

**STATE OF ILLINOIS**  
**ILLINOIS FINANCE AUTHORITY**  
**COMPLIANCE EXAMINATION**  
For the Two Years Ended June 30, 2015

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



E.C. ORTIZ & CO., LLP  
CERTIFIED PUBLIC ACCOUNTANTS

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2015**

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The Illinois Finance Authority’s financial statement report for the year ended June 30, 2015, which includes the Independent Auditor’s Report, Management’s Discussion and Analysis, Basic Financial Statements and Notes to the Basic Financial Statements, Supplementary Information, and the Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> has been issued separately.	
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**AGENCY OFFICIALS**

Chairman of the Board of Directors (04/13/15 - current)	Mr. R. Robert Funderburg, Jr.
Chairman of the Board of Directors (04/01/15 - 04/12/15)	Vacant
Chairman of the Board of Directors (07/01/13 - 03/31/15)	Mr. William A. Brandt, Jr.
Executive Director	Mr. Christopher B. Meister
Chief Financial Officer (03/27/14 - current)	Ms. Melinda M. Gildart
Chief Financial Officer (03/01/14 - 03/26/14)	Vacant
Chief Financial Officer (Acting) (01/14/14 - 02/28/14)	Mr. Scott Bailey
Chief Financial Officer (07/24/13 - 01/13/14)	Mr. Dennis Anosike
Chief Financial Officer (Acting) (07/01/13 - 07/23/13)	Mr. Scott Bailey
Controller (08/19/13 - current)	Ms. Ximena Granda
General Counsel (07/13/15 - current)	Ms. Elizabeth Fleming Weber
General Counsel (01/01/15 - 07/12/14)	Vacant
General Counsel (Acting) (07/01/13 - 12/31/14)	Ms. Pamela A. Lenane

Members of the Illinois Finance Authority's Board of Directors during the period were as follows:

Member (04/13/15 - current)	Mr. R. Robert Funderburg, Jr.
Member (04/01/15 - 04/12/15)	Vacant
Member (07/01/13 - 03/31/15)	Mr. William A. Brandt, Jr.
Member	Ms. Gila J. Bronner
Member	Mr. James J. Fuentes
Member	Mr. Michael W. Goetz
Member	Mr. Lerry Knox
Member	Mr. Terrence M. O'Brien
Member	Mr. Roger Poole
Member	Mr. Mordecai Tessler
Member	Mr. Bradley A. Zeller

**STATE OF ILLINOIS  
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**AGENCY OFFICIALS** (continued)

Member (08/12/15 - current)	Mr. Eric Anderberg
Member (08/01/15 - 08/11/15)	Vacant
Member (07/01/13 - 07/31/15)	Mr. Norman M. Gold
Member (08/13/15 - current)	Mr. Robert Horne
Member (08/01/15 - 08/12/15)	Vacant
Member (07/01/13 - 07/31/15)	Mr. Edward Leonard, Sr.
Member (09/09/15 - current)	Mr. Adam Israelov
Member (12/11/14 - 09/08/15)	Vacant
Member (12/13/13 - 12/10/14)	Mr. David Vaught
Member (07/01/13 - 12/11/13)	Dr. William Barclay
Member (09/09/15 - current)	Ms. Arlene Juracek
Member (04/15/15 - 09/08/15)	Vacant
Member (07/01/13 - 04/14/15)	Ms. Heather D. Parish
Member (01/05/16 - current)	Mr. Lyle McCoy
Member (07/01/3 - 01/04/16)	Mr. Barrett F. Pedersen
Member (07/09/15 - current)	Mr. John Yonover
Member (03/11/15 - 07/08/15)	Vacant
Member (06/21/13 - 03/10/15)	Ms. Carmen Lonstein

Agency offices are located at:

**Chicago Office**  
160 North LaSalle Street, Suite S-1000  
Chicago, Illinois 60601

**Mount Vernon Office**  
2929 Broadway Street, #7B  
Mount Vernon, Illinois 62864

**Springfield Office**  
500 East Monroe Street, 3<sup>rd</sup> Floor  
Springfield, Illinois 62701

January 25, 2016

E.C. Ortiz & Co., LLP  
Certified Public Accountants  
333 South Des Plaines Street, Suite 2-N  
Chicago, Illinois 60661

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the State of Illinois, Illinois Finance Authority. We are responsible for and we have established and maintained an effective system of, internal controls over compliance requirements. We have performed an evaluation of the State of Illinois, Illinois Finance Authority's compliance with the following assertions during the two-year period ended June 30, 2015. Based on this evaluation, we assert that during the years ended June 30, 2015, and June 30, 2014, the State of Illinois, Illinois Finance Authority has materially complied with the assertions below.

- A. The State of Illinois, Illinois Finance Authority has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The State of Illinois, Illinois Finance Authority has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The State of Illinois, Illinois Finance Authority has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the State of Illinois, Illinois Finance Authority are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.

- E. Money or negotiable securities or similar assets handled by the State of Illinois, Illinois Finance Authority on behalf of the State or held in trust by the State of Illinois, Illinois Finance Authority have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Very truly yours,

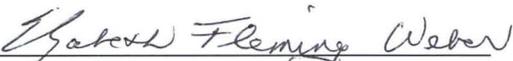
ILLINOIS FINANCE AUTHORITY



Christopher Meister, Executive Director



Melinda Gildart, Chief Financial Officer



Elizabeth Fleming Weber, General Counsel

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
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For the Two Years Ended June 30, 2015**

**COMPLIANCE REPORT**

**SUMMARY**

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

**ACCOUNTANTS' REPORT**

The Independent Accountants' Report on State Compliance, on Internal Control Over Compliance and on Supplementary Information for State Compliance Purposes does not contain scope limitations or disclaimers, but does contain a qualified opinion on compliance and identifies material weaknesses in internal control over compliance.

**SUMMARY OF FINDINGS**

<u>Number of</u>	<u>Current</u>	<u>Prior</u>
Findings	<u>Report</u> 8	<u>Report</u> 11
Repeated findings	6	6
Prior recommendations implemented or not repeated	5	5

**SCHEDULE OF FINDINGS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
<i>FINDINGS (GOVERNMENT AUDITING STANDARDS)</i>			
2015-001	15	Inaccurate Financial Statements for the Industrial Project Insurance Fund, the Illinois Agricultural Loan Guarantee Fund, and the Illinois Farmer and Agribusiness Loan Guarantee Fund	Material Weakness and Noncompliance
2015-002	24	Failure to Write-off Uncollectible Balances	Significant Deficiency

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**SUMMARY** (continued)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)			
2015-003	26	Noncompliance with the Illinois Finance Authority Act	Material Weakness and Material Noncompliance
2015-004	31	Inadequate Controls over Conduit Debt	Material Weakness and Material Noncompliance
2015-005	35	Inadequate Internal Audit Function	Significant Deficiency and Noncompliance
2015-006	38	Delinquent and Inaccurate Reporting of Bond Activity	Significant Deficiency and Noncompliance
2015-007	40	Inadequate Control over Travel Expenses	Significant Deficiency and Noncompliance
2015-008	44	Inadequate Controls over Personal Services	Significant Deficiency and Noncompliance

In addition, the following findings which are reported as current findings relating to *Governmental Auditing Standards* also meet the reporting requirements for State Compliance.

2015-001	15	Inaccurate Financial Statements for the Industrial Project Insurance Fund, the Illinois Agricultural Loan Guarantee Fund, and the Illinois Farmer and Agribusiness Loan Guarantee Fund	Material Weakness and Material Noncompliance
2015-002	24	Failure to Write-off Uncollectible Balances	Significant Deficiency and Noncompliance

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**PRIOR FINDINGS NOT REPEATED**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
A	47	Inaccurate Major Fund Financial Statements for the Authority's Fire Truck Revolving Loan Fund and Ambulance Revolving Loan Fund
B	47	Inadequate Monitoring of Borrower Compliance
C	48	Inadequate Financial Reporting Controls
D	48	Nonpayment of Shared State Employee Services
E	48	Inadequate Controls over New Bond Issuances

**EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with Authority officials at an exit conference on December 2, 2015. Attending were:

Illinois Finance Authority

Christopher Meister, Executive Director  
Melinda Gildart, Chief Financial Officer  
Ximena Granda, Controller  
Elizabeth Fleming Weber, General Counsel

Illinois Finance Authority's Board of Directors

Gila J. Bronner, Chairwoman of the Audit Plus Committee (via teleconference)

Office of the Auditor General

Daniel J. Nugent, CPA, Audit Manager

E.C. Ortiz & Co., LLP

Marites Sy, CPA, Partner  
Emily Causon, CPA, Manager

The Authority's responses to the recommendations were provided by Mr. Christopher Meister, Executive Director, in a correspondence dated December 22, 2015. The Office of the State Fire Marshal's response to Finding 2015-003 was provided by Mr. Ronny Wickenhauser, Chief Fiscal Officer, in a correspondence dated January 7, 2016.



E.C. ORTIZ & CO., LLP  
CERTIFIED PUBLIC ACCOUNTANTS

**Independent Accountant’s Report on State Compliance, on Internal Control over Compliance, and on Supplementary Information for State Compliance Purposes**

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

and

Board of Directors  
Illinois Finance Authority

Compliance

As Special Assistant Auditors for the Auditor General, we have examined the State of Illinois, Illinois Finance Authority’s compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2015. The management of the State of Illinois, Illinois Finance Authority is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Illinois Finance Authority’s compliance based on our examination.

- A. The State of Illinois, Illinois Finance Authority has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The State of Illinois, Illinois Finance Authority has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The State of Illinois, Illinois Finance Authority has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the State of Illinois, Illinois Finance Authority are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.

- E. Money or negotiable securities or similar assets handled by the State of Illinois, Illinois Finance Authority on behalf of the State or held in trust by the State of Illinois, Illinois Finance Authority have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the State of Illinois, Illinois Finance Authority's compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the State of Illinois, Illinois Finance Authority's compliance with specified requirements.

As described in item 2015-004 in the accompanying schedule of findings, the State of Illinois, Illinois Finance Authority did not comply with requirements regarding the use of public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such use. As described in item 2015-001 and item 2015-003 in the accompanying schedule of findings, the State of Illinois, Illinois Finance Authority did not comply with the requirements regarding applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations. Compliance with such requirements is necessary, in our opinion, for the State of Illinois, Illinois Finance Authority to comply with the requirements listed in the first paragraph of this report.

In our opinion, except for the noncompliance described in the preceding paragraph, the State of Illinois, Illinois Finance Authority complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2015. However, the results of our procedures disclosed other instances of noncompliance with the requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings as item 2015-002 and items 2015-005 through 2015-008.

### Internal Control

Management of the State of Illinois, Illinois Finance Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the State of Illinois, Illinois Finance Authority's internal control over compliance with the requirements listed in the first paragraph of this report to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois, Illinois Finance Authority's internal control over

compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Illinois Finance Authority's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the requirements listed in the first paragraph of this report on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance as described in the accompanying schedule of findings as items 2015-001, 2015-003, and 2015-004 to be material weaknesses.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as item 2015-002 and items 2015-005 through 2015-008 to be significant deficiencies.

As required by the Audit Guide, immaterial findings excluded from this report have been reported in a separate letter to your office.

The State of Illinois, Illinois Finance Authority's responses to the findings identified in our examination are described in the accompanying schedule of findings. We did not examine the State of Illinois, Illinois Finance Authority's responses and, accordingly, we express no opinion on the responses.

The State of Illinois, Office of the State Fire Marshal's response to item 2015-003 is described in the accompanying schedule of findings. We did not examine the State of Illinois, Office of the State Fire Marshal's response and, accordingly, we express no opinion on the response.

#### Supplementary Information for State Compliance Purposes

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the State of Illinois, Illinois Finance Authority as of and for the year ended June 30, 2015, and have issued our report thereon dated January 19, 2016, which contained unmodified opinions on

those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Illinois, Illinois Finance Authority's basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to January 19, 2016. The accompanying supplementary information for the year ended June 30, 2015, in Schedules 1, 3-6, 8-12, 14-16, and 18 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the State of Illinois, Illinois Finance Authority. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The accompanying supplementary information for the year ended June 30, 2015, in Schedules 1, 3-6, 8-12, 14-16, and 18 has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information for the year ended June 30, 2015, in Schedules 1, 3-6, 8-12, 14-16, and 18 is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2015.

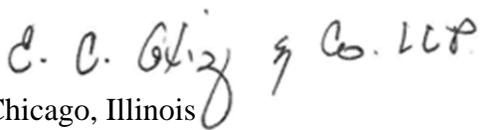
We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the State of Illinois, Illinois Finance Authority's basic financial statements as of and for the year ended June 30, 2014 (not presented herein), and have issued our reports thereon dated December 24, 2014, which contained unmodified opinions on the respective financial statements of the business-type activities, each major fund, and the aggregate remaining fund information. The accompanying supplementary information for the year ended June 30, 2014, in Schedules 2-5 and 7-18 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2014, financial statements. The accompanying supplementary information for the year ended June 30, 2014, in Schedules 2-5 and 7-18 has been subjected to the auditing procedures applied in the audit of the June 30, 2014, basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information for the year ended June 30, 2014, in Schedules 2-5 and 7-18 is fairly stated in all material respects in relation to the basic financial statements as a whole from which it has been derived.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the State of Illinois, Illinois Finance Authority's basic financial statements as of and for the year ended June 30, 2013 (not presented herein), and have issued our reports thereon dated January 15, 2014, which contained unmodified opinions on the respective financial statements of the business-type activities, each major fund, and the aggregate remaining fund information. The accompanying supplementary information for the year ended June 30, 2013, in Schedules 3, 4, 8-11, 13, 15, and 17 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2013, financial statements. The accompanying supplementary information for the year ended June 30,

2013, in Schedules 3, 4, 8-11, 13, 15, and 17 has been subjected to the auditing procedures applied in the audit of the June 30, 2013, basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information for the year ended June 30, 2013, in Schedules 3, 4, 8-11, 13, 15, and 17 is fairly stated in all material respects in relation to the basic financial statements as a whole from which it has been derived.

The accompanying supplementary information in the Analysis of Operations Section is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

  
Chicago, Illinois  
January 25, 2016



E.C. ORTIZ & CO., LLP  
CERTIFIED PUBLIC ACCOUNTANTS

**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

and

Board of Directors  
Illinois Finance Authority

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 business-type activities, each major fund, and the aggregate remaining fund information of the State of Illinois, Illinois Finance Authority, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the State of Illinois, Illinois Finance Authority’s basic financial statements, and have issued our report thereon dated January 19, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the State of Illinois, Illinois Finance Authority’s internal control over financial reporting (internal control) to determine the 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 Finance Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Illinois Finance Authority’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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. We consider the deficiency described in the accompanying schedule of findings as item 2015-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings as item 2015-002 to be a significant deficiency.

### **Compliance and Other Matters**

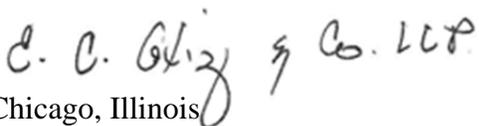
As part of obtaining reasonable assurance about whether the State of Illinois, Illinois Finance Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2015-001.

### **State of Illinois, Illinois Finance Authority's Response to Findings**

The State of Illinois, Illinois Finance Authority's responses to the findings identified in our audit are described in the accompanying schedule of findings. The State of Illinois, Illinois Finance Authority's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### **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 State of Illinois, Illinois Finance Authority'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 State of Illinois, Illinois Finance Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Chicago, Illinois  
January 19, 2016

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015**

**CURRENT FINDINGS - GOVERNMENT AUDITING STANDARDS**

2015-001. **FINDING** (Inaccurate Financial Statements for the Industrial Project Insurance Fund, the Illinois Agricultural Loan Guarantee Fund, and the Illinois Farmer and Agribusiness Loan Guarantee Fund)

The Illinois Finance Authority (Authority) had financial reporting problems within the Industrial Project Insurance Fund, the Illinois Agricultural Loan Guarantee Fund, and the Illinois Farmer and Agribusiness Loan Guarantee Fund. These financial reporting problems, if not identified and corrected, would have resulted in a material misstatement of the Authority's financial statements.

During testing, the auditors noted the following errors within the Authority's draft financial statements:

- The Authority improperly classified an actuary's calculation of potential liabilities from guarantee claims, totaling \$562,675, as a liability of the Industrial Project Insurance Fund as opposed to a liability of the Illinois Farmer and Agribusiness Loan Guarantee Fund.

The Illinois Finance Authority Act (Act) (20 ILCS 3501/830-35(c)) states, "All payments by the Authority shall be made from the Illinois Farmer and Agribusiness Loan Guarantee Fund to satisfy claims against the State Guarantee." In addition, the Authority's rules codified within the Illinois Administrative Code (Code) (74 Ill. Admin. Code 1100.735(b)) defines "Fund" as "the Illinois Farmer and Agribusiness Loan Guarantee Fund, which is the State's fund to cover losses resulting from defaults." Finally, the Authority's *Agri-Industries Guarantee Program Summary* (page 4) states, "Loan losses are paid from the Illinois Farmer and Agribusiness Loan Guarantee Fund."

National Council on Governmental Accounting Statement 1, Paragraph 2, *Governmental Accounting and Financial Reporting Principles*, requires governmental accounting systems to both fairly present and disclose the government's financial position and results of operations and "demonstrate compliance with finance-related legal and contractual provisions."

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015**

**CURRENT FINDINGS - *GOVERNMENT AUDITING STANDARDS***

2015-001. **FINDING** (Inaccurate Financial Statements for the Industrial Project Insurance Fund, the Illinois Agricultural Loan Guarantee Fund, and the Illinois Farmer and Agribusiness Loan Guarantee Fund) (continued)

- The Authority improperly classified a claim arising from the settlement of litigation regarding a guarantee claim, totaling \$155,000, as a liability of the Industrial Project Insurance Fund as opposed to a liability of the Illinois Agricultural Loan Guarantee Fund. Further, the Authority ultimately improperly paid this liability in September 2015 from the Industrial Project Insurance Fund.

The Act (20 ILCS 3501/830-30(c)) states, “All payments by the Authority shall be made from the Illinois Agricultural Loan Guarantee Fund to satisfy claims against the State Guarantee.” In addition, the Authority’s rules codified within the Code (74 Ill. Admin. Code 1100.725(b)) defines “Fund” as “the Illinois Agricultural Loan Guarantee Fund, which is the State’s fund to cover losses resulting from defaults on State Guarantee loans.” Additionally, the Code (74 Ill. Admin. Code 1100.725(i)(3)) states, “All payments by the Authority shall be made from the Illinois Agricultural Loan Guarantee Fund to satisfy claims against the State Guarantee.” Finally, the Authority’s *Agricultural Restructuring Debt Guarantee Program Summary* (page 2) states, “The guarantees are backed in part by the State of Illinois and any losses incurred will be paid from the Illinois Agricultural Loan Guarantee Fund.”

While liabilities arising from the State Guarantee must be recorded within the Illinois Agricultural Loan Guarantee Fund, the Authority, pursuant to the Act (20 ILCS 3501/830-30(c)), may only transfer into the Illinois Agricultural Loan Guarantee Fund amounts “as are necessary to satisfy claims” from the Industrial Project Insurance Fund.

National Council on Governmental Accounting Statement 1, Paragraph 2, *Governmental Accounting and Financial Reporting Principles*, requires governmental accounting systems to both fairly present and disclose the government’s financial position and results of operations and “demonstrate compliance with finance-related legal and contractual provisions.”

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015**

**CURRENT FINDINGS - GOVERNMENT AUDITING STANDARDS**

2015-001. **FINDING** (Inaccurate Financial Statements for the Industrial Project Insurance Fund, the Illinois Agricultural Loan Guarantee Fund, and the Illinois Farmer and Agribusiness Loan Guarantee Fund) (continued)

- The Authority improperly accrued a potential contingent liability within the Industrial Project Insurance Fund arising from the Authority's guarantee of the indebtedness of an agribusiness, totaling \$494,851. Authority officials accrued the liability on the basis of significant concentration risk; however, the actuarial report commissioned by the Authority for this particular borrower only noted general operational risks.

