facilitating the development of alternative energy technologies for the benefit of Illinois consumers. The Agency meets these objectives by planning and managing competitive procurements and participating in the development of new power generation assets and approaches in Illinois. The Agency is an independent agency subject to the oversight of the Executive Ethics Commission and its activities are subject to the authority of certain departments of the executive and legislative branches of government (such as the Department of Central Management Services (CMS), the Governor's Office of Management and Budget, the State Treasurer's Office, and the State Comptroller's Office) as defined by the Illinois General Assembly.

(2) Summary of Significant Accounting Policies

The financial statements of the Funds have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for governmental funds, as prescribed by the Governmental Accounting Standards Board (GASB). To facilitate user understanding of the Funds financial statements, significant accounting policies are summarized below.

(a) Financial Reporting Entity

As defined by GAAP, the financial reporting entity consists of a primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable.

The financial statements only present the Funds administered by the Agency and do not purport to, and do not, present fairly the financial position of the Agency or the State as of June 30, 2024, nor changes in the Agency or State's financial position for the year ended in conformity with GAAP.

**STATE OF ILLINOIS
ILLINOIS POWER AGENCY**

Individual Nonshared Governmental Funds
Notes to the Financial Statements

June 30, 2024

(2) Summary of Significant Accounting Policies - Continued

(a) Financial Reporting Entity- Continued

The Funds are not legally separate from the State; therefore, the financial information of the Funds is included in the financial statements of the State. The State's Annual Comprehensive Financial Report (ACFR) may be obtained by writing to the State Comptroller's Office, Division of Financial Reporting, 400 W. Monroe St., 3rd floor, Springfield, Illinois, 62704, or accessing its website at www.illinoiscomptroller.gov.

(b) Basis of Presentation

In government, the basic reporting entity is a fund. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, inflows, outflows, and equities, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. A balance sheet and statement of revenues, expenditures, and changes in fund balance have been presented for the Funds administered by the Agency.

The Agency administers the following fund types:

Governmental Fund Type:

Special Revenue:

These funds account for resources obtained from specific revenue sources that are legally restricted or committed to expenditures for specified purposes. Special revenue funds account for, among other things, federal grant programs, taxes levied with statutorily defined distributions, and other resources restricted as to purpose.

Illinois Power Agency Operations Fund - 425

This fund was created as a special fund in the State Treasury. The fund is administered by the Agency for Agency operations as specified in the Illinois Power Agency Act. Funding sources include charges for services through fee reimbursements as provided by the Illinois Power Agency Act, transfers of interest and investment income from the Illinois Power Agency Trust Fund, and Statutory Transfers from other State Funds.

**STATE OF ILLINOIS
ILLINOIS POWER AGENCY**

Individual Nonshared Governmental Funds
Notes to the Financial Statements

June 30, 2024

(2) **Summary of Significant Accounting Policies - Continued**

(b) ***Basis of Presentation - Continued***

Illinois Power Agency Renewable Energy Resources Fund - 836

This fund was created as a special fund in the State Treasury. This fund is administered by the Agency for the procurement of renewable energy resources. This Fund's funding source was Alternative Compliance Payments remitted by Alternative Retail Electric Suppliers to comply with the State's Renewable Portfolio Standard established by the Public Utilities Act.

Permanent:

These funds account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the government or its citizens.

Illinois Power Agency Trust Fund -424

This fund was created as a special fund in the State Treasury. This fund has two distinct purposes:

- 1) This fund may accept, receive, and administer any grants, loans, or other funds made available to it by any source. Any funds received except for interest and investment income shall not be considered income but shall be added to the principal of the Illinois Power Agency Trust Fund. These amounts shall be interfund cash transferred to the Illinois Power Agency Investment Fund to be held for investment by the Illinois State Board of Investment for the purpose of obtaining a total return on investments for the long term as described in the State Finance Act (30 ILCS 105/6z-75).
- 2) This fund may accept cash transfers of investment income from the Illinois Power Agency Investment Fund for interfund cash transfer, subject to appropriations from the Illinois General Assembly, to the Illinois Power Agency Operations Fund as described in the State Finance Act (30 ILCS 105/6z-75).

