

**REPORT DIGEST**

**ILLINOIS STATE TOLL HIGHWAY AUTHORITY  
FINANCIAL AUDIT  
FOR THE YEAR ENDED DECEMBER 31, 1993  
AND  
COMPLIANCE AUDIT  
FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 1994**

{Expenditures and Activity Measures are summarized on the reverse page.}

## **FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS**

### **CONFORMITY WITH INTENT OF STATE FISCAL POLICIES**

The Authority has continued to make progress in resolving some long-standing issues relating to conformity with the intent of certain State fiscal requirements. In the past, the Authority had not been specifically complying with several State fiscal mandates generally applicable to State agencies. However, the Authority has met with the Auditor General's office and established an open dialogue to address issues raised in this finding. Authority officials state that they have either established policies and standards that mirror the goals and spirit of the statutes or that they are currently in the process of establishing such policies. They also said they will continue to work with the Auditor General where disagreements occur. (Finding 1, page 8)

### **IMPROPER ACCOUNTING FOR NONTAGGED FIXED ASSETS**

The Authority's fixed assets may be overstated because a proper accounting for nontagged fixed assets is not maintained.

During the 1980's, the Authority manually recorded fixed assets because property items could not be entered into its current computer system unless physically tagged. Periodically, the Authority would make adjustments to the manual list based on estimates of the expired service life of property items on the list. The last adjustment to the list totalling \$269,590 occurred in December 1990 when the balance was \$516,521. Adjustments to the remaining balance of \$246,930 have not been accounted for by the Authority. (Finding 3, page 11)

Authority officials agreed with our recommendation to review and update the manual listing to reflect an accurate balance in its fixed asset listing.

### **NEED FOR BETTER AUTOMATED PAYROLL SYSTEM**

The Authority's automated Human Resources/Payroll software system still does not have on-line editing capabilities and therefore continues to require extensive manual calculations and adjustments, and is highly dependent on human intervention and control.

The system was not designed to process multiple pay rates for incentive pay or to process information to track garnishments, health claims, or individual daily attendance records. Errors in gross pay computations of hourly employees have continued because of the recurring payroll computations for circumstances such as shift incentive pay and leave without pay. (Finding 8, page 16)

Authority officials stated that parallel testing of a new payroll system was implemented as of January 1, 1995. They said the number of manual calculations has been reduced based on this implementation. They also said a work plan and schedule is being developed for the evaluation

of automating the time cards and timekeeping tasks.

### **RECURRING CAFETERIA OPERATING LOSSES**

The Authority is subsidizing its employees' lunches by paying the operating losses of one of its vendors which operates a cafeteria in its central office.

For 1991, 1992 and 1993, the Authority paid operating losses of \$68,399, \$93,460 and \$99,483 respectively for this vendor. The contract between the vendor and the Authority allows for these payments up to a maximum of \$70,000 which can be exceeded with the Executive Director's approval. One main reason for the losses appears to be the low prices for items sold in the cafeteria. These prices are determined by the Authority. (Finding 14, page 24)

Authority officials agreed with our recommendation to evaluate the effectiveness of its current pricing structure to determine whether prices should be raised to eventually eliminate the operating losses.

### **INADEQUATE HOURLY RATE CHARGED FOR HELICOPTER USE**

As of the end of our fieldwork, the Authority had not reviewed or revised the rates charged for passengers using its helicopter as we had previously recommended.

In June 1994, the Auditor General's office issued a Helicopter Special Inquiry report, which included a recommendation that the Authority review and revise its charges for use of its helicopter. The Authority was charging passengers a \$400 per hour rate for use of its helicopter based on an estimated annual usage of 350 flight hours. Actual usage for 1992 and 1993 averaged approximately 260 flight hours per year. The Authority's internal audit department determined that approximately \$480 per flight hour should be charged for use of the helicopter based on the current usage levels.

As of our December 9, 1994 fieldwork ending date, the Authority still had not reviewed or revised the rate that it charges passengers for use of its helicopter. (Finding 15, page 25)

Authority officials stated that they would perform an annual review of the costs associated with the helicopter's use. In January 1995, the Authority stated it had completed a review of the rate and determined that a rate of \$403.11 should be adequate to cover the costs of an estimated 270 hours of usage in 1995.

### **OTHER FINDINGS**

The remaining findings are of lesser significance and are being given attention by the Authority. We will review the Authority's progress toward implementation of our recommendations in our next audit.

Authority responses to our findings were provided by Mark Swidergal, Controller of Finance.

**AUDITOR'S OPINION**

Our auditors state the December 31, 1993 Trust Indenture Basis Financial Statements of the Illinois State Toll Highway Authority are fairly presented.

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**WILLIAM G. HOLLAND, Auditor General**

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**SUMMARY OF AUDIT FINDINGS**

<u>Number of This Audit</u>	<u>Prior Audit</u>
Audit findings	15 10
Repeated audit findings	4 7
Prior recommendations implemented or not repeated	6 7

**SPECIAL ASSISTANT AUDITORS**

Clifton Gunderson & Co. were our special assistant auditors for this engagement.

**ILLINOIS STATE TOLL HIGHWAY AUTHORITY**  
**FINANCIAL AUDIT**  
**For The Year Ended December 31, 1993**

<b>FINANCIAL OPERATIONS</b>	<b>1993</b>	<b>1992</b>
<b>Revenues</b>		
Toll	\$260,096,186	\$254,143,865
Interest on Investments	17,562,610	17,605,057
Other	<u>7,323,593</u>	<u>10,167,112</u>
Total	<u>\$284,982,389</u>	<u>\$281,916,034</u>
<b>Expenditures</b>		
Administration and Budget	\$58,298,074	\$52,412,068
Engineering and Physical Services	43,210,915	39,914,861
Police	10,858,842	10,574,697
Capital and Major Improvements	59,809,298	288,529,488
Other	<u>61,705,278</u>	<u>47,817,655</u>
Total	<u>\$233,882,407</u>	<u>\$439,248,769</u>
<b>SELECTED ACCOUNT BALANCES (All Funds)</b>	<b>December 31, 1993</b>	<b>December 31, 1992</b>
Cash and Investments	\$593,114,018	\$721,747,048
Construction Costs	\$1,610,107,006	\$1,410,232,868
Accrued Liabilities	\$35,789,581	\$32,675,812
Revenue Bonds Payable	\$1,007,155,000	\$983,645,000
Fund Balance (Deficit)		
Construction Fund	\$235,910,523	\$261,453,512
Revenue Fund Accounts:		
Maintenance and Operations	\$30,602,666	\$33,079,049
Priority Debt Service and Reserve	\$13,277,809	\$110,157,997
Debt Service and Reserve	\$50,638,226	\$22,970,895
Major Improvement	\$106,853,621	\$82,663,900
Capital Improvement	\$153,650,368	\$152,197,433
<b>SUPPLEMENTARY INFORMATION</b>	<b>1993</b>	<b>1992</b>
<b>Employment Statistics*</b>		
Executive	158	154
Administrative and Budget	646	641
Engineering	598	593
Physical Services	108	104
State Troopers	<u>142</u>	<u>153</u>
Total Employees	<u>1,652</u>	<u>1,645</u>
<b>SELECTED OTHER STATISTICS</b>	<b>1993</b>	<b>1992</b>
Total Capital Assets	\$2,517,970,955	\$2,304,335,925
Average Daily Vehicles Passing Toll Plazas	1,607,475	1,572,740

**AGENCY DIRECTORS**

During Audit Period: Mr. Ralph C. Wehner  
Currently: Mr. Ralph C. Wehner

\*Does not include temporary employees