Governmental Accounting Standards Board Statement No. 62, Paragraph 102, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements*, requires the Authority record an estimated loss from a loss contingency only if it is both probable that future events will occur confirming the fact of the loss and the loss can be reasonably estimated.

Additionally, Governmental Accounting Standards Board Statement No. 62, Paragraph 111, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements*, states, "General or unspecified operations risks do not meet the conditions for accrual in paragraph 102, and no accrual for loss should be made."

- The Authority improperly reported prior period guarantee receivables, totaling \$28,402, within the Industrial Project Insurance Fund as opposed to the Illinois Farmer and Agribusiness Loan Guarantee Fund.

The Act (20 ILCS 3501/830-35(c)) states the Illinois Agricultural Loan Guarantee Fund will be reimbursed for any amounts paid upon liquidation of the loan's collateral by the lender.

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015**

**CURRENT FINDINGS - GOVERNMENT AUDITING STANDARDS**

2015-001. **FINDING** (Inaccurate Financial Statements for the Industrial Project Insurance Fund, the Illinois Agricultural Loan Guarantee Fund, and the Illinois Farmer and Agribusiness Loan Guarantee Fund) (continued)

- As a result of the prior errors noted above, the Authority misclassified the Industrial Project Insurance Fund as a major fund of the Authority.

Governmental Accounting Standards Board Statement No. 34, Paragraph 76, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, states funds other than the general fund should be reported as a major fund if it comprises 10% or more of the entity’s total assets, liabilities, revenues, or expenses.

- The Authority failed to recognize a restriction on the uses of the resources within the Industrial Project Insurance Fund. The Authority’s draft financial statements reported the net position of the Industrial Project Insurance Fund as unrestricted when its net position should have been reported as restricted for locally-held agricultural guarantees.

The Act (20 ILCS 3501/805-15), as amended by Public Act 096-0897 on May 24, 2010, states the Fund “shall be held for the benefit of the holders of the loans or bonds insured under Section 805-20 of this Act or the holders of State Guarantees under Article 830 of this Act.” According to Authority officials, the Authority does not and will not have any loans or bonds insured under Section 805-20 of the Act, but does have outstanding agricultural guarantees issued under Article 830 of the Act.

In addition, Governmental Accounting Standards Board Statement No. 34, Paragraph 34, *Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments*, requires the Authority report restricted net position when constraints are imposed upon its use of its net position by law through enabling legislation. Further, Governmental Accounting Standards Board Statement No. 46, Paragraph 4, *Net Position Restricted by Enabling Legislation*, requires that when new enabling legislation replaces prior enabling legislation, the net position from that period forward should be reported as restricted to the purpose specified by the new enabling legislation.

The auditors proposed adjusting entries to correct these financial reporting errors, which the Authority recorded in its final financial statements.

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015**

**CURRENT FINDINGS - *GOVERNMENT AUDITING STANDARDS***

2015-001. **FINDING** (Inaccurate Financial Statements for the Industrial Project Insurance Fund, the Illinois Agricultural Loan Guarantee Fund, and the Illinois Farmer and Agribusiness Loan Guarantee Fund) (continued)

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Authority establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance resources and obligations are properly accounted for to permit the preparation of accounts and reliable financial and statistical reports.

Authority officials stated they have the legal authority to pay obligations arising from the agricultural loan guarantee programs from any of the three funds in any order; therefore, this accounting treatment was correct.

Failure to properly report the Authority's financial information within the Industrial Project Insurance Fund, the Illinois Agricultural Loan Guarantee Fund, and the Illinois Farmer and Agribusiness Loan Guarantee Fund could have, if not detected and corrected, resulted in a material misstatement of the Authority's financial statements, reducing the overall reliability of Statewide financial reporting. (Finding Code No. 2015-001)

**RECOMMENDATION**

We recommend the Authority recognize liabilities and pay claims arising from its agricultural guarantees from the Illinois Agricultural Loan Guarantee Fund and the Illinois Farmer and Agribusiness Loan Guarantee Fund, or seek a legislative remedy. Further, the Authority should enhance its procedures to review any changes to its regulatory environment for any potential impact on the Authority's financial reporting process. Finally, the Authority should accrue contingent liabilities only when the potential for loss meets the requirements of Governmental Accounting Standards Board Statement No. 62.

If the Authority continues to disagree with the auditors' position, the Authority should seek a formal written opinion from the Attorney General.

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015**

**CURRENT FINDINGS - GOVERNMENT AUDITING STANDARDS**

2015-001. **FINDING** (Inaccurate Financial Statements for the Industrial Project Insurance Fund, the Illinois Agricultural Loan Guarantee Fund, and the Illinois Farmer and Agribusiness Loan Guarantee Fund) (continued)

**AUTHORITY RESPONSE**

The Authority does not accept this finding because, in our opinion, it is based upon an incorrect legal interpretation.

Public Act 96-0897, effective May 24, 2010, allows the Authority to pay claims and liabilities resulting from State Guarantees issued by the Authority or its predecessors under Article 830 of the Illinois Finance Authority Act from the Industrial Project Insurance Fund (“Fund”), a locally-held fund of the Authority, not among the funds held by the State Treasurer’s Office. (e.g., “Any portion of the Fund against which a charge has been made, shall be held for the benefit of the holders of the loans or bonds insurance under Section 805-20 of this Act **or the holders of State Guarantees under Article 830 of this Act.**” 20 ILCS 805-15; see also, 20 ILCS 3501/805-5; 20 ILCS 3501/801-15 (b) and (d); 20 ILCS 3501/20 (i) and (j); 20 ILCS 3501/830-5(e).) The addition of the Fund as a financial backstop to the State Agricultural Guarantee programs increased the Authority’s financial resources allocated to these programs by over \$11 million. SB 3719, the bill that became Public Act 96-897 passed the Senate 57-0-1 and passed the House 112-0-0. Since the 2010 effective date of Public Act 96-897, the Authority has publicly considered the locally-held Fund as “first dollar” payment source for claims under the State Agricultural Guarantee Programs rather than the two Guarantee Funds held by the State Treasurer. In Fiscal Year 2011, the Authority paid a State Agricultural Guarantee claim from the Fund in the amount of less than \$30,000.

The finding states that the Authority improperly classified a liability from agricultural loan guarantee claims as a liability of the Industrial Project Insurance Fund, a locally-held Authority fund, instead of a liability of the Illinois Farmer and Agribusiness Loan Guarantee Fund, a fund held by the State Treasurer.

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015**

**CURRENT FINDINGS - GOVERNMENT AUDITING STANDARDS**

2015-001. **FINDING** (Inaccurate Financial Statements for the Industrial Project Insurance Fund, the Illinois Agricultural Loan Guarantee Fund, and the Illinois Farmer and Agribusiness Loan Guarantee Fund) (continued)

The fundamental rule of statutory construction is to ascertain and give effect to the legislature's intent. *People v. Pack*, 224 Ill. 2d 144, 147 (2007). The best indication of legislative intent is the statutory language, given its plain and ordinary meaning. *Pack*, 224 Ill.2d at 147. The Illinois Supreme Court has also said that it construes the statute as a whole and does not view words or phrases in isolation, but rather, must consider them in light of other relevant provisions of the statute. *People v. Beckham*, 229 Ill. 2d 237, 243 (2008). Courts "must construe statutes relating to the same subject matter with reference to one another so as to give effect to the provisions of each, if reasonable." *Harris v. Thompson*, 2012 IL 112525 Paragraph 25.

A plain and ordinary reading of the multiple statutory changes made by Public Act 96-0897 shows the General Assembly's intent to make the Authority's locally-held Fund available to make first-dollar payments, if necessary, on State Guarantees "at the discretion of the Authority." 20 ILCS 3501/805-15(j).

In our view, the clear intent of the General Assembly in 2010 was to expand the uses of the Fund. Instead, the Office of the Auditor General chose to read the following language which pre-dates Public Act 96-0897, and indeed, the creation of the Authority in complete isolation from the entirety of the Illinois Finance Authority Act (20 ILCS 3501/801-1, *et seq.*):

"All payments by the Authority shall be made from the Illinois Agricultural Loan Guarantee Fund to satisfy claims against the State Guarantee." 20 ILCS 3501/830-30(e); Public Act 93-205, effective 1-1-04).

Public Act 96-0897 clearly expands the discretionary decision-making of the Authority as to the source of payments to satisfy claims against State Guarantees to include the Fund. Among other changes, Public Act 96-0897 allows the Authority to:

(i) Exercise such other powers as are necessary or incidental to the powers granted in this Section and to the issuance of State Guarantees under Article 830 of this Act.

STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015

CURRENT FINDINGS - GOVERNMENT AUDITING STANDARDS

2015-001. **FINDING** (Inaccurate Financial Statements for the Industrial Project Insurance Fund, the Illinois Agricultural Loan Guarantee Fund, and the Illinois Farmer and Agribusiness Loan Guarantee Fund) (continued)

- (j) *At the discretion of the Authority, to insure and make advance commitments to insure, and to issue State Guarantees for, all or any part of the payments required on the bonds issued or loans made to finance any agricultural facility, project, farmer, producer, agribusiness, or program under Article 830 of this Act upon such terms and conditions as the Authority may prescribe in accordance with this Article. The insurance and State Guarantees provided by the Authority may be payable from the Fund created by Section 805-15 and is in addition to and not in replacement of the Illinois Agricultural Loan Guarantee Fund created under Article 830 of this Act.* Public Act 96-897; 20 ILCS 3501/805-20 (i) and (j).

**AUDITORS' COMMENT**

Article 830 of the Illinois Finance Authority Act (Act) authorizes the Authority to issue State Guarantees for farmers' existing debts held by a lender [20 ILCS 3501/830-30(a)], creates the Illinois Agricultural Loan Guarantee Fund [20 ILCS 3501/830-30(c)], and directs that "[a]ll payments by the Authority shall be made from the Illinois Agricultural Loan Guarantee Fund to satisfy claims against the State Guarantee" [20 ILCS 3501/830-30(c)]. Parallel provisions authorize the Authority to issue State Guarantees to lenders for loans to eligible farmers and agribusinesses [20 ILCS 3501/830-35(a)], establishes the Illinois Farmer and Agribusiness Loan Guarantee Fund [20 ILCS 3501/830-35(c)], and directs that "[a]ll payments by the Authority shall be made from the Illinois Farmer and Agribusiness Loan Guarantee Fund to satisfy claims against the State Guarantee" [20 ILCS 3501/830-35(c)].

Article 805 of the Act created the Industrial Project Insurance Fund to provide bond or loan insurance for approved industrial projects. There is approximately \$11.8 million in the Industrial Project Insurance Fund, but there are no outstanding bonds or loans and no further projects have been approved under this program; therefore, the money in the Industrial Project Insurance Fund is available for other uses. Consequently, Public Act 096-0897, effective May 24, 2010, amended the Act to allow the use of moneys in the Industrial Project Insurance Fund to pay claims on the State Guarantees made pursuant to Article 830 of the Act.

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015**

**CURRENT FINDINGS - *GOVERNMENT AUDITING STANDARDS***

- 2015-001. **FINDING** (Inaccurate Financial Statements for the Industrial Project Insurance Fund, the Illinois Agricultural Loan Guarantee Fund, and the Illinois Farmer and Agribusiness Loan Guarantee Fund) (continued)

The finding acknowledges the Authority's ability to transfer amounts in the Industrial Project Insurance Fund to either the Illinois Agricultural Loan Guarantee Fund and the Illinois Farmer and Agribusiness Loan Guarantee Fund in order to pay claims on the State Guarantees made under Article 830. However, we do not agree that this ability to use amounts in the Industrial Project Insurance Fund makes claims under the State Guarantee programs liabilities of the Industrial Project Insurance Fund since the statute specifically provides that payments for claims under the State Guarantee programs must be made from the Illinois Agricultural Loan Guarantee Fund and the Illinois Farmer and Agribusiness Loan Guarantee Fund. Any other interpretation of Public Act 096-0897 creates conflict among the provisions and renders language existing prior to Public Act 096-0897 meaningless.

As the Authority disagrees with the statutory interpretation conclusions reached by the auditors, we continue to recommend the Authority refer this matter to the Attorney General who, by law, is charged with rendering opinions to State officials on matters of statutory interpretation. 15 ILCS 205/4. In areas of disagreement over statutory interpretation, the Auditor General's Office defers to a formal written opinion from the Attorney General on the matter.

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015**

**CURRENT FINDINGS - GOVERNMENT AUDITING STANDARDS**

2015-002. **FINDING** (Failure to Write-Off Uncollectible Balances)

The Illinois Finance Authority (Authority) has loan and guarantee receivables from non-conduit debt recorded in the financial statements that should be removed due to the balance being uncollectible. In addition, the Authority has investments in partnerships and companies that should be removed due to the investments having no value.

During testing, the auditors noted the following amounts, by fund, where the Authority recorded a loan or guarantee receivable and corresponding allowance of 100%. The Authority anticipates writing off these balances.

General Operating Fund	\$ 954,510
Illinois Agricultural Loan Guarantee Fund	170,902
Illinois Farmer and Agribusiness Loan Guarantee Fund	309,891
	<u>\$ 1,435,303</u>

Further, the auditors noted investments in partnerships and companies, totaling \$2,971,385, for which a 100% allowance for a decline in the market value was recognized.

In accordance with generally accepted accounting principles, receivable balances that are uncollectible and investments that have no value should be written off and removed from the Authority's financial statements.

Authority officials stated most of the uncollectible accounts were inherited from the predecessor authorities and requests in prior years to the Office of the Attorney General to write-off these uncollectible accounts were denied. During Fiscal Year 2015, the Authority resubmitted its write-off request to the Attorney General and it received permission to write off balances totaling \$448,387. Currently, the Authority is working on putting together a new request to the Attorney General to write off the remaining receivables and investments in partnerships with no value.

The significant effect of not writing off receivable and investment balances and the corresponding allowance for doubtful accounts and allowance for decline in market value of investments results in overstatements of these balances in the Authority's financial statements. (Finding Code No. 2015-002, 2014-002, 2013-004)

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015**

**CURRENT FINDINGS - *GOVERNMENT AUDITING STANDARDS***

2015-002. **FINDING** (Failure to Write-Off Uncollectible Balances) (continued)

**RECOMMENDATION**

We recommend the Authority continue to work with the Office of the Attorney General to receive approval to write-off uncollectible balances.

**AUTHORITY RESPONSE**

In accordance with State law, the Authority cannot write off receivable balances that are uncollectible and investments that have no value without the permission of the Attorney General. Even though the Authority continues to show these balances in our general ledger along with the corresponding allowance account, for financial reporting the Authority nets the receivables and investment balances with the corresponding allowance so as not to overstate these balances. We accept the Auditor's recommendation and will continue to work with the Office of the Attorney General to receive approval to write off these uncollectible balances.

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
SCHEDULE OF FINDINGS  
FOR THE TWO YEARS ENDED JUNE 30, 2015**

**CURRENT FINDINGS - STATE COMPLIANCE**

2015-003. **FINDING** (Noncompliance with the Illinois Finance Authority Act)

The Illinois Finance Authority (Authority) did not comply with statutory provisions regarding the use of assets within the Authority’s Fire Truck Revolving Loan Fund (Authority’s Fund).

During testing, the auditors noted the following timeline regarding the \$8 million Fiscal Year 2015 appropriation the Office of the State Fire Marshal (Fire Marshal) received to deposit moneys from the Fire Prevention Fund into the State Treasury’s Fire Truck Revolving Loan Fund (State Treasury’s Fund).

July 1, 2014	Public Act 098-0681 appropriated \$8 million from the Fire Prevention Fund to the Fire Marshal for deposit into the State Treasury’s Fund.
December 4, 2014	The State Comptroller processed a voucher submitted by the Fire Marshal to completely expend the entire \$8 million appropriation from the Fire Prevention Fund. The \$8 million was deposited into the State Treasury’s Fund.
January 12, 2015	The State Comptroller processed a voucher submitted by the Fire Marshal to expend the entire \$8 million now on deposit in the State Treasury’s Fund to the Authority’s Fund. To process this transaction, the Fire Marshal charged this expenditure against the continuing appropriation authorized by the Illinois Finance Authority Act (Act) (20 ILCS 3501/825-80(c-1)) to distribute the amount, if any, of cash received into the State Treasury’s Fund to the Authority’s Fund so long as the Fire Marshal and Authority entered into an interagency agreement that the moneys distributed would be used “for loans to fire departments and fire protection districts to purchase fire trucks and brush trucks and for no other purpose.”
January 12, 2015	The Governor signed Executive Order 2015-08 requiring the Governor’s Office of Management and Budget to review all grants requiring the expenditure of State funds to determine whether the grant is essential to operations.
January 15, 2015	The Authority received the \$8 million warrant from the State Treasury’s Fund for deposit into the Authority’s Fund.
January 20, 2015	The Authority deposited the \$8 million warrant into the Authority’s Fund.

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
SCHEDULE OF FINDINGS  
FOR THE TWO YEARS ENDED JUNE 30, 2015**

**CURRENT FINDINGS - STATE COMPLIANCE**

2015-003. **FINDING** (Noncompliance with the Illinois Finance Authority Act) (continued)

January 26, 2015	The Governor’s Office of Management and Budget finished its review of the Fire Marshal’s grants and determined the Fire Truck Revolving Loan Program was not essential. The Fire Marshal sent the Authority a letter requesting the Authority return the \$8 million.
January 27, 2015	An official with the Governor’s Office of Management and Budget e-mailed the Authority’s Executive Director stating the \$8 million “will not (be) available for use by the Illinois Finance Authority. Please contact me with any concerns, as I understand there may be audit issues.”
February 20, 2015	The Authority’s Executive Director sent an e-mail to officials with the Fire Marshal and Governor’s offices indicating a “legal obstacle” to returning the \$8 million.
March 26, 2015	Public Act 099-0002 authorizes a transfer of \$23 million from the Fire Prevention Fund into the General Revenue Fund by the conclusion of Fiscal Year 2015.
April 17, 2015	An official with the Governor’s office sent an e-mail to the Authority’s Executive Director that the Governor’s legal team has reviewed the transaction and requested compliance with the letter from the Fire Marshal to the Authority dated January 26, 2015.
April 21, 2015	The Authority’s Executive Director, after briefing both the Authority’s Chair of the Board of Directors and the Audit Committee Chair about the “potential for audit or legal exposure to the Authority by complying with this request,” directs the Authority’s Chief Financial Officer to return the \$8 million to the Fire Marshal. The Authority authorizes the return of the \$8 million back to the Fire Marshal.

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
SCHEDULE OF FINDINGS  
FOR THE TWO YEARS ENDED JUNE 30, 2015**

**CURRENT FINDINGS - STATE COMPLIANCE**

2015-003. **FINDING** (Noncompliance with the Illinois Finance Authority Act) (continued)

May 12, 2015	The State Comptroller processed the \$8 million Expenditure Adjustment Transmittal, classified by the Fire Marshal as an overpayment, to redeposit these moneys against the appropriation from the Fire Prevention Fund, not the State Treasury's Fund. In accordance with the Statewide Accounting Management System (Procedure 25.20.20), the Fire Marshal should have returned the \$8 million from the original appropriation that generated the payment being refunded, which was the State Treasury's Fund as it was the appropriated fund that paid the moneys to the Authority's Fund. If this had been done, however, the Fire Marshal would have been obligated to return the money deposited into the State Treasury's Fund back to the Authority's Fund under the continuing appropriation provisions of the Act (20 ILCS 3501/825-80(c-1)). Therefore, the Fire Marshal did not charge the return of the \$8 million against the proper fund and appropriation.
June 3, 2015	The State Comptroller processed a fund transfer from the Fire Prevention Fund into the General Revenue Fund for \$12.5 million.
June 24, 2015	The State Comptroller processed a fund transfer from the Fire Prevention Fund into the General Revenue Fund for \$5.7 million. The total transfers were \$18.2 million.
August 31, 2015	The Fire Marshal lapsed the \$8 million appropriation from the Fire Prevention Fund for deposit into the State Treasury's Fund. However, the Fire Marshal continues to show the \$8 million appropriated expenditure from the State Treasury's Fund for deposit into the Authority's Fund.