**STATE OF ILLINOIS
ILLINOIS POWER AGENCY**

Individual Nonshared Governmental Funds
Notes to the Financial Statements

June 30, 2024

(2) Summary of Significant Accounting Policies - Continued

(b) Basis of Presentation - Continued

Illinois Power Agency Investment Fund -1408

This fund was created as a locally held fund held by the Illinois State Board of Investment outside of the State Treasury. Any funds received by the Illinois Power Agency Investment Fund from the Illinois Power Agency Trust Fund shall not be considered income but shall be added to the principal of the Fund. In addition, the Agency may interfund cash transfer, subject to the maximum appropriation for the Illinois Power Agency Trust Fund from the Illinois General Assembly, up to 90% of the annual investment income to the Illinois Power Agency Trust Fund for interfund cash transfer to the Illinois Power Agency Operations Fund. Any investment income not interfund cash transferred to the Illinois Power Agency Trust Fund for interfund cash transfer to the Illinois Power Agency Operations Fund shall not be considered income but shall be added to the principal of the Illinois Power Agency Investment Fund.

The Illinois Power Agency Investment Fund has been collapsed into the Illinois Power Agency Trust Fund for financial reporting purposes.

Funding sources for both permanent funds include interest accumulations deposited by the State Treasurer, investment income received through the Illinois State Board of Investment, and any grants, loans, or other funds made available to it by any source.

(c) Measurement Focus and Basis of Accounting

The Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the State considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, principal and interest on formal debt issues, claims and judgments, and compensated absences are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of formal debt issues and acquisitions under capital leases and installment purchases are reported as other financing sources. Significant revenue sources which are susceptible to accrual include charges for services and interest and investment income. All other revenue sources including fines, licenses, and other miscellaneous revenues are considered to be measurable and available if they are collected within 60 days of the end of the current fiscal year.

**STATE OF ILLINOIS
ILLINOIS POWER AGENCY**

Individual Nonshared Governmental Funds
Notes to the Financial Statements

June 30, 2024

(2) Summary of Significant Accounting Policies - Continued

(d) Cash Equity in State Treasury

Cash equity in the State Treasury includes deposits held in the State Treasury. It also includes cash received and deposited in the Agency's clearing account and in process to the State Treasurer.

(e) Investments

Investments are reported at fair value. The Illinois State Board of Investment holds investments for the Illinois Power Agency Trust Fund within the Illinois Power Agency Investment Fund pursuant to the State Finance Act (30 ILCS 105/6z-75).

(f) Interfund Transactions

The following types of interfund transactions between the Funds and funds of other State agencies may occur:

Interfund Loans are amounts provided with a requirement for repayment made in accordance with State law, which are reported as interfund receivables in lender funds and interfund payables in borrower funds. When interfund loan repayments are not expected within a reasonable time, the interfund balances are reduced and the amount that is not expected to be repaid is reported as a transfer from the fund that made the loan to the fund that received the loan.

Services provided and used are sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as interfund receivables and payables in the governmental funds balance sheet.

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

Transfers are flows of assets (such as cash or goods) between funds without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the governmental funds making transfers and as other financing sources in the governmental funds receiving transfers.

**STATE OF ILLINOIS
ILLINOIS POWER AGENCY**

Individual Nonshared Governmental Funds
Notes to the Financial Statements

June 30, 2024

(2) **Summary of Significant Accounting Policies - Continued**

(g) **Fund Balances**

Fund balances are classified in the following categories:

Non-spendable This consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The Illinois Power Agency Trust Fund had a non-spendable fund balance as of June 30, 2024.

Restricted This consists of amounts that are restricted to specific purposes, which is when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. There were no restricted fund balances as of June 30, 2024.

Committed This consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Agency's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Agency removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The Agency's highest level of decision-making authority rests with the Illinois General Assembly and the Governor. The State passes Public Acts to commit its fund balances. The Illinois Power Agency Operations Fund, and the Illinois Power Agency Renewable Energy Resources Fund had committed fund balances as of June 30, 2024.

Assigned This consists of net amounts that are constrained by the Agency's intent to be used for specific purposes, but that are neither restricted nor committed. Fund balance assignments can only be removed or changed by action of the General Assembly. There were no assigned fund balances as of June 30, 2024.

