
REPORT DIGEST

ILLINOIS FARM DEVELOPMENT AUTHORITY

FINANCIAL AND COMPLIANCE AUDIT

For the Year Ended:
June 30, 1996

Summary of Findings:

Total this audit	3
Total last audit	1
Repeated from last audit	1

Release Date:

April 15, 1997



State of Illinois
Office of the Auditor General

WILLIAM G. HOLLAND
AUDITOR GENERAL

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SYNOPSIS

- ◆ The Authority entered into a contract that did not contain all of the required elements. Furthermore, the contract was not filed with the State Comptroller. This finding has been repeated since 1994.
- ◆ The Authority failed to obtain sufficient collateralization for cash deposits with a bank.
- ◆ The Authority did not comply with certain statutory mandates generally applicable to State agencies.

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

ILLINOIS FARM DEVELOPMENT AUTHORITY
FINANCIAL AND COMPLIANCE AUDIT
For The Year Ended June 30, 1996

ALL FUNDS FINANCIAL INFORMATION	FY 1996	FY 1995
! Total Operating Expenses	\$737,070	\$725,318
Personal Services.....	\$246,446	\$200,365
% of Total Expenses.....	33.4%	27.6%
Average No. of Employees.....	6	6
Other Payroll Costs (FICA, Retirement).....	\$52,525	\$42,173
% of Total Expenses.....	7.1%	5.8%
Contractual Services.....	\$283,584	\$232,279
% of Total Expenses.....	38.5%	32.0%
Bad Debt Expenses.....	\$114,606	\$214,385
% of Total Expenses.....	15.6%	29.6%
All Other Expenses.....	\$39,909	\$36,116
% of Total Expenses.....	5.4%	5.0%
! Total Revenues.....	\$942,954	\$733,012
! Cash and Investments at June 30.....	\$11,627,699	\$11,044,203
! Cost of Property and Equipment.....	\$77,875	\$87,214

SELECTED ACTIVITY MEASURES	FY 1996	FY 1995
Revenue Bonds Issued Since Inception		
Number.....	2,340	2,241
Amount.....	\$167,511,807	\$155,611,941

AGENCY DIRECTOR
Currently: David Wirth
During Audit Period: David Wirth

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**FAILURE TO INCLUDE ALL REQUIRED
ELEMENTS IN CONTRACT**

**Contract did not contain all
required elements and was
not filed with the State
Comptroller**

The Authority entered into a contract for legal services that did not contain all of the elements required by the State Comptroller's Uniform Statewide Accounting System and the Illinois Purchasing Act (30 ILCS 505/9.04). In addition, the contract was not filed with the State Comptroller. **This finding has been repeated since 1994.** (Finding #1, page 15)

We recommended the Authority ensure that its contracts contain all required elements and be filed with the State Comptroller.

Authority officials stated they will obtain a new legal services contract which includes the required elements and will file a copy with the State Comptroller. (For prior Authority responses, see Digest footnote 1).

FAILURE TO COLLATERALIZE BANK DEPOSITS

**There were unsecured bank
deposits of \$158,068 at June
30, 1996**

The Authority failed to obtain sufficient collateral for cash deposits with a bank. The Authority's checking and savings accounts had a balance per the bank of \$258,068 at June 30, 1996 of which only \$100,000 was secured with FDIC insurance. Therefore, \$158,068 of bank deposits were unsecured at June 30, 1996. (Finding #2, page 16)

We recommended the Authority obtain collateral to assure that any balances in excess of \$100,000 be adequately secured.

Authority officials stated they will obtain collateral from financial institutions to secure any balances in excess of \$100,000.

**NONCOMPLIANCE WITH STATUTORY
MANDATES**

Noncompliance with Statutory Mandates

The Authority failed to comply with certain statutory mandates generally applicable to State agencies. During our audit testing, we noted the Authority did not comply with the State Records Act, the State Employment Records Act, and the State Printing Contracts Act. (Finding #3, page 17)

We recommended the Authority become familiar with the State laws and implement procedures necessary to comply with them.

Authority officials stated they will comply with applicable statutory mandates.

AUDITORS' OPINION

Our auditors state the Illinois Farm Development Authority's financial statements for the one year ended June 30, 1996 are fairly presented.

WILLIAM G. HOLLAND, Auditor General

WGH:BAR:pp

SPECIAL ASSISTANT AUDITORS

Ginoli & Company, Ltd. were our special assistant auditors for this audit.

DIGEST FOOTNOTES

#1 FAILURE TO INCLUDE REQUIRED ELEMENTS IN CONTRACT - Previous Agency Responses.

- 1995: "This finding relates to our contract with our attorneys. We have requested a new contract which contains all the required elements. At this writing, we have not yet received this contract. We will again request a new contract and upon receipt will file with the State Comptroller as recommended."
- 1994: "The Authority intends to fully comply with the recommendation of the auditors and will obtain a new contract containing all of the required elements and file the contract with the State Comptroller."