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
SCHEDULE OF FINDINGS  
FOR THE TWO YEARS ENDED JUNE 30, 2015**

**CURRENT FINDINGS - STATE COMPLIANCE**

2015-003. **FINDING** (Noncompliance with the Illinois Finance Authority Act) (continued)

During testing, the auditors noted the Authority used moneys deposited within the Authority's Fund for an unauthorized purpose by returning the \$8 million.

The Act (20 ILCS 3501/825-80(c)) mandates that the Authority's Fund "shall be used for loans to fire departments and fire protection districts to purchase fire trucks and brush trucks and for no other purpose." Further, the Intergovernmental Agreement between the Authority and the Fire Marshal (Agreement) requires the Authority "use the deposits to fund loans to borrowers participating in the loan programs subject to the terms and conditions set for in the Act." Additionally, the Agreement states "All moneys transferred by the [Fire Marshal] to the Authority from the [State Treasury's] Fund, as well as any interest earned on moneys on deposit in Authority accounts, shall be used for loans to fire departments and fire protection districts to purchase fire trucks and brush trucks and no other purpose."

Authority officials documented that they complied with the request to return the \$8 million because "the pressing public policy need by the Authority to contribute to resolving the State's fiscal crisis overrides the risk of audit or legal exposure to the Authority connected with this transfer."

Authority and Fire Marshal officials stated the \$8 million needed to be returned so the Fire Prevention Fund could transfer cash into the General Revenue Fund as required by Public Act 099-0002. Without the Authority returning the \$8 million to the Fire Prevention Fund, Fire Marshal's officials believed a significant risk existed that the Fire Prevention Fund would not have had enough cash to allow for the Fire Marshal's ability to continue operations during Fiscal Year 2016. Therefore, the Authority - following repeated requests and representations from the Fire Marshal and Governor's Office of Management and Budget that the initial transfer was nonessential spending and that the Fire Marshal would face dire fiscal consequences that would negatively impact its ability to operate its core public safety mission as well as its ability to initiate and maintain the fire truck loan program - transferred the \$8 million back to the Fire Marshal.

Failure to use the assets of the Authority's Fund "for loans to fire departments and fire protection districts to purchase fire trucks and brush trucks and for no other purpose" represents noncompliance with the Act. (Finding Code No. 2015-003)

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
SCHEDULE OF FINDINGS  
FOR THE TWO YEARS ENDED JUNE 30, 2015**

**CURRENT FINDINGS - STATE COMPLIANCE**

2015-003. **FINDING** (Noncompliance with the Illinois Finance Authority Act) (continued)

**RECOMMENDATION**

We recommend the Authority limit its usage of resources to any restriction imposed upon their use by law, or seek a legislative remedy if management perceives a need to address some other public policy concern.

**AUTHORITY RESPONSE**

The Authority cannot run the fire truck loan program without the assistance of the State Fire Marshal to initiate and manage the program. Thus, the Authority would not have been able to use these funds for loans to fire departments and fire protection districts in Fiscal Year 2015, if the Fire Marshal could not continue operations by complying with Public Act 099-0002.

**OFFICE OF THE STATE FIRE MARSHAL RESPONSE**

While the Office of the State Fire Marshal (OSFM) understands the auditors' concerns and agrees with the finding on the return of funds, OSFM believes that it acted appropriately and in the best interest of the State in seeking the return of funds from the Illinois Finance Authority (IFA). The transfer of up to \$23 million from the Fire Prevention Fund to the General Revenue Fund authorized by Public Act 99-0002 necessitated extraordinary measures in order to preserve the ability of OSFM to maintain operations. In addition to seeking the return of funds from IFA, the agency also was forced to cancel grant agreements with other grantees as a result of Public Act 99-0002.

OSFM believes funds returned from IFA were appropriately deposited into the Fire Prevention Fund as that fund was the original source of payment to IFA.

This was a unique situation that required the actions taken by OSFM. This situation is unlikely to arise again and, thus, the agency believes no further corrective action is necessary at this time. The agency may consider changes to future agreements with IFA to address situations such as this, though it is highly unlikely that this event will occur again.

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
SCHEDULE OF FINDINGS  
FOR THE TWO YEARS ENDED JUNE 30, 2015**

**CURRENT FINDINGS - STATE COMPLIANCE**

2015-004. **FINDING** (Inadequate Controls over Conduit Debt)

The Illinois Finance Authority (Authority) did not have adequate internal controls to properly maintain records for monitoring covenant compliance for conduit bonds.

In accordance with the Illinois Finance Authority Act (20 ILCS 3501/801-40(c)), the Authority issues limited obligation revenue bond and participates in lending and leasing agreements to provide low cost financing to businesses, agribusinesses, health care facilities, educational facilities, municipalities, and other organizations secured by the property financed. Although the Authority, State of Illinois, nor any political subdivision of the State of Illinois is obligated in any manner for the repayment of the debt, the various official bond documents from each debt issuance assign functions and responsibilities to the Authority.

As of June 30, 2015, the Authority had \$23.1 billion in conduit debt outstanding.

**Covenant Compliance**

Authority Functions and Duties

During testing of the Authority's records for 60 conduit bonds outstanding issued subsequent to January 1, 2004, the auditors noted the Authority could not substantiate the receipt of required documentation from borrowers or show evidence of the Authority's monitoring of the following significant bond covenants:

- Seven of 60 (12%) bond issuances tested did not have a certification stating the project funded by the bond issuance had been completed. Within the auditor's sample, eight (88%) bond issuances contained this provision.
- One of 60 (2%) bond issuances tested did not have quarterly certifications of continuing program compliance regarding dwelling units occupied by lower income tenants and a statement that either no unremedied default has occurred or the nature of the default and the steps being taken to remedy the default. Within the auditor's sample, one (100%) bond issuance contained this provision.
- 35 of 60 (58%) bond issuances tested were missing the borrower's audited financial statements. Within the auditor's sample, 44 (80%) bond issuances contained this provision.

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
SCHEDULE OF FINDINGS  
FOR THE TWO YEARS ENDED JUNE 30, 2015**

**CURRENT FINDINGS - STATE COMPLIANCE**

2015-004. **FINDING** (Inadequate Controls over Conduit Debt) (continued)

- Nine of 60 (15%) bond issuances tested were missing a separate written certification from the independent auditors certifying the auditors have obtained no knowledge of any default by the borrower in the terms, covenants, provisions, or conditions of the agreement. Within the auditor's sample, 18 (50%) bond issuances contained this provision.
- 27 of 60 (45%) of bond issuances tested did not have an annual certification that the borrower has performed a review of its activities during the preceding year to determine the borrower has kept, observed, performed, and fulfilled every covenant and the borrower is not in default with any covenant. In the event the borrower is in default with one or more covenants, the borrower must specify the nature and detail of each default to the Authority.

**Bond Trustee Statements**

During the auditors review of the Authority's monitoring and covenant compliance functions for the 60 bonds tested, the auditors noted the following regarding the bond trustees:

- Three of 60 (5%) bond issues tested did not have any statements from the conduit debt issuance's bond trustee. Within the auditor's sample, 52 (6%) bond issuances contained this provision.
- One of 60 (2%) bond issues tested had statements from the Bond Trustee that reported certain required bond funds were not established pursuant to the bond's Indenture. Within the auditor's sample, 49 (2%) bond issuances contained this provision.

The Illinois Finance Authority Act (20 ILCS 3501/801-30(a)) states the Authority possesses all the powers as a body corporate necessary and convenient, including the power to enter into loans, contracts, agreements, and mortgages, in any manner connected with any of its corporate purposes. Good internal controls over compliance includes establishing an internal control structure designed to fulfill the Authority's ministerial and monitoring functions as created and established within official bond documents. In addition, good internal controls include establishing and maintaining an active, continuing program for the economical and efficient management of the Authority's records.

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
SCHEDULE OF FINDINGS  
FOR THE TWO YEARS ENDED JUNE 30, 2015**

**CURRENT FINDINGS - STATE COMPLIANCE**

2015-004. **FINDING** (Inadequate Controls over Conduit Debt) (continued)

**Internal Controls over Compliance**

**Bond Compliance Monitoring Checklists**

During Fiscal Year 2014, the Authority developed a new monitoring checklist to better monitor the Authority's compliance requirements within outstanding bonds. During testing, the auditors noted 39 of 60 (65%) bond issuances tested did not have a compliance checklist prepared by the Authority.

Good internal controls over compliance include ensuring the Authority accurately prepares bond compliance monitoring checklists to provide assurance the Authority fulfills its ministerial and monitoring functions as created and established within official bond documents.

**Bond Trustee Service Organization Control Reports (SOC-1)**

During the auditors review of the Authority's monitoring and covenant compliance functions for the 60 bonds tested, the auditors noted two of the six (33%) bond trustees' SOC-1 reports were not obtained and reviewed by the Authority.

The Authority's *Policies and Procedures Manual* (Procedure 70.10.007) states the Authority believes it should secure and review the bond trustee's SOC-1 report as a matter of practice for its trustees where the bond trustee is responsible for either 20 or more outstanding bond issuances from the Authority or the aggregate principal balance outstanding exceeds \$100 million.

Authority officials stated these exceptions were primarily due to the bond trustees not submitting requested information to the Authority, current understaffing within the Authority's compliance functions, and the Authority not implementing its updated internal controls/bond checklist process until the beginning of the current examination period.

Failure to fulfill the Authority's ministerial and monitoring functions as created and established within official bond documents represents noncompliance with the official bond document specifying the compliance requirement. Further, failure to secure and review SOC-1 reports from the Authority's bond trustees represents noncompliance with the Authority's *Policies and Procedures Manual*. (Finding Code No. 2015-004, 2013-005, 12-5)

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
SCHEDULE OF FINDINGS  
FOR THE TWO YEARS ENDED JUNE 30, 2015**

**CURRENT FINDINGS - STATE COMPLIANCE**

2015-004. **FINDING** (Inadequate Controls over Conduit Debt) (continued)

**RECOMMENDATION**

We recommend the Authority establish and maintain adequate controls over its monitoring of conduit covenant compliance and secure and review SOC-1 reports from the Authority's bond trustees.

**AUTHORITY RESPONSE**

We agree with the Auditor's recommendations. Over the past several years the Authority has continued to increase the resources committed to bond compliance and monitoring even while our revenues have declined. We also implemented digital systems to allow us to better monitor covenant compliance with respect to conduit debt, better manage and retrieve documents with respect to conduit debt and better track covenant obligations of the Authority under the conduit bond documents.

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
SCHEDULE OF FINDINGS  
FOR THE TWO YEARS ENDED JUNE 30, 2015**

**CURRENT FINDINGS - STATE COMPLIANCE**

2015-005. **FINDING** (Inadequate Internal Audit Function)

The Illinois Finance Authority (Authority) failed to adhere to the internal auditing provisions of the Fiscal Control and Internal Auditing Act (Act).

The Act (30 ILCS 10/2001(a)) requires the Authority “maintain a full-time program of internal auditing.” To accomplish this program, the Act (30 ILCS 10/2002) requires the Authority’s Executive Director appoint a Chief Internal Auditor who does not perform operational functions to a five-year term. Further, the Act (30 ILCS 10/2003(a)) requires the full-time program of internal auditing include:

- 1) a two-year internal audit plan designed to audit major systems of internal accounting and administrative controls on a periodic basis, including tests of the Authority’s “obligation, expenditure, receipt, and use of public funds of the State and of funds held in trust to determine whether those activities are in accordance with applicable laws and regulations” and the Authority’s grants received or made “to determine that the grants are monitored, administered, and accounted for in accordance with applicable laws and regulations;”
- 2) reviews of major new electronic data processing systems and any major modifications of those systems before its installation to ensure the systems provide for adequate audit trails and accountability; and,
- 3) special audits of the Authority as directed by either the Executive Director or the Authority’s Board of Directors.

In addition to the requirements within the Act, the internal auditor must annually perform an audit of the Authority’s financial statement process and GAAP Package preparation process (GAAP audit) and submit the report to the State’s Financial Reporting Standards Board as required by the Financial Reporting Standards Board Act (30 ILCS 30/20).

Finally, after the conclusion of each fiscal year, the Act (30 ILCS 10/2003(a)(1)) requires the internal auditor submit a written report by September 30 to the Authority’s Executive Director “detailing how the audit plan for that year was carried out, the significant findings, and the extent to which recommended changes were implemented.”

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
SCHEDULE OF FINDINGS  
FOR THE TWO YEARS ENDED JUNE 30, 2015**

**CURRENT FINDINGS - STATE COMPLIANCE**

2015-005. **FINDING** (Inadequate Internal Audit Function) (continued)

On June 27, 2014, the Authority's Executive Director appointed a public accounting firm to serve as the Authority's internal auditor for a five-year term effective on July 1, 2014. The internal auditor did not develop a two-year internal audit plan until June 11, 2015. The plan contemplated performing eight audits over three fiscal years, with two audits scheduled for Fiscal Year 2015, four audits scheduled for Fiscal Year 2016, and two audits scheduled for Fiscal Year 2017.

The auditors noted the following deficiencies:

- The Authority did not have an internal auditor nor have any internal audits performed during Fiscal Year 2014.
- During the auditor's review of the two-year internal audit plan adopted on June 11, 2015, the auditors noted the plan did not have any audit coverage of the Authority's :
  - receipt processing functions;
  - grant programs, including certain federal agricultural loan programs accounted for in the Rural Development Revolving Loan Fund; and,
  - the Metro East Police District Commission Fund, an agency fund.

Additionally, the plan did not include one special audit begun during Fiscal Year 2015 covering bond compliance and monitoring functions.

- The Authority's appointed internal auditor conducted only one of the three Fiscal Year 2015 engagements (two scheduled audits and one special audit), the annual GAAP audit, for a total of 80 professional hours of work. Further, the appointed internal auditor did not perform reviews of the Authority's two major new electronic data processing systems installed during Fiscal Year 2015. In order to obtain assurance, the Authority entered into contracts with another public accounting firm to review whether the new systems had adequate audit trails and accountability.
- Neither the appointed internal auditor or the other public accounting firm hired to review the two new electronic data processing systems prepared a written report on the internal auditor's Fiscal Year 2015 activities to the Authority's Executive Director by September 30, 2015.

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
SCHEDULE OF FINDINGS  
FOR THE TWO YEARS ENDED JUNE 30, 2015**

**CURRENT FINDINGS - STATE COMPLIANCE**

2015-005. **FINDING** (Inadequate Internal Audit Function) (continued)

Authority officials stated the independent accounting firm was delayed in producing the two-year internal audit plan and risk assessment, which resulted in a backlog of internal audits and limited the Authority's ability to resolve deficiencies in the plan.

Failure to establish an internal audit program in accordance with the requirements of the Act - where the internal auditor develops a deep understanding of the Authority's functions and processes, performs audits of the Authority's major systems of internal accounting and administrative controls on a periodic basis, reviews major new and modifications to information systems prior to implementation, and provides timely reports - represents noncompliance with State law and weakens the Authority's ability to assess its overall internal control environment. (Finding Code No. 2015-005, 2013-006)

**RECOMMENDATION**

We recommend the Authority work with its appointed internal auditor to ensure compliance with the requirements of State law in planning and performing the Authority's internal audits. Further, the internal auditor should prepare a timely written report on internal audit's activities during the previous fiscal year.

**AUTHORITY RESPONSE**

We agree with the Auditor's recommendations. The Authority's appointed internal auditor has developed an audit plan and the Authority will work with the internal auditor to ensure compliance with the requirements of State law.

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
SCHEDULE OF FINDINGS  
FOR THE TWO YEARS ENDED JUNE 30, 2015**

**CURRENT FINDINGS - STATE COMPLIANCE**

2015-006. **FINDING** (Delinquent and Inaccurate Reporting of Bond Activity)

The Illinois Finance Authority (Authority) did not timely and accurately submit transaction reporting for bond principal and interest payments to the Office of the State Comptroller.

During testing of 60 bond issuances with 544 distinct payments requiring the filing of a *Notice of Payment of Bond Interest and/or Principal* report (Form C-08) during Fiscal Year 2014 and Fiscal Year 2015, the auditors noted the following:

- 66 of 544 (12%) Form C-08s tested were submitted to the Office of the State Comptroller between one to 348 days late. In accordance with the official documents for each bond, the bond trustees are responsible for completing and filing the information with both the State Comptroller and the Authority.
- 48 of 544 (9%) Form C-08s were missing. The Authority was unable to provide the auditors with the Form C-08s for the scheduled bond payments.
- 189 of 544 (35%) Form C-08s tested contained discrepancies between the amounts reported on the Form C-08 and the *Bond Interest and Redemption Schedule* (Form C-05) filed with the Office of the Comptroller.

The Statewide Accounting Management System (SAMS) (Procedure 31.30.20) requires the Authority prepare and submit a Form C-08 report to the Office of the State Comptroller within 30 days from the date the voucher is processed for payment when the Authority is the “paying agent” to bond holders. For situations where the bond trustees are the “paying agent,” a Form C-08 report should be prepared and submitted within 15 days of the Authority’s receipt of the trustee’s monthly statement. Good internal controls over compliance include monitoring Form C-08 submissions to ensure the accuracy of information reported to the Office of the State Comptroller. Additionally, in situations where an early redemption of principal occurs, it should be reported on a Form C-08 with an attached adjusted Form C-05 showing the new maturity schedule.

Agency officials stated that these exceptions were primarily due to the bond trustees not submitting timely information to the Authority and the current understaffing in the Authority’s compliance function.

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
SCHEDULE OF FINDINGS  
FOR THE TWO YEARS ENDED JUNE 30, 2015**

**CURRENT FINDINGS - STATE COMPLIANCE**

2015-006. **FINDING** (Delinquent and Inaccurate Reporting of Bond Activity) (continued)

Failure to submit timely and accurate Form C-08 reports to the Office of the State Comptroller inhibits the State Comptroller's ability to record and monitor State debt transactions. (Finding Code No. 2015-006, 2013-007, 12-7, 11-5, 10-6)

**RECOMMENDATION**

We recommend the Authority continue to monitor and work with the bond trustees to improve compliance with principal and/or interest reporting requirements.

**AUTHORITY RESPONSE**

We accept the Auditor's recommendation. As stated in our response to Finding 2015-004 the Authority continues to increase resources dedicated to compliance and we will continue to work with the contracted bond trustees to improve compliance with and accuracy of principal and interest reporting requirements.

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
SCHEDULE OF FINDINGS  
FOR THE TWO YEARS ENDED JUNE 30, 2015**

**CURRENT FINDINGS - STATE COMPLIANCE**

2015-007. **FINDING** (Inadequate Control over Travel Expenses)

The Illinois Finance Authority (Authority) did not exercise adequate control over travel expenses and ensure compliance with the *Travel Guide for State of Illinois Employees*.

During testing of 51 travel expenses, totaling \$29,488, the auditors noted the following:

- One of 51 (2%) vouchers tested, totaling \$839, had lodging expenses in excess of the maximum allowable rate, totaling \$218, without submitting exception requests to the Governor's Travel Control Board. Further, these vouchers did not include evidence of the traveler contacting additional hotels prior to making a reservation in excess of the maximum allowable rate.

The Illinois Administrative Code (Code) (80 Ill. Admin. Code 3000.410) places responsibility on each employee to request the lowest available lodging rate at the time of making reservations. In addition, the Code (80 Ill. Admin. Code 2800.710(b)) requires a diligent effort to obtain lodging at a rate not exceeding the maximum rate prior to booking a room at a rate in excess of the maximum reimbursement rate. Further, the Code (80 Ill. Admin. Code 2800.710(a)) provides a mechanism for obtaining approval for exceptions to the travel regulations from the Chair of the Governor's Travel Control Board.

- Three of 51 (6%) vouchers tested, totaling \$513, had per diem claims in excess of the maximum allowable rate, totaling \$90.

The Code (80 Ill. Admin. Code 2800 Appendix A) establishes a reimbursement schedule for per diem and meal allowances.