Unassigned This consists of residual fund balance (deficit) that has not been designated for specific purposes within the Funds. There were no unassigned fund balances as of June 30, 2024.

The Agency has a general policy to first use restricted resources for expenditures incurred for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available. When expenditures are incurred for which only unrestricted resources are available, the policy is to use committed resources first, then assigned. Unassigned amounts are only used after the other resources have been used.

**STATE OF ILLINOIS
ILLINOIS POWER AGENCY**

Individual Nonshared Governmental Funds
Notes to the Financial Statements

June 30, 2024

(2) Summary of Significant Accounting Policies - Continued

(h) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(i) Future Adoption of GASB Statements

Effective for the year ending June 30, 2025, the Agency will adopt the following GASB statements:

Statement No. 101, *Compensated Absences*, which is intended to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Statement No. 102, *Certain Risk Disclosures*, State and local governments face a variety of risks that could negatively affect the level of service they provide or their ability to meet obligations as they come due. Although governments are required to disclose information about their exposure to some of those risks, essential information about other risks that are prevalent among state and local governments is not routinely disclosed because it is not explicitly required. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

Effective for the year ending June 30, 2026, the Agency will adopt the following GASB statements:

Statement No. 103, *Financial Reporting Model Improvements*, the objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

Statement No. 104, *Disclosure of Certain Capital Assets*, which requires certain types of capital assets, such as lease assets, intangible right-to-use assets, subscription assets, and other intangible assets to be disclosed separately by major class of underlying asset in the capital assets note. The Statement also requires additional disclosures for capital assets held for sale.

The Agency has not yet determined the impact of adopting these statements on its financial statements.

**STATE OF ILLINOIS
ILLINOIS POWER AGENCY**

Individual Nonshared Governmental Funds
Notes to the Financial Statements

June 30, 2024

(3) Deposits and Investments

(a) Deposits

The State Treasurer is the custodian of the Funds deposits and investments for funds maintained in the State Treasury. Deposits in the custody of the State Treasurer on June 30, 2024, including cash on hand and cash in transit, totaled \$16.2 million for the Illinois Power Agency Operations Fund, \$98.8 million for the Illinois Power Agency Renewable Energy Resources Fund, and \$20 thousand for the Illinois Power Agency Trust Fund. These deposits are pooled and invested with other State funds in accordance with the Deposit of State Moneys Act of the Illinois Compiled Statutes (15 ILCS 520/11). Funds held by the State Treasurer have not been categorized as to credit risk because the Funds do not own individual securities. Details on the nature of these deposits are available within the State's ACFR.

(b) Investments

The Illinois State Board of Investment, an internal investment pool of the State, holds the investments within the Illinois Power Agency Investment Fund pursuant to the State Finance Act (30 ILCS 105/62-75). At June 30, 2024, total investments were \$41.7 million.

The Illinois State Board of Investment manages all assets held by it within a single commingled fund. Disclosures pertaining to these investments are included in the financial statements of the Illinois State Board of Investment. A copy of the financial statements of the Illinois State Board of Investment may be obtained by writing to the Illinois State Board of Investment, 180 North LaSalle Street, Suite 2015; Chicago, Illinois, 60601.

(4) Other Receivables

The balances of Other Receivables for the Illinois Power Agency Operations Fund and Illinois Power Agency Renewable Energy Resources Fund include reimbursements owed to the Agency, totaling \$2.1 million.

**STATE OF ILLINOIS
ILLINOIS POWER AGENCY**

Individual Nonshared Governmental Funds
Notes to the Financial Statements

June 30, 2024

(5) Interfund Balances and Activity

Interfund transfer activity during the year ended June 30, 2024, consisted of the following:

Interfund transfers in (amounts expressed in thousands) for the year ended June 30, 2024, were as follows:

Fund	Transfer in From Other Agency Funds	Description/Purpose
Illinois Power Agency Operations Fund	2,247	Operations transfer of ISBI Funds per 30 ILCS 105/6z-27

Interfund transfers in from the Department of Commerce and Economic Opportunity (amounts expressed in thousands) for the year ended June 30, 2024, were as follows:

Fund	Transfer in From Other State Funds	Description/Purpose
Illinois Power Agency Operations Fund	4,000	Mandatory transfer pursuant to 20 ILCS 605/605-1075

Interfund transfers out (amounts expressed in thousands) for the year ended June 30, 2024, were as follows:

Fund	Transfer out to Other Agency Funds	Description/Purpose
Illinois Power Agency Trust	2,247	Operations transfer of ISBI Funds per 30 ILCS 105/6z-27

**STATE OF ILLINOIS
ILLINOIS POWER AGENCY**

Individual Nonshared Governmental Funds
Notes to the Financial Statements

June 30, 2024

(6) Pension Plan

Substantially all of the Agency's full-time employees participate in the State Employees' Retirement System (SERS), which is a pension trust fund in the State of Illinois reporting entity. The SERS is a single-employer defined benefit public employee retirement system in which State employees participate, except those covered by the State Universities, Teachers, General Assembly, and Judges Retirement Systems. The financial position and results of operations of the SERS for Fiscal Year 2024 are included in the State of Illinois ACFR for the year ended June 30, 2024. The SERS also issues a separate ACFR that may be obtained by writing to the SERS, 2101 South Veterans Parkway, Springfield, Illinois, 62794-9255.

A summary of benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the SERS ACFR. Also included is a discussion of employer and employee obligations to contribute and the authority under which those obligations are established. The Agency pays employer retirement contributions based upon an actuarially determined percentage of its payrolls. For Fiscal Year 2024, the employer contribution rate was 52.657% and the Illinois Power Agency Operations Fund made contributions of \$2.1million.

(7) Post-employment Benefits

The State provides health, dental, vision, and life insurance benefits for retirees and their dependents in a program administered by the Central Management Services (CMS). Substantially all State employees become eligible for post-employment benefits if they eventually become annuitants of one of the State sponsored pension plans. Health, dental, and vision benefits include basic benefits for annuitants and dependents under the State's self-insurance plan and insurance contracts currently in force. Annuitants may be required to contribute towards health, dental, and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998, and who are vested in the State Employees Retirement System do not contribute towards health, dental, and vision benefits. For annuitants who retired on or after January 1, 1998, the annuitants' contribution amount is reduced five percent for each year of credited service with the State allowing those annuitants with twenty or more years of credited service to not have to contribute towards health, dental, and vision benefits. Annuitants also receive life insurance coverage equal to the annual salary of the last day of employment until age 60, at which time the benefit becomes \$5,000.

The total cost of the State's portion of health, dental, vision, and life insurance benefits of all members, including post-employment health, dental, vision, and life insurance benefits, is recognized as an expenditure by the State in the State's ACFR.

The State finances the costs on a pay-as-you-go basis. The total costs incurred for health, dental, vision, and life insurance benefits are not separated by department or component unit for annuitants and their dependents nor active employees and their dependents.

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(7) Post-employment Benefits - Continued

A summary of post-employment benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established is included as an integral part of the financial statements of CMS. A copy of the financial statements of CMS may be obtained by writing to CMS, 715 Stratton Building, 401 South Spring Street, Springfield, Illinois, 62706.

(8) Risk Management

The Funds are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; workers compensation; and natural disasters. The State retains the risk of loss (i.e., self-insured) for these risks.

The Funds risk management activities for self-insurance, unemployment insurance, and workers compensation are financed through appropriations to the Department of Central Management Services and are accounted for in the General Fund of the State. The claims are not considered to be a liability of the Funds; and accordingly, have not been reported in the Funds financial statements for the year ended June 30, 2024.

(9) Commitments and Contingencies

(a) Renewable Energy Credits

During Fiscal Years 2015 and 2016, under the Supplemental Photovoltaic Procurement Plan developed pursuant to Public Act 98-0672, the Agency held procurements to purchase up to \$30 million in Renewable Energy Credits (RECs) from new photovoltaic distributed energy generation devices. Renewable energy credits are certificates that represent the environmental benefits of electricity generated from renewable energy generation, such as solar panels or wind turbines.

