



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**ILLINOIS STATE TOLL HIGHWAY AUTHORITY**

Financial Audit  
 For the Year Ended December 31, 2022

Release Date: July 27, 2023

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>0</b>	<b>0</b>	<b>No Repeat Findings</b>			
<b>Category 2:</b>	1	0	1				
<b>Category 3:</b>	0	0	0				
<b>TOTAL</b>	<b>1</b>	<b>0</b>	<b>1</b>				
<b>FINDINGS LAST AUDIT: 4</b>							

**INTRODUCTION**

This digest covers the Illinois State Toll Highway Authority’s (Tollway) Financial Audit as of and for the year ended December 31, 2022.

**SYNOPSIS**

- **22-01** The Tollway did not have adequate internal controls in place to ensure transactions over Intergovernmental Agreements were properly recorded for financial reporting purposes.

**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.

**ILLINOIS STATE TOLL HIGHWAY AUTHORITY**  
**FINANCIAL AUDIT**  
**For the Year Ended December 31, 2022**

<b>FINANCIAL OPERATIONS (GAAP Basis)</b>	<b>2022</b>	<b>2021</b>
Operating Revenues		
Toll Revenue.....	\$ 1,336,521,453	\$ 1,292,369,818
Toll Evasion Recovery.....	198,557,196	147,047,083
Concessions.....	47,206	1,428,418
Miscellaneous.....	19,354,183	18,958,584
Total Operating Revenues.....	<u>1,554,480,038</u>	<u>1,459,803,903</u>
Operating Expenses		
Depreciation and Amortization.....	531,791,165	517,961,956
Services and Toll Collection.....	104,444,385	111,972,566
Engineering and Maintenance of Roadway and Structures.....	97,184,463	95,505,236
Traffic Control, Safety Patrol, and Radio Communications.....	39,868,397	39,198,099
Procurement, IT, Finance and Administration.....	126,274,149	112,106,816
OPEB Expense Recovery.....	(517,423,118)	-
Total Operating Expenses.....	<u>382,139,441</u>	<u>876,744,673</u>
Operating Income.....	1,172,340,597	583,059,230
Total Nonoperating (Expenses), net.....	<u>(286,949,877)</u>	<u>(283,468,717)</u>
Change in Net Position.....	885,390,720	299,590,513
Net Position, beginning of year, as restated.....	<u>3,369,186,827</u>	<u>3,069,596,314</u>
Net Position, end of year.....	<u>\$ 4,254,577,547</u>	<u>\$ 3,369,186,827</u>
<b>SIGNIFICANT ACCOUNT BALANCES (GAAP Basis)</b>	<b>2022</b>	<b>2021</b>
Cash/Cash Equivalents/Investments (Unrestricted).....	\$ 976,756,176	\$ 1,142,118,349
Cash/Cash Equivalents/Investments Restricted for Debt Service.....	\$ 672,948,921	\$ 662,716,255
Cash and Cash Equivalents - I-PASS Accounts.....	\$ 210,091,950	\$ 206,943,195
Cash and Cash Equivalents - Construction.....	\$ -	\$ 290,681,928
Accounts Receivable - Current (net).....	\$ 134,691,122	\$ 69,863,109
Intergovernmental Receivable - Less Current Portion.....	\$ 83,289,633	\$ 88,911,714
Capital Assets.....	\$ 11,428,334,950	\$ 10,856,252,664
Deferred Outflows of Resources.....	\$ 711,648,246	\$ 354,481,447
Revenue Bonds Payable.....	\$ 7,789,511,021	\$ 7,993,915,054
Net Pension Liability.....	\$ 779,868,174	\$ 854,495,091
Net OPEB Liability.....	\$ 228,601,504	\$ 493,963,815
Deferred Inflows of Resources.....	\$ 425,701,935	\$ 237,527,324
Total Net Position.....	\$ 4,254,577,547	\$ 3,369,186,827
<b>EXECUTIVE DIRECTOR</b>		
During Audit Period: Jose Alvarez (through 3/15/22), Lanyea Griffin (4/1/22 through 8/25/22)		
Current: Cassandra Rouse (effective 8/26/22)		

## FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

### **INADEQUATE INTERNAL CONTROLS OVER INTERGOVERNMENTAL AGREEMENTS**

#### **Internal controls over Intergovernmental Agreements need improvement**

The Illinois State Toll Highway Authority (Tollway) did not have adequate internal controls in place to ensure transactions over Intergovernmental Agreements (IGA) were properly recorded for financial reporting purposes.

The Tollway enters into intergovernmental agreements with other governments and municipalities for cost sharing on construction projects that impact both the Tollway and other entities' property. The intergovernmental agreements itemize the estimated costs to each party. The Tollway utilizes percentage of completion reports to calculate the estimated amount due from each entity at a given point in time. The amount due from the other entity is recorded as a receivable and as a reduction of Assets Under Construction (capital asset – construction in progress). IGA revenue and expense are recognized for the same amount. Upon completion of the project, final actual costs are determined, and the final receivable is adjusted to the earned amount. The net effect is no impact to the Tollway's Net Position.

#### **Intergovernmental Receivables, Revenues and Expenses were overstated by \$4.97 million and Capital Assets were understated by the same amount**

During our testing of Intergovernmental Receivables, we noted the Tollway improperly recorded receivable balances from two entities within an IGA resulting in an overstatement of Intergovernmental Receivables of \$4,971,539, an understatement of Capital Assets of \$4,971,539, and an overstatement of both Revenue and Expense of \$4,971,539. All errors net to a zero effect on the Statement of Net Position and the Statement of Revenue, Expenses and Changes in Net Position.

After extrapolating the known errors over the sample population of \$12,829,216, the estimated projected impact of these errors is an overstatement of Intergovernmental Receivables of \$8,100,807, an understatement of Capital Assets – Construction in Progress of \$8,100,807, and an overstatement of both Revenues and Expenses under IGA's of \$8,100,807. The net effect of this error on net position is \$0. Management elected not to record the proposed adjusting entry for this error. (Finding 1, pages 77-78)

We recommended the Tollway implement controls to ensure Intergovernmental Agreements are reviewed and accurately accounted for to reduce the risk of future potential misstatements.

#### **Tollway agreed with the auditors**

Tollway officials concurred with the recommendation and stated they have enhanced their verification procedures for Intergovernmental agreement accounting to include additional verifications of payment terms and balances with Tollway staff involved in drafting and administering the agreements.

**AUDITOR'S OPINION**

The auditors stated the financial statements of the Tollway as of and for the year ended December 31, 2022 is fairly stated in all material respects.

This financial audit was conducted by CliftonLarsonAllen 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:TLK