- Two of 51 (4%) travel vouchers tested, totaling \$3,342, were for travel expenses incurred outside of the borders of the State of Illinois where the Authority had not received preapproval from the Governor's Office of Management and Budget (GOMB) for the travel. The auditors noted the two noted requests were submitted 15 days prior to and 35 days after the first day of the trip.

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
SCHEDULE OF FINDINGS  
FOR THE TWO YEARS ENDED JUNE 30, 2015**

**CURRENT FINDINGS - STATE COMPLIANCE**

2015-007. **FINDING** (Inadequate Control over Travel Expenses) (continued)

Travel Update 03-09 (March 27, 2003), as amended by Travel Update 04-04 (October 29, 2003), requires all requests for overnight travel outside the borders of the State of Illinois receive personal review and approval by the Authority's Executive Director, who must submit the request to the GOMB no later than three weeks prior to the anticipated departure date for approval.

- Five of 51 (10%) vouchers tested, totaling \$1,292, were charged to the incorrect fiscal year. The auditors noted expenses of \$480 and \$812 in Fiscal Year 2014 and Fiscal Year 2015, respectively, should have been charged against the prior fiscal year. These amounts were deemed immaterial by Authority management and were not adjusted in the final financial statements.

Governmental Accounting Standards Board Statement No. 34, Paragraph 16, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, notes that financial statements prepared on the economic resources measurement focus and the accrual basis of accounting should recognize expenses and liabilities when an exchange transaction takes place.

- Four of 51 (8%) vouchers tested, totaling \$2,122, did not state the business purpose of the travel.

The Code (80 Ill. Admin. Code 2800.240(a)) requires all claims for the reimbursement of travel expenses indicate the purpose of the travel.

- Two of 51 (4%) vouchers tested, totaling \$169, were submitted by the traveler for reimbursement by the Authority 53 and 77 days after the last day of travel.

The Authority's *Policies and Procedures Manual* (Procedure 50.40.000) requires all reimbursement requests be submitted within 45 days after the event.

- One of 51 (2%) vouchers tested, totaling \$3,134, had charges for two seat upgrades on commercial flights, totaling \$25.

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
SCHEDULE OF FINDINGS  
FOR THE TWO YEARS ENDED JUNE 30, 2015**

**CURRENT FINDINGS - STATE COMPLIANCE**

2015-007. **FINDING** (Inadequate Control over Travel Expenses) (continued)

The Code (80 Ill. Admin. Code 3000.600) defines certain reimbursable expenses that may be paid, if reasonable, by the State. This listing does not include seat upgrades on commercial flights.

In addition, during testing of seven traveler's expenditures for duplicate billings, the auditors identified one traveler (14%) with a duplicated payment of \$30.

Additionally, during testing of the Authority's travel expenditures, the auditors noted the Authority did not submit any travel exceptions to the Governor's Travel Control Board during either Fiscal Year 2014 or Fiscal Year 2015. As the auditors' sample testing indicated exceptions requiring either the approval or disapproval of the Governor's Travel Control Board, this did not appear reasonable or proper.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Authority establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance obligations and costs are in compliance with applicable law. Good internal controls include ensuring travel exceptions are submitted for review by the Governor's Travel Control Board and implementing controls to avoid duplicate payments.

Authority officials stated these exceptions were due to the transition of personnel charged with providing training on travel and reimbursement policies and employee error.

Failure to exercise adequate control over travel expenditures resulted in overpayments to travelers, represents an inefficient use of State funds, and represents noncompliance with the State's travel regulations. (Finding Code No. 2015-007, 2013-008, 12-8, 11-3, 10-7)

**RECOMMENDATION**

We recommend the Authority implement controls to ensure all travel expenses paid by the Authority comply with State travel regulations.

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
SCHEDULE OF FINDINGS  
FOR THE TWO YEARS ENDED JUNE 30, 2015**

**CURRENT FINDINGS - STATE COMPLIANCE**

2015-007. **FINDING** (Inadequate Control over Travel Expenses) (continued)

**AUTHORITY RESPONSE**

We accept the Auditor's recommendation. The Authority will review our controls over travel expenses and will implement any necessary improvements to ensure all travel expenses paid comply with State travel regulations.

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
SCHEDULE OF FINDINGS  
FOR THE TWO YEARS ENDED JUNE 30, 2015**

**CURRENT FINDINGS - STATE COMPLIANCE**

2015-008. **FINDING** (Inadequate Controls over Personal Services)

The Illinois Finance Authority (Authority) did not exercise adequate internal controls over personal services provided by employees.

During testing, the auditors noted the following improper and potentially improper payments:

- One of seven (14%) employees tested was not accurately paid during the employee's first month of employment. The employee worked six days, but was paid the equivalent of working for 15 days. This resulted in a total overpayment of \$2,500.

Good internal controls includes ensuring employees are only paid for actual time worked or the usage of earned benefit time.

- One of seven (14%) employees tested took 29 hours of personal time during Fiscal Year 2015. The Authority was unable to provide any support that the excess usage was charged against other benefit time and did not result in the employee being paid for five hours not worked. This resulted in a total potential overpayment of \$179.

The Authority's *Employee Handbook* (Section 3.2) states an employee who has been employed for more than six months at the Authority may take off up to three personal days (24 hours), with pay, during the fiscal year.

- During employee observation tests on June 29, 2015, the auditors noted two of seven (29%) employees tested were using benefit time on that day. The auditors traced each of the noted employee's timesheets to determine benefit time was properly recorded as used. The auditors identified one employee reported they were present working as opposed to using any benefit time. This resulted in a total overpayment of \$198.

The Authority's *Employee Handbook* (Section 3.5) requires the Authority's employees record their working hours and usage of benefit time in order to maintain accurate payroll records and to comply with the State Officials and Employees Ethics Act (5 ILCS 430/5-5(c)).

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
SCHEDULE OF FINDINGS  
FOR THE TWO YEARS ENDED JUNE 30, 2015**

**CURRENT FINDINGS - STATE COMPLIANCE**

2015-008. **FINDING** (Inadequate Controls over Personal Services) (continued)

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Authority establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.

During testing, the auditors noted the following internal control deficiencies:

- Two of seven (29%) employees tested did not have documentation of the employee's immediate supervisor approving five of 27 (19%) vacation days taken by the employees.

The Authority's *Employee Handbook* (Section 3.3) requires all employees to request the use of vacation time in advance of the desired time off. All requests must be received and approved by an employee's supervisor, manager, or other authorized staff, taking into consideration both the employee's preference and the operational needs of the Authority.

- One of seven (14%) employees tested had not been administered an annual performance evaluation during Fiscal Year 2015.

The Authority's *Employee Handbook* (Section 4.1) requires Authority employees have performance and development reviews after 90 days of hire and once annually, unless otherwise specified. Further, good internal controls require the Authority complete the performance evaluation process timely to ensure prompt communication of any performance concerns to employees.

Authority officials stated these exceptions were due to the transition of staff charged with providing personnel services and employee oversight.

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
SCHEDULE OF FINDINGS  
FOR THE TWO YEARS ENDED JUNE 30, 2015**

**CURRENT FINDINGS - STATE COMPLIANCE**

2015-008. **FINDING** (Inadequate Controls over Personal Services) (continued)

Failure to exercise adequate internal control over personal services resulted improper and potentially improper costs and in employees not receiving approval for vacation time in accordance with the Authority's policies and procedures. Further, employee performance evaluations are a systematic and uniform approach used for the development of employees and communication of performance expectations to employees and serve as a foundation for salary adjustments, promotion, demotion, discharge, layoff, and recall and reinstatement decisions. Without timely completion of an employee performance evaluation, the employee would not be provided with feedback or assessment of their performance. Areas for improvements and current year's performance goals and objectives may not be identified and communicated in a timely manner. (Finding Code No. 2015-008, 2013-011, 12-11)

**RECOMMENDATION**

We recommend the Authority implement controls to ensure employees are only paid for time worked or earned benefit time used. In addition, the Authority should remind employees of the Authority's approval process for vacation time and evaluate its procedures for monitoring performance evaluations to ensure performance appraisals are completed timely.

Further, the Authority should attempt to recoup these overpayments.

**AUTHORITY RESPONSE**

We accept the Auditor's recommendation. We will review and update our policies and procedures and employee handbook if necessary to ensure proper payment of our employees and monitoring of performance evaluations. In addition, we will continue to provide training to Authority personnel.

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
SCHEDULE OF FINDINGS  
FOR THE TWO YEARS ENDED JUNE 30, 2015**

**PRIOR FINDINGS NOT REPEATED**

- A. **FINDING** (Inaccurate Major Fund Financial Statements for the Authority's Fire Truck Revolving Loan Fund and Ambulance Revolving Loan Fund)

During the financial audit as of and for the year ended June 30, 2014, the Illinois Finance Authority (Authority) did not prepare accurate major fund financial statements for the Authority's Fire Truck Revolving Loan Fund and Ambulance Revolving Loan Fund. (Finding Code No. 2014-001, 2013-003)

Status: Not Repeated

During the financial audit as of and for the year ended June 30, 2015, the auditors' testing indicated the Authority improved its financial reporting for the Authority's Fire Truck Revolving Loan Fund and Ambulance Revolving Loan Fund.

- B. **FINDING** (Inadequate Monitoring of Borrower Compliance)

During the financial audit as of and for the year ended June 30, 2013, the Illinois Finance Authority (Authority) did not have adequate internal controls to properly monitor borrower covenant compliance for bonds and loan agreements reported on the face of the Authority's basic financial statements. (Finding Code No. 2013-001, 12-1)

Status: Reported as Not Repeated in the Fiscal Year 2014 Financial Audit

During the financial audit as of and for the year ended June 30, 2014, the auditors' sample testing indicated significant improvement in the Authority's monitoring of borrower compliance with bond covenants.

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
SCHEDULE OF FINDINGS  
FOR THE TWO YEARS ENDED JUNE 30, 2015**

**PRIOR FINDINGS NOT REPEATED**

C. **FINDING** (Inadequate Financial Reporting Controls)

During the financial audit as of and for the year ended June 30, 2013, the Illinois Finance Authority (Authority) did not exercise adequate internal control over financial reporting by failing to adequately monitor subsequent event transactions occurring at a primary government agency for any potential impact on the Authority's financial statements. (Finding Code No. 2013-002)

Status: Reported as Implemented in the Fiscal Year 2014 Financial Audit

During the financial audit as of and for the year ended June 30, 2014, the auditors noted increased communication between the Authority and other State agencies and component units to identify and assess the impact of events at those entities impacting the Authority's financial reporting process.

D. **FINDING** (Nonpayment of Shared State Employee Services)

During the prior compliance examination for the year ended June 30, 2013, the Illinois Finance Authority (Authority) did not reimburse the State of Illinois, Department of Central Management Services for the salary and salary related expenses of an employee shared with the Authority. (Finding Code No. 2013-009, 12-9, 11-10)

Status: Not Repeated

During the current engagement, the auditors did not identify any similar personnel transactions with other State agencies.

E. **FINDING** (Inadequate Controls over New Bond Issuances)

During the prior compliance examination for the year ended June 30, 2013, the Illinois Finance Authority (Authority) did not exercise adequate internal controls over new conduit bond issuances. (Finding Code No. 2013-010)

Status: Moved to the Authority's *Report of Immaterial Findings*

During the current engagement, the auditors' sample testing indicated significant improvement in preparing and filing each new bond issuance's initial *Bond Interest and Redemption Schedule* report (Form C-05) with the Office of the State Comptroller. As such, this matter will be reported in the Authority's *Report of Immaterial Findings*.

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2015**

**SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES**

**SUMMARY**

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

- Fiscal Schedules and Analysis:
  - Schedule of Appropriations, Expenditures and Lapsed Balances
    - Fiscal Year 2015
    - Fiscal Year 2014
  - Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
  - Schedule of Changes in State Property
  - Schedule of Cash Funds and Depositories
  - Schedule of Investments
    - Fiscal Year 2015
    - Fiscal Year 2014
  - Comparative Schedule of Cash Receipts and Reconciliation of Cash Receipts to Deposits Remitted to the State Comptroller
  - Analysis of Significant Variations in Expenditures
  - Analysis of Significant Variations in Receipts
  - Comparative Schedule of Revenues and Expenses
  - Analysis of Significant Variations in Revenues and Expenses
    - Fiscal Year 2015
    - Fiscal Year 2014
  - Analysis of Significant Lapse Period Spending
  - Comparative Schedule of Assets and Liabilities
  - Analysis of Significant Variations in Assets and Liabilities
    - Fiscal Year 2015
    - Fiscal Year 2014
  - Analysis of Accounts Receivable

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2015**

**SUMMARY** (continued)

- Analysis of Operations (Unaudited):
  - Authority Functions and Planning Program (Unaudited)
  - Employee Compensation Plan (Unaudited)
  - Average Number of Full-Time Employees (Unaudited)
  - Schedule of Vendor Payments (Unaudited)
    - Fiscal Year 2015
    - Fiscal Year 2014
  - Schedule of Conduit Debt (Unaudited)
    - Fiscal Year 2015
    - Fiscal Year 2014
  - Schedule of Jobs Created or Retained by Loans, Revenue Bonds, and Investments Made by the Authority (Unaudited)
  - Summary of Agricultural Loan Programs (Unaudited)
    - Agricultural Development Bonds (Unaudited)
    - State Guarantee Program for Restructuring Agricultural Debt (Unaudited)
    - Farmer and Agri-Business Loan Guarantee Program (Unaudited)
    - Young Farmer and Farm Purchase Loan Guarantee Program (Unaudited)
    - Specialized Livestock Loan Guarantee Program (Unaudited)
  - Historical Summary of Agricultural Loans Issued by Program and County (Unaudited)
  - Summary of Fire Truck and Ambulance Revolving Loan Programs (Unaudited)
  - Historical Summary of Fire Truck and Ambulance Revolving Loans Issued by Program and County (Unaudited)
  - Service Efforts and Accomplishments (Unaudited)

The accountants' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states that it has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in the auditors' opinion, it is fairly stated, in all material respects in relation to the basic financial statements as a whole from which it has been derived. The accountants' report also states the Analysis of Operation Section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, they do not express an opinion or provide any assurance on it.

STATE OF ILLINOIS  
 ILLINOIS FINANCE AUTHORITY  
 SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES  
 Appropriations for Fiscal Year 2015  
 Fourteen Months Ended August 31, 2015

	Appropriations (Net After Transfers)	Expenditures Through 06/30/15	Lapse Period Expenditures 07/01/15 to 08/31/15	Total Expenditures	Balances Lapsed
<u>Public Act 98-0675</u>					
<u>APPROPRIATED FUNDS</u>					
<u>FIRE TRUCK REVOLVING LOAN FUND - 572</u>					
Loans to Fire Departments	\$ 2,383,342	\$ -	\$ -	\$ -	\$ 2,383,342
<u>AMBULANCE REVOLVING LOAN FUND - 334</u>					
Loans to Fire Departments and Ambulance Services	7,006,800	-	-	-	7,006,800
<b>TOTAL - ALL APPROPRIATED FUNDS</b>	<b>\$ 9,390,142</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,390,142</b>

Note 1: Appropriations, expenditures and lapsed balances were obtained from Authority records and have been reconciled to the records of the State Comptroller.

Note 2: Expenditure amounts are vouchers approved for payment by the Authority and submitted to the State Comptroller for payment to the vendor.

STATE OF ILLINOIS  
 ILLINOIS FINANCE AUTHORITY  
 SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES  
 Appropriations for Fiscal Year 2014  
 Fourteen Months Ended August 31, 2014

	Appropriations (Net After Transfers)	Expenditures Through 06/30/14	Lapse Period Expenditures 07/01/14 to 08/31/14	Total Expenditures	Balances Reappropriated July 1, 2014
<u>Public Act 98-0050</u>					
<u>APPROPRIATED FUNDS</u>					
<u>FIRE TRUCK REVOLVING LOAN FUND - 572</u>					
Loans to Fire Departments	\$ 2,383,342	\$ -	\$ -	\$ -	\$ 2,383,342
<u>AMBULANCE REVOLVING LOAN FUND - 334</u>					
Loans to Fire Departments and Ambulance Services	7,006,800	-	-	-	7,006,800
<b>TOTAL - ALL APPROPRIATED FUNDS</b>	<b>\$ 9,390,142</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,390,142</b>

Note 1: Appropriations, expenditures and lapsed balances were obtained from Authority records and have been reconciled to the records of the State Comptroller.

Note 2: Expenditure amounts are vouchers approved for payment by the Authority and submitted to the State Comptroller for payment to the vendor.

**STATE OF ILLINOIS**  
**ILLINOIS FINANCE AUTHORITY**  
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES**  
**AND LAPSED BALANCES**  
**For the Year Ended June 30,**

	<b>2015</b>	<b>2014</b>	<b>2013</b>
	<b><u>P.A. 98-0675</u></b>	<b><u>P.A. 98-0050</u></b>	<b><u>P.A. 97-0725</u></b>
<b>FIRE TRUCK REVOLVING LOAN FUND - 572</b>			
Appropriations (net after transfers)	\$ 2,383,342	\$ 2,383,342	\$ 6,003,342
Expenditures			
Loans to Fire Departments	-	-	3,620,000
Total expenditures	-	-	3,620,000
Reappropriated balances	\$ -	\$ 2,383,342	\$ 2,383,342
Lapsed Balances	<u>\$ 2,383,342</u>	<u>\$ -</u>	<u>\$ -</u>
<b>AMBULANCE REVOLVING LOAN FUND - 334</b>			
Appropriations (net after transfers)	\$ 7,006,800	\$ 7,006,800	\$ 7,006,800
Expenditures			
Loans to Fire Departments and Ambulance Services	-	-	-
Total expenditures	-	-	-
Reappropriated balances	\$ -	\$ 7,006,800	\$ 7,006,800
Lapsed Balances	<u>\$ 7,006,800</u>	<u>\$ -</u>	<u>\$ -</u>
<b>TOTAL - APPROPRIATED FUNDS</b>			
Appropriations (net after transfers)	\$ 9,390,142	\$ 9,390,142	\$ 13,010,142
Total expenditures	-	-	3,620,000
Reappropriated balances	\$ -	\$ 9,390,142	\$ 9,390,142
Lapsed Balances	<u>\$ 9,390,142</u>	<u>\$ -</u>	<u>\$ -</u>

Note 1: Appropriations, expenditures and lapsed balances were obtained from Authority records and have been reconciled to the records of the State Comptroller.

Note 2: Expenditure amounts are vouchers approved for payment by the Authority and submitted to the State Comptroller for payment to the vendor.

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
SCHEDULE OF CHANGES IN STATE PROPERTY  
For the Year Ended June 30,**

	<u>Balance</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<b>Cost</b>							
Furniture and equipment	\$ 223,040	\$ -	\$ 821	\$ 222,219	\$ -	\$ 24,725	\$ 197,494
Computers	123,688	4,732	-	128,420	-	-	128,420
Software	240,388	43,825	-	284,213	3,528	-	287,741
Total capital assets being depreciated	<u>587,116</u>	<u>48,557</u>	<u>821</u>	<u>634,852</u>	<u>3,528</u>	<u>24,725</u>	<u>613,655</u>
<b>Accumulated depreciation</b>							
Furniture and equipment	217,254	1,792	821	218,225	364	24,725	193,864
Computers	34,331	21,522	-	55,853	946	-	56,799
Software	218,910	22,492	-	241,402	51,544	-	292,946
Total accumulated depreciation	<u>470,495</u>	<u>45,806</u>	<u>821</u>	<u>515,480</u>	<u>52,854</u>	<u>24,725</u>	<u>543,609</u>
<b>Capital assets, net of accumulated depreciation</b>	<u>\$ 116,621</u>	<u>\$ 2,751</u>	<u>\$ -</u>	<u>\$ 119,372</u>	<u>\$ (49,326)</u>	<u>\$ -</u>	<u>\$ 70,046</u>

Note: This schedule has been reconciled to property reports submitted to the State Comptroller.