A total of 14 companies have, or had, contracts to sell RECs to the Agency with contracts that started on or after, July 1, 2016, and with terms that allowed for up to nine months to identify individual projects, one year to develop projects, and then five years for the delivery of RECs as they are created. As of June 30, 2024, the outstanding commitment for those contracts totaled \$7 thousand.

Starting in Fiscal Year 2019 the Agency implemented the Illinois Solar for All Program which has a total of 20 companies with contracts with the Agency that include incentives for low- income distributed generation and community solar projects and other associated approved expenditures as stated in the (20 ILCS 3855/1-56(8)(2). As of June 30, 2024, the total outstanding commitment for the contracts listed above is \$37 million.

(b) Vendor Dispute

As of June 30, 2024, the Agency has an ongoing dispute with the former Program Administrator

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of the Adjustable Block Program regarding application fees collected by that Program Administrator for project applications not processed, or partially processed prior to the end of their contract (June 30, 2022). As of the report date, the amount of fees at issue is subject to ongoing settlement negotiations between the Agency and the vendor.

(10) Credit and Collateral Requirements

Some Sellers in the Illinois Solar for All program are required, within thirty (30) Business Days of the Trade Date of a Product Order, to post a Performance Assurance through either the: (i) posting of a Letter of Credit; or (ii) posting of cash collateral in the amount indicated as the initial Performance Assurance Requirement on such Product Order with the Illinois Power Agency. For avoidance of doubt, Seller's Performance Assurance with respect to a Designated System is required regardless of whether such Designated System is Energized as of the Trade Date or Energized within the thirty (30) Business Day period after the Trade Date. The cash collateral held by the Illinois Power Agency is recorded as bid deposits payable on the balance sheet in the amount of \$3.3 million as of June 30, 2024. The balance of letter of credit was \$490 thousand as of June 30, 2024.

(11) Subsequent Events

(a) Lessee arrangements

The Agency has entered into a lease for an office facility with an initial lease term effective September 1, 2024 for five years ending on August 31, 2029. Although lease terms vary, certain leases are renewable subject to appropriation by the General Assembly. If renewal is reasonably assured, leases requiring appropriation by the General Assembly are considered noncancelable leases for financial reporting purposes. Annual lease payments are approximately \$500 thousand a year.

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

Honorable Frank J. Mautino
Auditor General
State of Illinois

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 Illinois Power Agency Operations Fund, the Illinois Power Agency Renewable Energy Resources Fund, and the Illinois Power Agency Trust Fund of the State of Illinois, Illinois Power Agency (the “Agency”), as of and for the year ended June 30, 2024, and the related notes to the financial statements, and we have issued our report thereon dated March 13, 2025, which contained an emphasis of matter paragraph stating the financial statements present only the Illinois Power Agency Operations Fund, the Illinois Power Agency Renewable Energy Resources Fund, and the Illinois Power Agency Trust Fund and do not purport to, and do not, present fairly the financial position of the State of Illinois or the State of Illinois, Illinois Power Agency as of June 30, 2024 and the changes in their financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our report includes a reference to other auditors who audited the financial statements of the Illinois State Board of Investment, an internal investment pool of the State of Illinois, as described in our report on the Illinois Power Agency Trust Fund of the State of Illinois, Illinois Power Agency’s financial statements. This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the States of Illinois, Illinois Power Agency’s internal control as a basis for designing 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 State of Illinois, Illinois Power Agency’s internal control. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Illinois Power Agency’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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of Illinois, Illinois Power Agency'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*.

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

Restricted Use of this Report

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, the Comptroller, and the Agency's management and is not intended to be and should not be used by anyone other than these specified parties.

SIGNED ORIGINAL ON FILE

East Lansing, Michigan
March 13, 2025

ILLINOIS POWER AGENCY
SCHEDULE OF FINDINGS – PRIOR FINDINGS NOT REPEATED
For the Year Ended June 30, 2024

A. **FINDING** Inadequate Controls Over Financial Statement Close Process

During the prior year engagement period, the Illinois Power Agency (Agency) did not consider all billings for appropriate revenue cutoff.

During the current engagement period, our sample testing indicated that revenue was properly recorded. (Finding Code No. 2023-001, 2022-001)