**STATE OF ILLINOIS**  
**ILLINOIS FINANCE AUTHORITY**  
**SCHEDULE OF CASH FUNDS AND DEPOSITORIES**  
**For the Year Ended June 30,**

<u>Fund and Depository</u>	<u>2015</u>	<u>2014</u>
<u>General Operating Fund</u>		
Bank of America in Chicago, Illinois - Repurchase Agreements	\$ 5,373,765	\$ 4,097,718
The Illinois Funds - Money Market	442	442
U.S. Bank in St. Louis, Missouri - Money Market	-	1,275,967
Amalgamated Bank of Chicago - Money Market	248,818	724,497
Bank of America in Chicago, Illinois - Cash	1,280,252	-
<u>Other State of Illinois Debt Fund</u>		
Amalgamated Bank in Chicago, Illinois - Cash	-	100,998
Bank of America in Chicago, Illinois - Money Market	88,386,516	104,639,866
<u>Industrial Revenue Bond Insurance Fund</u>		
The Illinois Funds - Money Market	1,000,167	1,000,000
Amalgamated Bank of Chicago - Money Market	11,561	145,157
<u>Credit Enhancement Fund</u>		
U.S. National Bank Association in Chicago, Illinois - Money Market	600,000	600,000
<u>Illinois Agricultural Loan Guarantee Fund</u>		
State Treasury - Cash	10,156,041	10,110,724
<u>Illinois Farmer Agribusiness Loan Guarantee Fund</u>		
State Treasury - Cash	7,843,404	7,808,405
<u>IRBB Special Reserve Fund</u>		
The Illinois Funds	-	10
Amalgamated Bank of Chicago - Money Market	-	115,734
<u>Rural Development Revolving Loan Fund</u>		
Bank of America in Chicago Illinois - Repurchase Agreements	1,865,851	1,904,228
<u>Illinois Housing Partnership Program Fund</u>		
Amalgamated Bank of Chicago - Money Market	52,200	17,546
<u>Fire Truck Revolving Loan Fund</u>		
Amalgamated Bank of Chicago - Money Market	2,798,898	4,414,770
Amalgamated Bank of Chicago - Deposit in Transit	207,837	92,683
<u>Ambulance Revolving Loan Fund</u>		
Amalgamated Bank of Chicago - Money Market	47,922	3,768,384
Amalgamated Bank of Chicago - Deposit in Transit	42	1,712
<u>Renewable Energy Development Fund</u>		
Bank of America in Chicago, Illinois - Repurchase Agreements	171,398	60,710
Amalgamated Bank of Chicago - Money Market	4,079	15,150
<u>Illinois Finance Authority Development NFP Fund</u>		
Bank of America in Chicago, Illinois - Cash	24,495	-
	<u>\$ 120,073,688</u>	<u>\$ 140,894,701</u>
<u>Metro East Police District Commission Fund</u>		
Bank of America - Chicago, Illinois	36,594	41,621
Total	<u>\$ 120,110,282</u>	<u>\$ 140,936,322</u>

**STATE OF ILLINOIS**  
**ILLINOIS FINANCE AUTHORITY**  
**SCHEDULE OF INVESTMENTS**  
**For the Year Ended June 30, 2015**

Description	Type	Recorded Value June 30, 2015	Maturities Less than One Year	Maturities 1 - 5 Years
<u>General Operating Fund</u>				
Bank of America	Certificate of Deposit	\$ 85,000	\$ 85,000	\$ -
Amalgamated Bank of Chicago	Corporate Debt	1,975,058	1,975,058	-
Amalgamated Bank of Chicago	Municipal Bonds	150,080	-	150,080
Amalgamated Bank of Chicago	U.S. Agencies	15,302,804	4,486,505	10,816,299
Amalgamated Bank of Chicago	U.S. T- Notes	5,887,152	1,189,393	4,697,759
<u>Industrial Revenue Bond Insurance Fund</u>				
Amalgamated Bank of Chicago	Corporate Debt	773,642	773,642	-
Amalgamated Bank of Chicago	Municipal Bonds	95,051	-	95,051
Amalgamated Bank of Chicago	U.S. Agencies	8,036,753	2,059,407	5,977,346
Amalgamated Bank of Chicago	U.S. T- Notes	1,815,045	165,192	1,649,853
<u>Illinois Housing Partnership Program Fund</u>				
Amalgamated Bank of Chicago	Corporate Debt	170,770	170,770	-
Amalgamated Bank of Chicago	Municipal Bonds	5,003	-	5,003
Amalgamated Bank of Chicago	U.S. Agencies	1,235,050	379,716	855,334
Amalgamated Bank of Chicago	U.S. T- Notes	376,343	80,593	295,750
<u>Renewable Energy Development Fund</u>				
Amalgamated Bank of Chicago	Corporate Debt	65,275	65,275	-
Amalgamated Bank of Chicago	Municipal Bonds	5,003	-	5,003
Amalgamated Bank of Chicago	U.S. Agencies	528,562	141,068	387,494
Amalgamated Bank of Chicago	U.S. T- Notes	160,602	30,258	130,344
<u>Locally Held Fire Truck Revolving Loan Fund</u>				
Amalgamated Bank of Chicago	Corporate Debt	538,584	538,584	-
Amalgamated Bank of Chicago	Municipal Bonds	60,032	-	60,032
Amalgamated Bank of Chicago	U.S. Agencies	1,306,929	478,170	828,759
Amalgamated Bank of Chicago	U.S. T- Notes	150,432	-	150,432
<u>Locally Held Ambulance Revolving Loan Fund</u>				
Amalgamated Bank of Chicago	Corporate Debt	336,558	336,558	-
Amalgamated Bank of Chicago	Municipal Bonds	35,019	-	35,019
Amalgamated Bank of Chicago	U.S. Agencies	2,444,093	880,990	1,563,103
Amalgamated Bank of Chicago	U.S. T- Notes	1,013,985	120,712	893,273
<u>Other State of Illinois Debt Fund</u>				
Amalgamated Bank of Chicago	U.S Agencies	3,350,799	-	3,350,799
		<u>\$ 45,903,624</u>	<u>\$ 13,956,891</u>	<u>\$ 31,946,733</u>

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
SCHEDULE OF INVESTMENTS  
For the Year Ended June 30, 2014**

**Schedule 7**

Description	Type	Recorded Value June 30, 2014	Maturities Less than One Year	Maturities 1 - 5 Years
<u>General Operating Fund</u>				
Bank of America in Chicago, Illinois	Certificate of Deposit	\$ 85,000	\$ 85,000	\$ -
Amalgamated Bank of Chicago	Commercial Paper	820,000	820,000	-
Amalgamated Bank of Chicago	Corporate Debt	2,166,121	2,166,121	-
Amalgamated Bank of Chicago	Municipal Bonds	1,242,102	1,242,102	-
Amalgamated Bank of Chicago	U.S. Agencies	10,565,520	537,332	10,028,188
Amalgamated Bank of Chicago	U.S. T-Notes	3,586,712	-	3,586,712
<u>Industrial Revenue Bond Insurance Fund</u>				
Amalgamated Bank of Chicago	Commercial Paper	250,000	250,000	-
Amalgamated Bank of Chicago	Corporate Debt	1,687,947	1,687,947	-
Amalgamated Bank of Chicago	U.S. Agencies	7,525,543	1,056,449	6,469,094
Amalgamated Bank of Chicago	U.S. T-Notes	1,040,969	-	1,040,969
<u>Illinois Housing Partnership Program Fund</u>				
Amalgamated Bank of Chicago	Corporate Debt	218,127	218,127	-
Amalgamated Bank of Chicago	Municipal Bonds	75,042	75,042	-
Amalgamated Bank of Chicago	U.S Agencies	1,306,747	520,806	785,941
Amalgamated Bank of Chicago	U.S. T-Notes	206,809	-	206,809
<u>Renewable Energy Development Fund</u>				
Amalgamated Bank of Chicago	Corporate Debt	99,932	99,932	-
Amalgamated Bank of Chicago	Municipal Bonds	35,017	35,017	-
Amalgamated Bank of Chicago	U.S Agencies	525,929	201,488	324,441
Amalgamated Bank of Chicago	U.S. T-Notes	80,802	-	80,802
<u>Other State of Illinois Debt Fund</u>				
Amalgamated Bank of Chicago	Commercial Paper	19,017,000	19,017,000	-
Amalgamated Bank of Chicago	Corporate Debt	1,880,663	1,880,663	-
Amalgamated Bank of Chicago	Municipal Bonds	7,521,588	5,637,671	1,883,917
Amalgamated Bank of Chicago	U.S Agencies	22,135,002	18,539,045	3,595,957
Amalgamated Bank of Chicago	U.S. T-Notes	352,653	352,653	-
		<u>\$ 82,425,225</u>	<u>\$ 54,422,395</u>	<u>\$ 28,002,830</u>

**STATE OF ILLINOIS**  
**ILLINOIS FINANCE AUTHORITY**  
**COMPARATIVE SCHEDULE OF CASH RECEIPTS AND RECONCILIATION OF**  
**CASH RECEIPTS TO DEPOSITS REMITTED TO THE STATE COMPTROLLER**  
**For the Year Ended June 30,**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>AMBULANCE REVOLVING LOAN FUND - 334</b>			
Repayment of loans	\$ 94,320	\$ 94,320	\$ 160,987
Total Receipts - Fund 334	<u>\$ 94,320</u>	<u>\$ 94,320</u>	<u>\$ 160,987</u>
Receipts, per Authority Records	\$ 94,320	\$ 94,320	\$ 160,987
Add: Deposits in Transit, Beginning of Fiscal Year	-	-	-
Subtract: Deposits in Transit, End of Fiscal Year	<u>-</u>	<u>-</u>	<u>-</u>
Deposits, Recorded by the State Comptroller	<u>\$ 94,320</u>	<u>\$ 94,320</u>	<u>\$ 160,987</u>
<b>FIRE TRUCK REVOLVING LOAN FUND - 572</b>			
Repayment of loans	\$ 1,504,735	\$ 1,479,210	\$ 1,228,906
Total Receipts - Fund 572	<u>\$ 1,504,735</u>	<u>\$ 1,479,210</u>	<u>\$ 1,228,906</u>
Receipts, per Authority Records	\$ 1,504,735	\$ 1,479,210	\$ 1,228,906
Add: Deposits in Transit, Beginning of Fiscal Year	-	-	-
Subtract: Deposits in Transit, End of Fiscal Year	<u>-</u>	<u>-</u>	<u>-</u>
Deposits, Recorded by the State Comptroller	<u>\$ 1,504,735</u>	<u>\$ 1,479,210</u>	<u>\$ 1,228,906</u>
<b>GRAND TOTAL - ALL FUNDS</b>			
Receipts, per Authority Records	\$ 1,599,055	\$ 1,573,530	\$ 1,389,893
Add: Deposits in Transit, Beginning of Fiscal Year	-	-	-
Subtract: Deposits in Transit, End of Fiscal Year	<u>-</u>	<u>-</u>	<u>-</u>
Deposits, Recorded by the State Comptroller	<u>\$ 1,599,055</u>	<u>\$ 1,573,530</u>	<u>\$ 1,389,893</u>

Note: After the implementation of Public Act 097-0901, the Authority is still required to deposit all interest income and loan repayments into the State Treasury pursuant to the Illinois Finance Authority Act (Act) (20 ILCS 3501/825-80(d) and 20 ILCS 3501/825-85(c)); however, the Office of the State Fire Marshal is required to immediately return these cash collections back to the Authority's locally-held funds pursuant to the continuing appropriation provisions of the Act (20 ILCS 3501/825-80(c) and 20 ILCS 3501/825-85(b)). As the Authority no longer has a present obligation to sacrifice the resources represented by these loan repayments and interest collections, these transactions have been eliminated for financial reporting purposes only in Fiscal Year 2015 and Fiscal Year 2014.

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES  
For the Two Years Ended June 30, 2015**

The Authority's analysis of significant fluctuation in expenditures as presented in the comparative schedules of net appropriations, expenditures and lapsed balances. Fluctuations in excess of 20% is considered significant.

**Analysis of Significant Variations in Expenditures Between Fiscal Years 2015 and 2014**

None Noted

**Analysis of Significant Variations in Expenditures Between Fiscal Years 2014 and 2013**

Fire Truck Revolving Loan Fund - 572

In Fiscal Year 2014, the Authority did not extend any loans to fire departments, fire prevention districts, or township fire departments, resulting in a decrease of \$3.6 million from the prior year. Further, in accordance with Public Act 97-0901, the Authority is now authorized to make loans for the purchase of fire trucks, based upon need determined by the Office of the State Fire Marshal, outside of the annual appropriations process from the Authority's funds.

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS  
For the Two Years Ended June 30, 2015**

The Authority's analysis of significant fluctuation in receipts as presented in the comparative schedules of cash receipts and reconciliation of cash receipts to deposits remitted to the State Comptroller. Fluctuations in excess of 20% is considered significant.

**Analysis of Significant Variations in Receipts Between Fiscal Years 2015 and 2014**

None Noted

**Analysis of Significant Variations in Receipts Between Fiscal Years 2015 and 2014**

Fire Truck Revolving Loan Fund - 572

The increase in receipts in Fiscal Year 2014 from Fiscal Year 2013 of \$250,304 or 20%, was due to an increase in receipts from additional principal payments from borrowers in Fiscal Year 2014.

Ambulance Revolving Loan Fund - 334

The decrease in receipts in Fiscal Year 2014 from Fiscal Year 2013 of \$66,667, or 41%, was mainly due to full repayment of two outstanding loans received in Fiscal Year 2013. There were no full loan repayments during Fiscal Year 2014.

**STATE OF ILLINOIS**  
**ILLINOIS FINANCE AUTHORITY**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES**  
**For the Year Ended June 30,**

	<u>2015</u>	<u>2014</u>	<u>2013*</u>
<u>Revenues:</u>			
Interest income - loans	\$ 5,183,052	\$ 5,944,227	\$ 8,072,295
Interest and investment income	642,885	2,208,826	2,523,475
Closing and administrative service fees	2,491,601	2,756,871	3,850,963
Annual fees	365,391	432,775	409,154
Miscellaneous fees	19,823	336,856	437,703
Other revenues	126,581	52,375	-
Transfer of funds and interest in program from the State of Illinois	447,531	25,806,282	-
Application fees	44,778	46,050	53,400
Grant income	-	-	841,399
<b>Total revenues</b>	<u>9,321,642</u>	<u>37,584,262</u>	<u>16,188,389</u>
<u>Expenses:</u>			
Interest expense	4,279,926	7,820,635	9,921,160
Employee related expenses	1,702,215	1,711,969	1,789,531
Professional services	1,539,522	1,657,771	1,349,958
Occupancy costs	271,431	316,080	319,386
General and administrative	381,828	325,391	318,402
Others	771,633	-	-
Loss on defeasance of debt	-	1,912,955	-
Transfer of unused grant funds to the State of Illinois	-	2,341,698	-
Depreciation and amortization	52,854	45,807	48,453
<b>Total expenses</b>	<u>8,999,409</u>	<u>16,132,306</u>	<u>13,746,890</u>
<b>Excess of revenues over expenses</b>	<u>\$ 322,233</u>	<u>\$ 21,451,956</u>	<u>\$ 2,441,499</u>

\* Restated for GASB Statement No. 65 implementation.

STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
ANALYSIS OF SIGNIFICANT VARIATIONS IN REVENUES AND EXPENSES  
For the Year Ended June 30, 2015

	For the Years Ended June 30,		Increase (Decrease)		Explanation of Significant Variations (Variance of 20% and \$400,000 or more)
	2015	2014	Amount	%	
<u>Revenues:</u>					
Interest and investment income	\$ 642,885	\$ 2,208,826	\$ (1,565,941)	(71%)	The decrease was mainly due to the gain on sale of a forward contract in Fiscal Year 2014 which the Authority terminated as a result of the defeasance of the Series 2002 and 2004 Illinois Revolving Fund Revenue Bonds issued for the Illinois Environmental Protection Agency.
Transfer of funds and interest in program from the State of Illinois	447,531	25,806,282	(25,358,751)	(98%)	The decrease was due to elimination of the due to primary government balance totaling \$25.4 million in Fiscal Year 2014 as the collection of principal and interest of loans from the Fire Truck, Fire Station, and Ambulance Revolving loan programs will ultimately be retained by the Authority after the adoption of intergovernmental agreement between the Authority and the Office of the State Marshal in Fiscal Year 2014 in accordance with Public Act 97-0901.
<u>Expenses:</u>					
Interest expense	4,279,926	7,820,635	(3,540,709)	(45%)	The decrease was due to the advance refunding resulting to defeasance of the Illinois Rural Bond Bank bonds at the end of Fiscal Year 2014.
Loss on defeasance of debt	-	1,912,955	(1,912,955)	(100%)	The decrease was due to the defeasance of Illinois Rural Bond Bank at the end of Fiscal Year 2014.
Other expenses	771,633	-	771,633	100%	The increase was due to the loan loss provisions/reserves recorded during Fiscal Year 2015 on two State Guarantee loans.

STATE OF ILLINOIS  
 ILLINOIS FINANCE AUTHORITY  
 ANALYSIS OF SIGNIFICANT VARIATIONS IN REVENUES AND EXPENSES, Continued  
 For the Year Ended June 30, 2015

	For the Years Ended June 30,		Increase (Decrease)		Explanation of Significant Variations (Variance of 20% and \$400,000 or more)
	2015	2014	Amount	%	
Transfer of unused grant funds to the State of Illinois	-	2,341,698	(2,341,698)	(100%)	The decrease was due to the return of grant funds in the Title IX Restricted Revolving Loan Fund to the Illinois Department of Commerce and Economic Opportunity in Fiscal Year 2014.

STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
ANALYSIS OF SIGNIFICANT VARIATIONS IN REVENUES AND EXPENSES  
For the Year Ended June 30, 2014

	For the Years Ended June 30,		Increase (Decrease)		Explanation of Significant Variations (Variance of 20% and \$400,000 or more)
	2014	2013*	Amount	%	
<u>Revenues:</u>					
Interest income - loans	5,944,227	8,072,295	(2,128,068)	(26%)	The decrease was due to the declining outstanding balances of the loans receivable as payments of the principal were received during the fiscal year.
Closing and administrative service fees	\$ 2,756,871	\$ 3,850,963	\$ (1,094,092)	(28%)	The decrease was due to the decline in the number of bonds closed during Fiscal Year 2014.
Transfer of funds and interest in program from the State of Illinois	25,806,252	-	25,806,252	100%	The increase was due to the deposit of \$8.3 million from the Office of the State Fire Marshal (OSFM) after the adoption of the intergovernmental agreement between OSFM and the Authority to jointly administer the Fire Truck, Fire Station, and Ambulance Revolving loan programs in accordance with Public Act 97-0901. In addition, the Authority eliminated the balances due to the primary government totaling \$17.5 million as the collection of principal and interest of loans from the Fire Truck, Fire Station, and Ambulance Revolving loan programs will ultimately be retained by the Authority after the adoption of the intergovernmental agreement.
Grant income	-	841,399	(841,399)	(100%)	The decrease was due to the receipt of grant funds from the Illinois Department of Commerce and Economic Opportunity in Fiscal Year 2013 for the Illinois Energy Program which was discontinued in Fiscal Year 2014.
<u>Expenses:</u>					
Interest expense	7,820,635	9,921,160	(2,100,525)	(21%)	The decrease was due to the effect of the amortization of bond premium of the Series 2013 Clean Water and Drinking Water Initiative Revenue Bonds issued in December 2013.

\* Restated for GASB Statement No. 65 implementation.

STATE OF ILLINOIS  
 ILLINOIS FINANCE AUTHORITY  
 ANALYSIS OF SIGNIFICANT VARIATIONS IN REVENUES AND EXPENSES, Continued  
 For the Year Ended June 30, 2014

	For the Years Ended June 30,		Increase (Decrease)		Explanation of Significant Variations (Variance of 20% and \$400,000 or more)
	2014	2013*	Amount	%	
Loss on defeasance of debt	1,912,955	-	1,912,955	100%	The increase was due to defeasance of Rural Bond Bank Revenue Bonds in Fiscal Year 2014. The loss on defeasance was the difference between the reacquisition price and net carrying amount of the old debt.
Transfer of unused grant fund to the State of Illinois	2,341,698	-	2,341,698	100%	The increase was due to the return of funds back to the Illinois Department of Commerce and Economic Opportunity for the Illinois Energy Fund. The program was discontinued as of April 2014 when the funds were returned.

\* Restated for GASB Statement No. 65 implementation.

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING  
For the Two Years Ended June 30, 2015**

The Authority did not incur any Lapse Period spending during Fiscal Year 2015 and Fiscal Year 2014.

**STATE OF ILLINOIS**  
**ILLINOIS FINANCE AUTHORITY**  
**COMPARATIVE SCHEDULE OF ASSETS AND LIABILITIES**  
**For the Year Ended June 30,**

	<u>2015</u>	<u>2014</u>	<u>2013*</u>
<u>Assets:</u>			
Cash and cash equivalents	\$ 120,073,688	\$ 140,894,701	\$ 95,540,686
Securities lending collateral equity with State Treasurer	8,076,000	9,079,000	12,192,000
Investments	45,903,624	82,425,225	99,529,593
Loans receivables, net	18,954,194	21,189,341	25,195,361
Bonds and notes receivable	101,376,242	127,262,441	98,083,509
Receivable from pending investment sales	1,487,485	-	-
Accounts receivable, net	58,911	303,621	115,086
Accrued interest receivable	558,346	839,635	1,341,601
Due from other funds	19,661	36,529	22,936
Due from primary government	112,500	60,000	-
Due from other local government agencies	3,000,000	3,000,000	3,000,000
Prepaid expenses	34,231	53,217	71,733
Capital assets, net	70,046	119,372	116,621
Deferred outflows of resources	766,953	971,113	-
	<u>300,491,881</u>	<u>386,234,195</u>	<u>335,209,126</u>
<u>Liabilities:</u>			
Accounts payable and accrued liabilities	258,683	586,199	3,477,093
Accrued interest payable	3,447,686	4,311,710	3,523,481
Due to employees	101,017	89,452	80,565
Due to primary government	168,777	54,343,893	19,468,076
Due to other funds	19,661	36,529	22,936
Obligation under securities lending of the State Treasurer	8,076,000	9,079,000	12,192,000
Unearned revenue, net of accumulated amortization	70,000	87,505	302,261
Long-term debt	369,080	428,470	487,273
Bonds and notes payable	158,936,627	185,497,655	198,095,875
Unamortized bond premium	11,057,886	14,827,226	2,424,958
Other liabilities and loan reserve	717,675	-	-
Unamortized loss on early extinguishment of debt	-	-	(57,731)
	<u>183,223,092</u>	<u>269,287,639</u>	<u>240,016,787</u>

\* Restated for GASB Statement No. 65 implementation.

STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
ANALYSIS OF SIGNIFICANT VARIATIONS IN ASSETS AND LIABILITIES  
For the Year Ended June 30, 2015

	<u>For the Years Ended June 30,</u>		<u>Increase (Decrease)</u>		<u>Explanation of Significant Variations (Variance of 20% and \$1.3 million or more)</u>
	<u>2015</u>	<u>2014</u>	<u>Amount</u>	<u>%</u>	
<u>Assets</u>					
Investments	\$ 45,903,624	\$ 82,425,225	\$ (36,521,601)	(44%)	The decrease was due to the release of investments in the Series 2013 Clean Water and Drinking Water Revenue Bonds to the Illinois Environmental Protection Agency in Fiscal Year 2015 for project expenses.
Bonds and notes receivable	101,376,242	127,262,441	(25,886,199)	(20%)	The decrease was mainly due to collections from local government units and Series 2013 Clean Water and Drinking Water Revenue Bond Fund.
Receivable from pending investment sales	1,487,485	-	1,487,485	100%	The increase was due to the pending investments sales of Fire Truck Revolving Loan Fund at the end of Fiscal Year 2015 and settled the following fiscal year.
<u>Liabilities:</u>					
Due to primary government	168,777	54,343,893	(54,175,116)	(100%)	The decrease was due to the release of the remaining proceeds from the issuance of the Series 2013 Clean Water and Drinking Water Revenue Bonds issued in December 2013 to the Illinois Environmental Protection Agency in Fiscal Year 2015.
Unamortized bond premium	11,057,886	14,827,226	(3,769,340)	(25%)	The decrease was due to the amortization of bond premium during the fiscal year.

STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
ANALYSIS OF SIGNIFICANT VARIATIONS IN ASSETS AND LIABILITIES  
For the Year Ended June 30, 2014

	For the Years Ended June 30,		Increase (Decrease)		Explanation of Significant Variations (Variance of 20% and \$1.3 million or more)
	2014	2013*	Amount	%	
<u>Assets:</u>					
Cash and cash equivalents	\$ 140,894,701	\$ 95,540,686	\$ 45,354,015	47%	The net increase was mainly due the issuance of the Clean Water and Drinking Water Initiative Revolving Bonds, receipt of the Fire Truck and Ambulance Loan Program funds from the Office of the State Fire Marshal and defeasance of the remaining outstanding Illinois Rural Bond Bank bonds.
Securities lending collateral equity with the State Treasurer	9,079,000	12,192,000	(3,113,000)	(26%)	The decrease was due to the decrease in securities lending transactions by the State Treasurer.
Bonds and notes receivable	127,262,441	98,083,509	29,178,932	30%	The net increase was due to additional loans made to the State of Illinois Environmental Protection Agency revolving loan programs.
<u>Liabilities:</u>					
Accounts payable and accrued liabilities	586,199	3,477,093	(2,890,894)	(83%)	The net decrease was due to the reduction in arbitrage rebate payable accrued in Fiscal Year 2013 for the Series 2002 and 2004 of the State of Illinois Revolving Fund Revenue Bonds defeased in Fiscal Year 2014.
Due to primary government	54,343,893	19,468,076	34,875,817	179%	The increase was due to the excess of the lending proceeds of the Series 2013 Clean Water and Drinking Water Initiative Revolving Fund Revenue Bonds issued in December 2013.
Obligations under securities lending with the State Treasurer	9,079,000	12,192,000	(3,113,000)	(26%)	The decrease was due to the decrease in securities lending transactions by the State Treasurer.
Unamortized bond premium	14,827,226	2,424,958	12,402,268	511%	The increase was due to the issuance of Series 2013 Clean Water and Drinking Water Initiative Revolving Fund Revenue Bonds for the Illinois Environmental Protection Agency in Fiscal Year 2014.

\* Restated for GASB Statement No. 65 implementation.

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
ANALYSIS OF ACCOUNTS RECEIVABLE  
For the Two Years Ended June 30, 2015**

The Illinois Finance Authority's (Authority's) aging of accounts, loans, notes and bonds receivables, and due from a local government is as follows:

Description	For the Year Ended June 30, 2015				Total
	Current	0-30 days	31-60 days	Over 60 days	
Accounts receivable	\$ 4,665	\$ -	\$ -	\$ 114,147	\$ 118,812
Loans receivable	18,988,505	-	-	954,509	19,943,014
Bonds and notes receivable	101,376,242	-	-	-	101,376,242
Due from a local government	3,000,000	-	-	-	3,000,000

Description	For the Year Ended June 30, 2014				Total
	Current	0-30 days	31-60 days	Over 60 days	
Accounts receivable	\$ 19,560	\$183,000	\$ -	\$ 125,850	\$ 328,410
Loans receivable	21,235,350	-	-	1,061,279	22,296,629
Bonds and notes receivable	127,262,441	-	-	-	127,262,441
Due from a local government	3,000,000	-	-	-	3,000,000

In Fiscal Year 2015, the Authority's past due accounts were \$114,147 and \$954,509 for accounts receivable and loans receivable, respectively.

In Fiscal Year 2014, the Authority's past due accounts were \$125,850 and \$1,061,279 for accounts receivable and loans receivable, respectively.

The majority of the Authority's receivables consist of loans, bonds, notes, and due from a local government derived from its lending programs. The Authority offers a variety of lending programs, including direct lending and direct lending participation loans. The Authority also makes loan through its federal program, FmHA Intermediary Relending Program. Bonds and notes receivable represents loans to the primary government, component units, and local government units through the purchase of their securities.

The Authority's loans receivable are placed with a third party loan servicing provider. The loan servicing provider monitors and coordinates loan status with the banks. Loans which are 5-35 days delinquent are reviewed and coordinated with the bank for proper action. Delinquent receivables greater than 90 days are reserved for at 100% of principal outstanding. The Authority places delinquent receivables greater than 90 days with the State Comptroller's offset system to collect delinquent receivable balances.

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
AUTHORITY FUNCTIONS AND PLANNING PROGRAM (Unaudited)  
For the Two Years Ended June 30, 2015**

**Description of Authority's Functions and Planning Program**

The Illinois Finance Authority (Authority), a body policy and corporate, promotes a vigorous growing economy in the State of Illinois by providing access to capital to non-profit, private, individual, and public borrowers. In doing so, the Authority helps these borrowers to create and retain jobs and to promote the health, safety and general welfare of all of the people of Illinois.

In Fiscal Year 2015, the Authority welcomed a new Chair, Rob Funderburg, who, pursuant to statute, was appointed directly by the Governor. The Authority anticipates additional appointments. The Authority is governed by a fifteen-member volunteer board, also appointed by the Governor and confirmed by the State Senate. The Authority operates on an enterprise or business-type model without State taxpayer appropriations to support its operations. Annually, the Board appoints an Executive Director from nominations submitted by the Governor.

In July 2015, the Authority streamlined its committee structure to five committees: (1) Audit, Budget, Finance, Legislation, Investment and Procurement; (2) Governance, Personnel and Ethics; (3) Tax-Exempt Conduit Transactions; (4) Direct and Alternative Financing; and, (5) an Executive Committee. The Authority intends to use its new committee structure in its future planning program.

The Illinois Finance Authority Act (20 ILCS 3501/801-40) grants the Board of Directors certain powers including, but not limited to: (1) issuance of conduit debt revenue bonds; (2) facilitation of loans through full faith and credit guarantees; (3) facilitation of financing for local government and private borrowers credit enhancement through moral obligation additional security guarantees; and, (4) assist in financing through participation and direct loans.

***Current Authority Strategic Plan***

In its 2013-2015 Strategic Plan, the Authority established four goals to guide investments and asset allocation. This includes the following:

1. Strengthen and diversify product offering;
2. Improve stewardship of financial and human capital;
3. Expand partnerships with the Governor as well as State and Federal Agencies; and,
4. Enhance accountability, transparency and flow of information.

Each strategic goal includes action items and evaluation criteria that are designed to facilitate an effective implementation of the strategic plans.

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
AUTHORITY FUNCTIONS AND PLANNING PROGRAM (Unaudited)  
For the Two Years Ended June 30, 2015**

*Strategic Goal 1: Strengthening and Diversifying Product Offerings.*

The Authority established a four-part framework to evaluate new programs: (a) public mission; (b) risk profile; (c) net revenue impact; and, (d) competitive position. The Authority also works to streamline the Authority's product offering by eliminating inactive programs and consolidating related programs.

*Strategic Goal 2: Improving Stewardship of Financial and Human Capital.*

The Authority has maintained adequate reserves against financial risk on its agricultural guarantee and direct loan programs and has secured operating reserves and uses an investment manager to generate higher returns on its investment portfolio. The Authority continues to invest in the professional development of its staff. Currently, the Authority has four nationally-recognized, subject-matter experts in its senior management team.

An important priority of the Authority is to monitor and, if possible, reduce the remaining outstanding balance of the State Moral Obligation (contingent State taxpayer obligation) issued by the Authority in connection with the Illinois Medical District Commission's 2006 bonds. The Authority has also worked with the Governor's Office of Management and Budget (GOMB) to avoid risks to a State Moral Obligation commitment issued by another statutory authority.

*Strategic Goal 3: Expand its partnership with the Governor as well as State and Federal Agencies.*

Working with the Governor on his priorities, the Authority expects to strengthen existing partnerships with the Illinois Environment Protection Agency (State Revolving Fund/Clean Water Initiative) and the Office of the State Fire Marshal. The Authority hopes to initiate or expand partnerships with GOMB, the Department of Central Management Services, the Capital Development Board, the Department of Commerce and Economic Opportunity, and the Department of Transportation as well as with appropriate federal, regional, and local agencies and governments.

*Strategic Goal 4: Enhance Accountability, Transparency and Flow of Information.*

The objective of the Authority's new committee structure is to strengthen accountability, governance, and transparency. Performance measures such as the number and amount of bond issues per industry category are monitored and reported to the Board and documented in the monthly Board Book. Financial reports, new market sectors and financing participants, legislation updates, and operational reports are discussed during the monthly Board and Committee meetings. In addition, the Executive Director and senior staff meet individually and collectively to discuss and obtain the status of the Authority's operations and goals.

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
AUTHORITY FUNCTIONS AND PLANNING PROGRAM (Unaudited)  
For the Two Years Ended June 30, 2015**

*Future Planning*

The Authority expects to revisit and update its current Strategic Plan in the coming months.

Head of the Agency, Location and Address

Christopher Meister, Executive Director  
Illinois Finance Authority  
Michael A. Bilandic Building  
160 N. LaSalle Street, Suite S-1000  
Chicago, Illinois 60601

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
EMPLOYEE COMPENSATION PLAN (Unaudited)  
For the Two Years Ended June 30, 2015**

The Illinois Finance Authority’s (Authority’s) Board of Directors approved the Illinois Finance Authority Deferred Compensation Plan (Plan). The Authority’s Board of Directors has the power to amend the Plan. The Plan is administered through the State of Illinois, Department of Central Management Services (CMS) and the Plan is considered a defined contribution plan. This plan allows participants to invest a portion of their salary in a choice of investment programs. Federal and State income taxes are deferred on the total amount through the plan as well as on investment earnings. However, the total contributions are subject to FICA taxes. The program provides a tax-sheltered retirement account. The employee may begin participating in the Deferred Compensation Plan after 30 days of employment have been completed.

The maximum contributions through the year 2015 and 2014 are:

<u>YEAR</u>	<u>MAXIMUM CONTRIBUTION</u>	<u>AGE 50 CATCH UP</u>
2015	\$18,000	\$24,000
<u>YEAR</u>	<u>MAXIMUM CONTRIBUTION</u>	<u>AGE 50 CATCH UP</u>
2014	\$17,500	\$23,000

The contribution schedule requires the Authority to match \$2 for every \$1 deferred by an eligible employee up to a maximum of 5% of an employee’s salary. In order to participate in this plan, an employee must contribute a minimum of 1% of their salary.

Total employer and employee contributions for Fiscal Year 2015 were \$103,753 and \$115,247, respectively. Total employer and employee contributions for Fiscal Year 2014 were \$93,721 and \$95,448, respectively.

**Severance Payments**

Separation agreements the Authority agreed to with employees granted them severance benefits. These benefits include continued payments of the employee’s salary and health insurance premiums for a specified duration of time. The liability has been calculated based on the employee’s last salary amount and includes salary related costs (e.g. Social Security and Medicare tax). The cost of termination benefits incurred and paid in Fiscal Year 2014 was \$40,926. There were no severance benefits incurred and paid in Fiscal Year 2015.

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
AVERAGE NUMBER OF FULL-TIME EQUIVALENT EMPLOYEES (Unaudited)  
For the Year Ended June 30, 2015**

The following is the summary of the average number of full-time equivalent employees employed at the Illinois Finance Authority.

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Executive Director	1	1	1
Deputy Director	-	1	1
Accountant	2	2	2
Administrative Assistant	3	3	3
Chief Financial Officer	1	1	-
Assistant Chief Financial Officer	-	-	1
Controller	1	1	1
Funding Managers	4	5	5
MIS Administrator	1	1	1
Procurement Analyst	-	1	1
Receptionist	-	-	1
Intern	4	2	3
Total average number of full-time equivalent employees	<u>17</u>	<u>18</u>	<u>20</u>

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
SCHEDULE OF VENDOR PAYMENTS (Unaudited)  
For the Year Ended June 30, 2015**

Payments made to vendors during Fiscal Year 2015, with amounts totalling \$5,000 and above were as follows:

<b>Contractor</b>	<b>Services Provided</b>	<b>Total Expenses Incurred</b>
1 Oaks Properties, LLC	Office Rent-Mt. Vernon	\$ 15,911
Acacia Financial Group, Inc.	Senior Financial Advisor	123,690
Accounting Principals	Temporary Staffing Services	42,685
Adelfia LLC	Internal Audit Services	36,000
ADP Total Source	Payroll and HR	198,937
Anchor Staffing, Inc.	Temporary Staffing Services	13,844
Anthes, Pruyn & Associates	Accounting Services	13,016
Bank of America	Financial Institution	105,880
BFPRU I, LLC	Office Rent-Chicago	25,900
Bloomberg Finance L.P.	Financial Information Database	37,538
Burke Burns & Pinelli, Ltd	Issuers Counsel/Legal Services	36,000
Catalyst Consulting Group	Computer Network Solutions	22,798
CBIZ MHM, LLC	Accounting Software Consulting	45,748
Chapman and Cutler	Legal Services	44,764
Com Microfilm Company, Inc.	Document Management	78,726
Clear Arc Capital Management	Investment Management Services	33,014
Clifton Larson Allen, LLP	Internal Audit Services	24,400
Del Galdo Law Group, LLC	Legal Services	5,310
Fitch Ratings, Inc.	Rating Agency Services	112,500
Franczek Radelet P.C.	Legal Services	31,544
Harleysville Insurance	Property & Casualty Insurance	5,690
Howard Kenner Governmental Consulting	Legislative Services	51,750
Jenner & Block LLP	Legal Services	30,838
Katten, Muchin Rosenman LLP	Legal Services	14,152
Mabsco Capital, Inc.	Loan Management Services	31,973
Marj Halperin Consulting	Media Consulting	31,717
McGuire Woods LLP	Legal Services	17,379
Mesirow Financial	Insurance Broker	239,332
Midwest Moving & Storage, Inc.	Moving and Storage Services	39,428
National Tek Services, Inc.	Computer Systems	8,750
P. D. Morrison Enterprises	Office Supplies	18,398
Paetec Communications	Telecommunications	8,636
Paper Tiger Document Solutions	Document Shredding	5,657
Pickens Kane	Records Storage	16,590

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
SCHEDULE OF VENDOR PAYMENTS (Unaudited), Continued  
For the Year Ended June 30, 2015**

<b>Contractor</b>	<b>Services Provided</b>	<b>Total Expenses Incurred</b>
Public Financial Management	Senior Financial Advisor	\$ 20,899
RR Donnelley	Typesetting Services	22,000
Schiff Hardin, LLC	Legal Services	149,385
Shaw Fishman Glantz Wolfson & Towbin, LLC	Legal Services	93,523
Swift Impressions, Inc.	Printing Services	5,754
Sycamore Advisors	Financial Advisory Services	13,289
U.S. Bank National Association	Paying Agent/Trustee Services	20,300
Whittaker & Company	Accounting and Auditing Services	78,855
Xerox Corporation	Equipment Rental	11,544
Ziegler Lotsoff Capital Management	Investment Management Services	35,682

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
SCHEDULE OF VENDOR PAYMENTS (Unaudited)  
For the Year Ended June 30, 2014**

Payments made to vendors during Fiscal Year 2014, with amounts totalling \$5,000 and above were as follows:

<b>Contractor</b>	<b>Services Provided</b>	<b>Total Expenses Incurred</b>
1 Oaks Properties, LLC	Office Rent - Mt. Vernon	\$ 13,550
Acacia Financial Group, Inc.	Senior Financial Advisor	117,410
ADP Total Source	Payroll and HR	161,966
Anthes, Pruyn & Associates	Accounting Services	11,980
AT&T	Telecommunications	6,255
Baker Tilly Virchow Krause, LLP	Accounting Services	40,000
Bank of America	Financial Institution	101,617
BFPRU I, LLC	Office Rent - Chicago	292,584
Bloomberg Finance, LP	Financial Information Database	5,925
Burke Burns & Pinelli	Issuers Counsel/Legal	51,853
Capital City Training Center	Training	5,410
Catalyst Consulting Group, Inc.	Computer Network Solutions	25,580
CBIZ MHM, LLC	Accounting Software Consulting	20,984
Chapman and Cutler	Legal Services	26,645
Com Microfilm Company, Inc.	Document Management	67,355
Foley and Lardner	Legal Services	26,715
Franczek Radelt PC	Legal Services	26,621
Greenberg Traurig	Legal Services	15,345
Harleysville Insurance	Property & Casualty Insurance	5,828
Hill and Knowlton	Media Consulting	19,186
Howard Kenner Governmental Consulting	Legislative Services	42,000
HPL&S, Inc.	401(A) Management Services	67,720
Jenner & Block LLP	Legal Services	32,065
Katten Muchin Rosenman, LLP	Legal Services	13,570
Laner Muchin, Ltd.	Legal Services	14,333
Mabsco Capital	Loan Management Services	40,238
Marj Halperin Consulting	Media Consulting	28,589
McGuire Woods, LLP	Legal Services	43,160
Mesirow Financial	Insurance Broker	213,105
P.D. Morrison Enterprises	Office Supplies	7,592
Pickens Kane	Storage	12,316
Public Financial Management	Senior Financial Advisor	60,265
RK Dixon Company	Copier Maintenance	9,592
Schiff Hardin, LLC	Legal Services	145,492
Shaw Gussis Fishman Glantz Wolfson & Towbin	Legal Services	67,752

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
SCHEDULE OF VENDOR PAYMENTS (Unaudited), Continued  
For the Year Ended June 30, 2014**

<b>Contractor</b>	<b>Services Provided</b>	<b>Total Expenses Incurred</b>
Swift Impressions, Inc.	Printing Services	\$ 5,941
Ungaretti & Harris LLP	Legal Services	40,399
United Parcel Service	Mail Services	7,832
Ziegler Lotsoff Capital Management	Investment Management Services	27,058

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
SCHEDULE OF CONDUIT DEBT (Unaudited)  
For the Year Ended June 30, 2015**

	<b>Principal Outstanding</b>	<b>Number of Issues Outstanding</b>
Illinois Finance Authority		
Revenue Bonds	\$ 19,677,760,514	540
Environmental Bonds	5,760,000	1
Notes	300,450,335	3
Recovery Zone Facilities and Midwest Disaster Area	252,601,525	12
Leases	3,083,661	1
Beginning Farmer Bonds	48,313,152	315
Total Illinois Finance Authority	<u>20,287,969,187</u>	<u>872</u>
 <u>Predecessor Authorities:</u>		
Illinois Development Finance Authority		
501(c)3 Not-for-Profit Bonds and Leases	784,641,769	65
Environmental Bonds	118,035,000	10
Industrial Revenue Bonds	113,009,098	26
Infrastructure Bonds	273,877,535	15
Housing Bonds	84,354,117	9
Leases	496,388	1
Total Illinois Development Finance Authority	<u>1,374,413,907</u>	<u>126</u>
Illinois Health Facilities Authority	739,875,000	30
Illinois Educational Facilities Authority	640,921,000	30
Illinois Farm Development Authority	15,646,526	270
Total Predecessor Authorities	<u>2,770,856,433</u>	<u>456</u>
Grand Total Illinois Finance Authority	<u><u>\$ 23,058,825,620</u></u>	<u><u>1,328</u></u>

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
SCHEDULE OF CONDUIT DEBT (Unaudited)  
For the Year Ended June 30, 2014**

	<b>Principal Outstanding</b>	<b>Number of Issues Outstanding</b>
Illinois Finance Authority		
Revenue Bonds	\$ 19,906,435,191	547
Environmental Bonds	15,380,000	2
Notes	285,450,328	3
Recovery Zone Facilities and Midwest Disaster Area	236,548,710	10
Leases	3,300,574	1
Beginning Farmer Bonds	48,343,519	351
Total Illinois Finance Authority	<u>20,495,458,322</u>	<u>914</u>
<u>Predecessor Authorities:</u>		
Illinois Development Finance Authority		
501(c)3 Not-for-Profit Bonds and Leases	827,991,262	68
Environmental Bonds	177,380,000	11
Industrial Revenue Bonds	222,571,564	30
Infrastructure Bonds	315,078,470	16
Housing Bonds	84,424,117	9
Leases	496,388	1
Total Illinois Development Finance Authority	<u>1,627,941,801</u>	<u>135</u>
Illinois Health Facilities Authority	807,134,980	36
Illinois Educational Facilities Authority	703,216,992	31
Illinois Farm Development Authority	18,747,389	289
Total Predecessor Authorities	<u>3,157,041,162</u>	<u>491</u>
Grand Total Illinois Finance Authority	<u><u>\$ 23,652,499,484</u></u>	<u><u>1,405</u></u>

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
SCHEDULE OF JOBS CREATED OR RETAINED BY LOANS,  
REVENUE BONDS AND INVESTMENTS MADE BY THE AUTHORITY (Unaudited)  
For the Two Years Ended June 30, 2015**

Fiscal Year	Healthcare Bonds		Private College/University or Non-Healthcare 501 (c)(3) Bonds		Industrial Revenue Bonds		Local Government Bonds		Total Programs <sup>3</sup>	
	Amounts Closed <sup>1</sup>	Jobs Created and/ or Retained <sup>2</sup>	Amounts Closed <sup>1</sup>	Jobs Created and/ or Retained <sup>2</sup>	Amounts Closed	Jobs Created and/ or Retained <sup>2</sup>	Amounts Closed <sup>1</sup>	Jobs Created and/ or Retained <sup>2</sup>	Amounts Closed <sup>1</sup>	Jobs Created and/ or Retained <sup>2</sup>
2014	\$ 1,578,790,000	1,805	\$ 259,512,000	321	\$ 10,000,000	50	\$ 247,360,000	-	\$ 2,095,662,000	2,176
2015	\$ 1,456,025,000	29	\$ 1,025,135,075	158	\$ 14,000,000	36	\$ 12,000,000	-	\$ 2,507,160,075	223

Notes:

- (1) Principal Closed across all product lines may include refundings or reissuances closed within the fiscal year that did not directly create or retain jobs.
- (2) Jobs Created and/or retained are only estimates as reported to the Authority by its respective borrowers at the time of application and excludes construction jobs, if any.
- (3) Programs listed here are not representative of all programs operated by the Authority in 2014. Only programs with actual debt issued during this fiscal year are included.

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
SUMMARY OF AGRICULTURAL LOAN PROGRAMS (Unaudited)  
For the Two Years Ended June 30, 2015**

**PROGRAM OVERVIEW**

***I. Agricultural Development Bonds***

The Illinois Finance Authority (Authority) had three Agricultural Development Bond Programs in operation, the Beginning Farmer Bond, Agriculture Manufacturing Bond, and Beginning Farmer Contract Bond. Through these programs, individuals and businesses (“participants”) were screened for eligibility. If they were found to qualify, the Authority, the participants, and the lenders (local banks) entered into loan agreements whereby the proceeds from the issuance of a tax exempt bond were loaned to the participant for prequalified expenditures. Prior to June 2008, the limit for Agricultural Development Bonds was \$250,000. In June 2008, as a part of the 2007 Farm bill, Agricultural Development Bonds were further enhanced by increasing the maximum bond amount to \$450,000. In addition, the maximum amounts were indexed to inflation and will adjust annually beginning January 1, 2009. For Fiscal Year 2014, the limits were raised from \$501,100 to \$509,600. For Fiscal Year 2015, the limits were raised from \$509,600 to \$517,700. The Authority’s General Operating Fund received \$100 for an application fee and at closing, a fee of one and one-half percent of the principal amount of the bond (net of application fee).

The loan agreements delineated the rights and responsibilities of each of the parties. The banks were considered trustees and were responsible for the receipt of the bond proceeds, payment of qualified expenditures, payment of bond interest and principal and maintenance of necessary records. The Authority had no equity interest in any of the property or equipment, and it was not liable in any way for payment due to the bondholders. This program benefited the participants by allowing them to borrow money at tax-exempt rates, which were generally around 2% below taxable rates. Because interest on the bonds was exempt from federal income taxes, the interest rates were below the general market. To date, the rates charged ranged from 2.76% to 11.5%. Some of the bonds had variable rates, while others had fixed rates.

Agricultural Development Bonds issued by year is as follows:

<b><u>Bonds Issued by Year</u></b>	<b><u>Total Issued</u></b>	<b><u>Amount Issued</u></b>
1983 thru 2009	3,255	\$ 293,672,929
2010	44	8,478,672
2011	40	7,002,064
2012	41	8,784,789
2013	16	4,461,655
2014	21	3,730,000
2015	15	4,154,742
Total	<u>3,432</u>	<u>\$ 330,284,851</u>

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Agricultural Development Bonds issued and outstanding by purpose as of June 30, 2015:

<u>Purpose</u>	<u>Total Issued</u>	<u>Amount Issued</u>	<u>Percent of Total</u>
Land and depreciable property	282	\$ 37,285,129	11.29%
Farmland loans	2,131	249,247,971	75.46%
New equipment	484	15,379,768	4.66%
Used equipment	91	2,460,490	0.75%
New improvements	179	10,558,830	3.20%
Used improvements	2	46,000	0.01%
Breeding stock	49	1,686,650	0.51%
Soil conservation-permanent	28	686,263	0.21%
Agri-Business	79	10,386,203	3.14%
Tiling	52	1,549,276	0.47%
New no-till equipment	55	998,271	0.30%
	<u>3,432</u>	<u>\$ 330,284,851</u>	<u>100.00%</u>
Principal payments as of June 30, 2015		<u>266,325,174</u>	
Principal outstanding as of June 30, 2015		<u>\$ 63,959,677</u>	

Agricultural Development Bonds issued and outstanding by purpose as of June 30, 2014:

<u>Purpose</u>	<u>Total Issued</u>	<u>Amount Issued</u>	<u>Percent of Total</u>
Land and depreciable property	282	\$ 37,285,129	11.43%
Farmland loans	2,116	245,093,229	75.15%
New equipment	484	15,379,768	4.72%
Used equipment	91	2,460,490	0.75%
New improvements	179	10,558,830	3.24%
Used improvements	2	46,000	0.01%
Breeding stock	49	1,686,650	0.52%
Soil conservation-permanent	28	686,263	0.21%
Agri-Business	79	10,386,203	3.18%
Tiling	52	1,549,276	0.48%
New no-till equipment	55	998,271	0.31%
	<u>3,417</u>	<u>326,130,109</u>	<u>100.00%</u>
Principal payments as of June 30, 2014		<u>259,266,546</u>	
Principal outstanding as of June 30, 2014		<u>\$ 66,863,563</u>	

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***II. State Guarantee Program For Restructuring Agricultural Debt***

The State guarantee program for restructuring agricultural debt was authorized by the Illinois Finance Authority Act (20 ILCS 3501/830-30). It was designed to consolidate and spread out farmer's existing debt over a longer period of time at a reduced interest rate. This was accomplished by having the State of Illinois guarantee repayment of 85% of the amounts loaned under this program.

Loans were made through participating banks that were responsible for processing a farmer's application and for servicing the loan once it was approved by the Authority. These lenders were liable for the first 15% of loss on any loan. Loans could not exceed \$500,000. Repayment schedules were tailored to suit the borrowers' collateral and financial position with a maximum of a thirty-year amortized payment schedule. The procedures for extending a loan were similar to the procedures for taking out a loan. Terms of the loan could be altered during the extension process. All extended loans must have been approved by the Authority's Board. Interest rates were adjusted annually and must have been less than the market rate of interest generally available to the borrower.

The Authority's General Operating Fund received \$300 for an application fee and at closing, a fee of one-half percent of the principal amount of the loan (net of application fee). The Authority also received an annual fee of one-quarter percent on the outstanding principal amount of these loans prior to 2007. In 2007, at closing, a fee of three-quarters percent of the principal amount of the loan (net of application fee). The Authority also received an annual fee of one-half percent on the outstanding principal amount. The total amount of loans outstanding as of June 30, 2015, and June 30, 2014, were \$8,108,370 and \$9,243,360, respectively. No new loans were made under this program in Fiscal Year 2014. During the year ended June 30, 2015, two (2) loans were approved totaling \$1,000,000.

This program was originally funded in Fiscal Year 1986 by capital contributions from the State's General Revenue Fund and by transfers from the Farm Emergency Assistance Fund, totaling \$14,063,009. Operating revenues and operating expenses were recorded in the Authority's nonmajor funds.

***III. Farmer and Agri-Business Loan Guarantee Program***

The farmer and agri-business loan guarantee program was authorized by the Illinois Finance Authority Act (20 ILCS 3501/830-35). Its target population was both agri-businesses and individual farmers. Its purpose was to encourage diversification and vertical integration of Illinois agriculture. The State issued an 85% guarantee for farmers/agri-businesses and lenders who met the qualifications of the program. Loans were

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made through participating banks that were responsible for processing a farmer's application and for servicing the loan once it was approved by the Authority.

These lenders were liable for the first 15% of loss on any loan. There was no maximum loan amount for agri-business loans but loans shall not exceed \$500,000 per farmer or an amount as determined by the Authority on a case-by-case basis for an agri-business. Loans must be repaid within 15 years. Interest rates were adjusted annually and must have been less than the market rate of interest generally available to the borrower. No new loans were made under this program in Fiscal Year 2015 or Fiscal Year 2014. The total amount of loans outstanding as of June 30, 2015, and June 30, 2014, were \$4,543,157 and \$5,108,251, respectively.

This program, the Young Farmer and Farm Purchase Loan Guarantee Program, and the Specialized Livestock Loan Guarantee Program, were funded by an operating transfer from the Farm Emergency Assistance Fund totaling \$8,110,000 during Fiscal Year 1987. The monies were to secure State guarantees issued under these programs.

***IV. Young Farmer and Farm Purchase Loan Guarantee Program***

The young farmer and farm purchase loan guarantee program was authorized by the Illinois Finance Authority Act (20 ILCS 3501/830-45). The young farmer and farm purchase loan guarantee program was a guarantee program designed to enhance credit availability for younger farmers who were purchasing capital assets. Loan funds could be used for new purchases of capital assets such as land, buildings, machinery, equipment, breeding livestock, soil and water conservation projects, etc. In some cases, the loan proceeds could be used to refinance existing debt as needed to improve lien positions.

All young farmer and farm purchase loan guarantee program loans were made through conventional lenders. The Authority provided an 85% guarantee of principal and interest on the loan made to a qualified borrower by a qualified lender. The lender, in consideration for the 85% guarantee, agreed to charge an interest rate lower than conventional rates. This rate could be fixed or variable as agreed between the applicant and lender.

The applicant must have been able to provide sufficient collateral to adequately secure the young farmer and farm purchase loan guarantee program loan. The maximum term for a young farmer and farm purchase loan guarantee program loan was 15 years. Loans collateralized by real estate could be amortized up to 25 years with a 15-year balloon. Loans collateralized by depreciable property were amortized over a shorter period.

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The eligible applicant must: 1) be a resident of the State of Illinois; 2) be at least 18 years old; 3) be a principal operator of a farm which derived at least 50% of annual gross income from farming; 4) possess a debt to asset ratio between 40% and 70% after purchase of the capital item; and 4) have a net worth in excess of \$10,000. In addition, the borrower must have provided collateral sufficient to have secured the loan and keep the loan collateral through its term. The borrower must have also demonstrated the ability to adequately service the proposed debt.

The maximum loan per applicant was \$500,000. An eligible applicant could use the program more than once provided that the totals of the original loan amounts did not exceed \$500,000. Any losses incurred under the State guarantees were paid from the Illinois Farmer and Agribusiness Loan Guarantee Fund or the Industrial Project Insurance Fund.

A nonrefundable application fee of \$300 must have been paid to the Authority at the time of application. The applicant paid a fee of 1% of the loan amount at closing. This closing fee was the net of the \$300 application fee; however, the minimum fee was \$300. The Authority received  $\frac{3}{4}\%$  and the lender received  $\frac{1}{4}\%$ . The lender could charge no additional fees or points other than the fee received at closing. The applicant was liable for normal and customary attorney's fees, abstracting costs, filing fees, appraisal fees and other costs of the loan. The lender agreed to pay the Authority an annual administrative fee equal to  $\frac{1}{4}\%$  of the outstanding balance of the young farmer and farm purchase loan guarantee program loan on the payment date. The fee was not passed on to the borrower as of 2007. In 2007, the Authority received 1% and the lender received  $\frac{1}{4}\%$ . The Authority also received an annual fee of one-half percent on the outstanding principal amount. No new loans were made under this program in Fiscal Year 2015 or Fiscal Year 2014. During the year ended June 30, 2014, one (1) loan was approved amounting to \$193,000. The total outstanding loans as of June 30, 2015, and June 30, 2014, were \$1,805,033 and \$1,965,609, respectively.

**V. *Specialized Livestock Loan Guarantee Program***

The specialized livestock and loan guarantee program was authorized by the Illinois Finance Authority Act (20 ILCS 3501/830-50) and was similar to the farmers and agribusiness loan guarantee program. Its target population was both agri-businesses and individual farmers and was designed to encourage the development of the Illinois livestock industry, by spreading out over a longer term at a reduced interest rate. The State issued an 85% guarantee for farmers/agri-businesses and lenders who met the qualifications of the program. Loans were made through participating banks that were responsible for processing a farmer's application and for servicing the loan once it was approved by the Authority. These lenders were liable for the first 15% of loss on any loan. Loans could not

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exceed a maximum of \$1,000,000 per farmer. Loans must have been repaid within 15 years. Interest rates were adjusted annually and must have been less than the market rate of interest generally available to the borrower.

The Authority's General Operating Fund received \$300 for an application fee and at closing, a fee of  $\frac{3}{4}\%$  of the principal amount of the loan (net of the application fee). The Authority also received an annual fee of one-quarter percent on the outstanding principal amount of these loans prior to 2007. In 2007, at closing, a fee of one percent of the principal amount of the loan (net of application fee). The Authority also received an annual fee of one-half percent on the outstanding principal amount. No new loans were made under this program in Fiscal Year 2015 or Finding Year 2014. The total outstanding loans as of June 30, 2015, and June 30, 2014, were \$2,163,574 and \$2,763,756, respectively.

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County	Agricultural Development Bonds		State Guarantee Program For Restructuring Agricultural Debt Loans		Farmer and Agri-Business Loan Guarantee Program Loans		Young Farmer Loan and Farm Purchase Guarantee Program Loans		Specialized Livestock Loan Guarantee Program Loans	
	Total Issued	Amount Issued	Total Issued	Amount Issued	Total Issued	Amount Issued	Total Issued	Amount Issued	Total Issued	Amount Issued
		\$		\$		\$		\$		\$
Adams	74	\$ 6,564,317	28	\$ 4,804,838	1	\$ 36,000	4	\$ 526,000	3	\$ 1,917,000
Alexander	-	-	1	180,000	-	-	-	-	-	-
Bond	65	5,607,668	11	2,032,000	-	-	1	192,000	2	1,184,000
Boone	12	1,670,100	5	1,443,000	-	-	-	-	-	-
Brown	2	160,000	14	3,436,000	-	-	-	-	1	840,000
Bureau	136	11,139,407	21	4,422,014	-	-	2	356,000	4	1,246,000
Calhoun	2	181,000	5	936,110	-	-	2	340,000	-	-
Carroll	48	5,714,105	7	1,608,000	-	-	-	-	3	1,144,000
Cass	11	1,331,276	8	1,663,043	2	2,244,330	-	-	3	1,475,000
Champaign	67	4,662,464	22	3,831,011	1	362,000	-	-	-	-
Christian	83	8,257,292	13	3,343,500	-	-	3	445,000	2	1,572,000
Clark	9	497,000	12	1,718,000	-	-	-	-	-	-
Clay	49	3,495,879	6	1,079,000	-	-	1	85,000	1	780,000
Clinton	71	6,910,642	10	2,541,101	5	10,990,000	2	77,000	5	2,670,000
Coles	21	1,535,944	14	2,317,000	-	-	1	193,000	-	-
Crawford	43	3,575,072	33	8,189,625	6	2,676,000	3	51,500	4	501,500
Cumberland	19	1,654,500	3	606,000	1	150,000	-	-	-	-
DeKalb	62	5,510,839	37	11,154,000	-	-	1	40,000	8	4,032,000
DeWitt	14	685,675	3	940,000	1	225,000	-	-	-	-
Douglas	43	2,892,011	17	2,712,750	-	-	1	124,000	1	700,000
Edgar	50	5,341,463	28	5,770,164	1	625,000	4	513,000	1	75,000
Edwards	12	1,058,200	1	135,000	-	-	-	-	-	-
Effingham	48	5,458,007	1	85,000	-	-	-	-	-	-
Fayette	44	3,589,230	8	2,060,000	-	-	-	-	-	-
Ford	56	6,500,700	8	1,440,000	-	-	2	750,000	4	2,925,000
Franklin	50	3,113,465	16	3,892,000	2	3,695,000	-	-	-	-
Fulton	32	4,248,802	13	2,211,900	2	172,000	1	310,000	1	88,000
Gallatin	10	1,643,750	6	1,298,000	1	450,000	2	650,000	-	-
Greene	1	250,000	10	1,896,000	-	-	-	-	-	-
Grundy	11	903,375	11	2,408,000	1	160,000	-	-	-	-
Hamilton	43	4,034,850	2	840,000	-	-	1	171,000	2	1,280,000
Hancock	45	4,647,138	38	5,914,888	-	-	-	-	5	1,205,000
Hardin	-	-	-	-	2	1,900,000	-	-	-	-
Henderson	31	4,331,569	17	3,273,500	1	45,000	2	262,000	5	2,015,000
Henry	52	7,532,847	29	5,043,000	-	-	1	57,000	3	1,140,000
Iroquois	100	8,599,036	13	2,733,000	-	-	-	-	1	170,000
Jackson	6	607,780	7	1,246,000	-	-	1	71,000	-	-
Jasper	105	7,246,095	45	8,431,626	-	-	2	240,000	12	2,155,000
Jefferson	23	2,256,900	12	2,599,000	-	-	3	765,000	1	790,000
Jersey	4	433,500	1	300,000	-	-	-	-	-	-
JoDaviess	9	716,561	26	6,710,547	2	907,000	-	-	3	1,180,000
Johnson	4	413,650	7	1,990,000	-	-	-	-	-	-
Kane	4	351,200	18	4,616,000	-	-	-	-	3	1,915,000
Kankakee	10	1,269,270	2	438,000	-	-	1	46,000	-	-
Kendall	3	273,000	9	1,642,000	-	-	-	-	-	-
Knox	37	3,732,454	15	2,979,460	1	65,000	2	232,000	2	434,000
LaSalle	112	11,876,080	34	6,981,300	-	-	1	54,000	1	1,000,000
Lawrence	50	4,107,248	9	1,945,500	-	-	-	-	3	3,000,000
Lee	59	7,035,292	23	6,099,000	-	-	1	110,000	1	455,000
Livingston	152	15,452,677	24	6,176,210	9	7,939,000	2	388,000	4	1,230,000

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For the Two Years Ended June 30, 2015

County	Agricultural Development Bonds		State Guarantee Program For Restructuring Agricultural Debt Loans		Farmer and Agri-Business Loan Guarantee Program Loans		Young Farmer Loan and Farm Purchase Guarantee Program Loans		Specialized Livestock Loan Guarantee Program Loans	
	Total Issued	Amount Issued	Total Issued	Amount Issued	Total Issued	Amount Issued	Total Issued	Amount Issued	Total Issued	Amount Issued
Logan	38	2,376,460	13	2,200,000	-	-	2	190,000	1	520,000
Macon	13	1,417,400	5	700,000	-	-	1	75,000	-	-
Macoupin	36	5,321,701	22	4,453,000	-	-	3	416,000	6	3,400,000
Madison	26	3,201,978	16	4,359,000	-	-	9	1,756,000	-	-
Marion	13	1,113,510	32	6,522,160	1	3,200,000	3	640,000	2	507,000
Marshall	25	2,129,081	8	1,611,000	-	-	3	513,000	-	-
Mason	54	4,357,809	9	2,212,702	1	137,000	-	-	-	-
Massac	2	30,000	2	435,000	-	-	-	-	-	-
McDonough	14	1,660,050	14	3,116,000	1	300,000	1	87,000	1	520,000
McHenry	4	680,000	8	2,060,000	-	-	1	190,000	1	69,000
McLean	116	9,172,635	32	5,371,734	1	175,000	7	1,015,000	2	1,250,000
Menard	14	1,097,965	16	3,384,000	1	375,000	1	72,000	-	-
Mercer	32	4,576,461	17	3,304,600	-	-	7	707,000	11	5,838,300
Monroe	35	3,880,075	26	5,758,707	-	-	-	-	1	51,000
Montgomery	94	13,810,210	15	3,458,577	-	-	-	-	5	1,952,000
Morgan	14	1,193,830	25	5,433,319	1	1,000,000	1	194,000	1	668,000
Moultrie	31	1,901,000	6	995,500	1	40,000	-	-	1	250,000
Ogle	71	6,884,047	11	2,835,000	-	-	4	751,000	2	375,000
Peoria	24	2,470,520	25	6,037,000	-	-	2	322,000	1	150,000
Perry	11	1,092,311	19	3,672,900	3	1,020,000	-	-	-	-
Piatt	37	1,824,734	9	1,638,000	-	-	-	-	-	-
Pike	6	945,111	48	10,667,519	1	250,000	9	1,814,000	7	4,990,000
Pope	-	-	1	500,000	-	-	-	-	-	-
Pulaski	-	-	3	940,000	-	-	-	-	-	-
Putnam	12	1,389,859	5	568,681	-	-	-	-	1	615,000
Randolph	6	552,400	14	2,583,010	-	-	2	165,000	2	380,000
Richland	38	2,765,454	5	1,523,000	8	2,353,000	2	285,000	2	605,000
Rock Island	6	1,046,623	6	1,282,000	-	-	-	-	3	1,285,000
Saline	11	677,835	3	1,082,000	-	-	1	150,000	-	-
Sangamon	40	4,028,715	41	7,679,043	-	-	1	300,000	2	925,000
Schuyler	9	848,780	-	-	-	-	-	-	-	-
Scott	6	783,300	8	1,379,538	-	-	1	181,000	-	-
Shelby	78	6,450,179	18	3,770,267	1	47,000	1	81,000	-	-
St. Clair	29	2,163,180	5	1,156,000	1	40,000	-	-	-	-
Stark	27	3,164,600	15	3,612,000	-	-	1	300,000	-	-
Stephenson	31	2,816,710	28	6,304,498	13	17,184,495	2	176,000	4	2,317,000
Tazewell	80	6,572,336	23	4,515,049	-	-	1	255,000	1	218,000
Union	21	1,131,036	2	800,000	1	860,000	-	-	-	-
Vermillion	32	3,747,807	26	3,978,640	3	24,848,000	1	89,000	-	-
Wabash	5	181,300	3	676,000	-	-	-	-	-	-
Warren	57	7,507,776	17	3,507,000	1	4,000,000	3	589,000	8	3,845,000
Washington	36	2,453,570	10	2,045,000	-	-	-	-	2	1,250,000
Wayne	22	2,345,125	4	1,008,000	1	2,651,000	-	-	1	643,000
White	2	303,750	5	1,442,500	-	-	-	-	-	-
Whiteside	99	12,465,873	27	5,338,000	-	-	-	-	6	2,552,000
Will	18	1,432,940	1	300,000	-	-	-	-	-	-
Williamson	2	132,000	-	-	1	1,750,000	-	-	-	-
Winnebago	9	944,750	8	1,343,000	2	305,412	1	500,000	-	-
Woodford	52	4,172,735	18	3,011,810	3	1,427,906	1	100,000	3	227,000
	<u>3,432</u>	<u>\$ 330,284,851</u>	<u>1,377</u>	<u>\$ 290,682,841</u>	<u>85</u>	<u>\$ 94,605,143</u>	<u>119</u>	<u>\$ 18,961,500</u>	<u>166</u>	<u>\$ 74,520,800</u>

**STATE OF ILLINOIS  
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SUMMARY OF FIRE TRUCK AND AMBULANCE  
REVOLVING LOAN PROGRAMS (Unaudited)  
For the Two Years Ended June 30, 2015**

**PROGRAM OVERVIEW**

***I. Fire Truck Revolving Loan Program***

The Fire Truck Revolving Loan program was authorized by the Illinois Finance Authority Act (20 ILCS 3501/825-80). The loan program is jointly administered by the Illinois Finance Authority (Authority) and the Office of the State Fire Marshal. This program provides zero interest and low-interest rate loans for the purchase of fire truck by fire departments, fire protection districts, or township fire departments. This program was expanded in 2012 to include loans for “brush trucks.” Brush truck loans under the program will bear interest at 2% simple interest if both the chassis and the apparatus are built outside Illinois, 1% simple interest if either the chassis or the apparatus is built in Illinois, or zero interest if both the chassis and apparatus are built in Illinois. The loans to each department, district, or township may not exceed \$350,000 and must be repaid within 20 years. A loan for the purchase of brush trucks may not exceed \$100,000 per truck. This program is funded by transfers from the State of Illinois, collections on outstanding loans, and ongoing transfers from the State of Illinois of fines from traffic violations.

In April 2014, the Authority and the Office of the State Fire Marshal entered into a new intergovernmental agreement to jointly administer the Fire Truck, Fire Station, and Ambulance Revolving Loan programs in accordance with Public Act 97-0901. Shortly after the adoption of the intergovernmental agreement, the Office of the State Fire Marshal paid all moneys on deposit in these funds to the Authority for the sole purpose of funding loans under the loan programs as required by Public Act 97-0901. In addition, all moneys deposited in the future will be paid to the Authority to provide future funding for loans. In Fiscal Year 2015 and Fiscal Year 2014, in regards to these previous deposits, the State of Illinois transferred capital of \$447,531 and \$4,507,453, respectively.

Total loans outstanding as of June 30, 2015, and June 30, 2014, were \$15,548,078 and \$17,052,813, respectively. As of June 30, 2015, and June 30, 2014, no loans had been made under this program for brush trucks.

***II. Ambulance Revolving Loan Program***

The Ambulance Revolving Loan program was authorized by the Illinois Finance Authority Act (20 ILCS 3501/825-85). The loan program is jointly administered by the Authority and the Office of the State Fire Marshal. This program provides zero interest and low-interest rate loans for purchase of ambulance by fire departments, fire protection districts, township fire departments, and non-profit ambulance services. This program is funded by transfers the State of Illinois and collections on outstanding loans. Under the terms of the

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REVOLVING LOAN PROGRAMS (Unaudited)  
For the Two Years Ended June 30, 2015**

program, the loans to any fire department, fire protection district, or non-profit ambulance service may not exceed \$100,000. Repayment period for each loan may not exceed 10 years and requires a minimum of 5% of the principal amount borrowed each year. In Fiscal Year 2015 and Fiscal Year 2014, there were no new loans made under this program.

In April 2014, the Authority and the Office of the State Fire Marshal entered into a new intergovernmental agreement to jointly administer the Fire Truck, Fire Station and Ambulance Revolving Loan programs in accordance with Public Act 97-0901. Shortly after the adoption of the intergovernmental agreement, the Office of the State Fire Marshal paid all moneys on deposit in these funds to the Authority for the sole purpose of funding loans under the loan programs as required by Public Act 97-0901. In addition, all moneys deposited in the future will be paid to the Authority to provide future funding for loans. In Fiscal Year 2015, there was no capital transferred from the State of Illinois. In Fiscal Year 2014, in regards to these previous deposits, the State of Illinois transferred capital of \$3,770,096.

Total loans outstanding as of June 30, 2015, and June 30, 2014, were \$321,600 and \$415,920, respectively.

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ISSUED BY PROGRAM AND COUNTY (Unaudited)  
For the Two Years Ended June 30, 2015**

County	Fire Truck Loans		Ambulance Loans		Total Loans	
	Total Issued	Amount Issued	Total Issued	Amount Issued	Total Issued	Amount Issued
Adams	4	\$ 695,000	-	\$ -	4	\$ 695,000
Alexander	-	-	-	-	-	-
Bond	1	222,465	-	-	1	222,465
Boone	-	-	-	-	-	-
Brown	-	-	-	-	-	-
Bureau	3	250,000	-	-	3	250,000
Calhoun	-	-	-	-	-	-
Carroll	4	854,607	-	-	4	854,607
Cass	3	443,509	-	-	3	443,509
Champaign	5	750,000	-	-	5	750,000
Christian	-	-	-	-	-	-
Clark	1	220,000	-	-	1	220,000
Clay	-	-	-	-	-	-
Clinton	3	113,397	-	-	3	113,397
Coles	4	405,300	-	-	4	405,300
Cook	10	2,092,572	4	400,000	14	2,492,572
Crawford	1	195,369	-	-	1	195,369
Cumberland	-	-	-	-	-	-
DeKalb	2	500,000	-	-	2	500,000
DeWitt	1	95,000	-	-	1	95,000
Douglas	3	460,000	-	-	3	460,000
Dupage	-	-	-	-	-	-
Edgar	2	406,529	-	-	2	406,529
Edwards	1	44,101	-	-	1	44,101
Effingham	1	41,000	-	-	1	41,000
Fayette	-	-	-	-	-	-
Ford	-	-	-	-	-	-
Franklin	1	145,288	-	-	1	145,288
Fulton	9	830,500	-	-	9	830,500
Gallatin	-	-	-	-	-	-
Greene	2	235,000	-	-	2	235,000
Grundy	-	-	1	100,000	1	100,000
Hamilton	-	-	-	-	-	-

**STATE OF ILLINOIS  
ILLINOIS FINANCE AUTHORITY  
HISTORICAL SUMMARY OF FIRE TRUCK AND AMBULANCE REVOLVING LOANS  
ISSUED BY PROGRAM AND COUNTY (Unaudited), Continued  
For the Two Years Ended June 30, 2015**

County	Fire Truck Loans		Ambulance Loans		Total Loans		
	Total Issued	Amount Issued	Total Issued	Amount Issued	Total Issued	Amount Issued	
Hancock	1	25,000	-	-	1	25,000	
Hardin	-	-	-	-	-	-	*
Henderson	-	-	-	-	-	-	*
Henry	2	450,000	1	100,000	3	550,000	
Iroquois	8	558,536	-	-	8	558,536	
Jackson	-	-	-	-	-	-	*
Jasper	-	-	-	-	-	-	*
Jefferson	-	-	-	-	-	-	*
Jersey	-	-	-	-	-	-	*
JoDaviess	4	742,396	-	-	4	742,396	
Johnson	1	199,000	-	-	1	199,000	
Kane	-	-	-	-	-	-	*
Kankakee	3	700,000	-	-	3	700,000	
Kendall	1	55,000	-	-	1	55,000	
Knox	-	-	-	-	-	-	*
Lake	2	500,000	-	-	2	500,000	
LaSalle	5	563,700	-	-	5	563,700	
Lawrence	-	-	-	-	-	-	*
Lee	3	450,000	-	-	3	450,000	
Livingston	6	705,424	-	-	6	705,424	
Logan	5	784,394	-	-	5	784,394	
Macon	2	350,000	-	-	2	350,000	
Macoupin	2	450,000	-	-	2	450,000	
Madison	5	1,171,845	-	-	5	1,171,845	
Marion	3	296,500	-	-	3	296,500	
Marshall	-	-	-	-	-	-	*
Mason	-	-	-	-	-	-	*
Massac	-	-	-	-	-	-	*
McDonough	-	-	-	-	-	-	*
McHenry	3	705,000	-	-	3	705,000	
McLean	5	920,000	-	-	5	920,000	
Menard	-	-	1	100,000	1	100,000	
Mercer	-	-	-	-	-	-	*

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**HISTORICAL SUMMARY OF FIRE TRUCK AND AMBULANCE REVOLVING LOANS**  
**ISSUED BY PROGRAM AND COUNTY (Unaudited), Continued**  
**For the Two Years Ended June 30, 2015**

County	Fire Truck Loans		Ambulance Loans		Total Loans		
	Total Issued	Amount Issued	Total Issued	Amount Issued	Total Issued	Amount Issued	
Monroe	2	440,000	-	-	2	440,000	
Montgomery	1	250,000	-	-	1	250,000	
Morgan	1	100,000	-	-	1	100,000	
Moultrie	2	490,000	-	-	2	490,000	
Ogle	1	199,000	-	-	1	199,000	
Peoria	3	500,000	-	-	3	500,000	
Perry	-	-	-	-	-	-	*
Piatt	-	-	-	-	-	-	*
Pike	2	330,000	-	-	2	330,000	
Pope	1	51,000	-	-	1	51,000	
Pulaski	-	-	-	-	-	-	*
Putnam	-	-	-	-	-	-	*
Randolph	2	170,000	-	-	2	170,000	
Richland	-	-	-	-	-	-	*
Rock Island	1	250,000	-	-	1	250,000	
Saline	1	150,000	-	-	1	150,000	
Sangamon	3	695,000	1	100,000	4	795,000	
Schuyler	-	-	-	-	-	-	*
Scott	-	-	-	-	-	-	*
Shelby	1	139,646	-	-	1	139,646	
St. Clair	1	250,000	-	-	1	250,000	
Stark	-	-	-	-	-	-	*
Stephenson	-	-	-	-	-	-	*
Tazewell	5	174,300	-	-	5	174,300	
Union	-	-	-	-	-	-	*
Vermillion	5	536,213	-	-	5	536,213	
Wabash	1	46,211	-	-	1	46,211	
Warren	-	-	-	-	-	-	*
Washington	-	-	-	-	-	-	*
Wayne	4	444,000	-	-	4	444,000	
White	-	-	-	-	-	-	*
Whiteside	-	-	1	100,000	1	100,000	
Will	3	750,000	-	-	3	750,000	

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HISTORICAL SUMMARY OF FIRE TRUCK AND AMBULANCE REVOLVING LOANS  
ISSUED BY PROGRAM AND COUNTY (Unaudited), Continued  
For the Two Years Ended June 30, 2015**

<b>County</b>	<b>Fire Truck Loans</b>		<b>Ambulance Loans</b>		<b>Total Loans</b>	
	<b>Total Issued</b>	<b>Amount Issued</b>	<b>Total Issued</b>	<b>Amount Issued</b>	<b>Total Issued</b>	<b>Amount Issued</b>
Williamson	3	475,000	-	-	3	475,000
Winnebago	1	250,000	1	93,200	2	343,200
Woodford	-	-	-	-	-	-
	<u>166</u>	<u>\$ 25,316,802</u>	<u>10</u>	<u>\$ 993,200</u>	<u>176</u>	<u>\$ 26,310,002</u>

\*

Note: The \* symbol denotes a county without any outstanding loans.

**STATE OF ILLINOIS**  
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**SERVICE EFFORTS AND ACCOMPLISHMENTS (Unaudited)**  
**For the Year Ended June 30,**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Issuance Performance</u>			
Total number of new issues	30	34	45
New issue value	\$ 2,511,315,000	\$ 1,953,962,000	\$ 2,256,325,098
Application fees	\$ 44,778	\$ 46,050	\$ 53,400
Administrative service and closing fees	\$ 2,491,601	\$ 2,756,871	\$ 3,912,338
<u>Operating Performance</u>			
Total number of issues	1,328	1,405	1,484
Total outstanding issue value	\$ 23,058,825,620	\$ 23,652,499,484	\$ 24,570,012,091
Annual fees	\$ 365,391	\$ 432,775	\$ 409,154
Annual fees/total outstanding issue value	0.0016%	0.0018%	0.0017%
Total expenses	\$ 8,999,409	\$ 16,132,306	\$ 13,805,542
Total expenses/total outstanding issue value	0.0390%	0.0682%	0.0562%
Total expenses/total number of issues	\$ 6,777	\$ 11,482	\$ 9,303