



**ILLINOIS GRAIN INSURANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF ILLINOIS)
FINANCIAL AUDIT
For the Two Years Ended June 30, 2023**

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

ILLINOIS GRAIN INSURANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF ILLINOIS)
FINANCIAL AUDIT
For the Two Years Ended June 30, 2023

TABLE OF CONTENTS

	Page
Board Officials	1
Financial Statement Report	
Summary	2
Independent Auditor's Report	3
Basic Financial Statements	
<u>June 30, 2023</u>	
Statement of Net Position	6
Statement of Revenues, Expenses, and Changes in Net Position	7
Statement of Cash Flows	8
<u>June 30, 2022</u>	
Statement of Net Position	9
Statement of Revenues, Expenses, and Changes in Net Position	10
Statement of Cash Flows	11
Notes to the Financial Statements	12
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 <i>Government Auditing Standards</i>	19
Schedule of Finding	
Prior Finding Not Repeated	21
Other Reports Issued Under a Separate Cover	
The Illinois Grain Insurance Corporation's <i>State Compliance Examination</i> for the year ended June 30, 2023, will be issued under a separate cover.	

**ILLINOIS GRAIN INSURANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF ILLINOIS)
FINANCIAL AUDIT
For the Two Years Ended June 30, 2023**

BOARD OFFICIALS

Director (12/19/21 – Present)	Julie Rachford
Director (07/01/21 – 12/18/21)	Keith Fanning
Director (01/02/24 – Present)	Judy Vollmar
Director (12/1/23 – 01/01/24)	Vacant
Director (01/01/23 – 11/30/23)	Todd Haberer
Director (Acting) (06/01/22 – 12/31/22)	Todd Haberer
Director (07/01/21 – 05/31/22)	Johanna Helm

BOARD OFFICERS

Chair of the Board	Jerry Costello II
Secretary of the Board (01/27/22 – Present)	Vanessa Minson
Secretary of the Board (10/02/21 – 01/26/22)	Vacant
Secretary of the Board (07/01/21 – 10/01/21)	Anthony Swanagan
Treasurer of the Board	Elizabeth Turner

BOARD OFFICE

The Illinois Grain Insurance Corporation Board of Directors' primary administrative office is located at:

John R. Block Building
801 E. Sangamon Avenue
Springfield, Illinois 62702

**ILLINOIS GRAIN INSURANCE CORPORATION
 (A COMPONENT UNIT OF THE STATE OF ILLINOIS)
 FINANCIAL AUDIT
 For the Two Years Ended June 30, 2023**

FINANCIAL STATEMENT REPORT

SUMMARY

The audit of the accompanying financial statements of the Illinois Grain Insurance Corporation (Corporation) was performed by Adelfia LLC.

Based on their audit, the auditors expressed an unmodified opinion on the Corporation’s basic financial statements.

SUMMARY OF FINDING

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

SCHEDULE OF FINDING

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

Prior Finding Not Repeated

A	21	2021/2005	Grain Insurance Reserve Fund not funded
---	----	-----------	---

EXIT CONFERENCE

The Corporation waived an exit conference in a correspondence from Joe Small, Bureau Chief of Warehouses, on February 13, 2024.



INDEPENDENT AUDITOR'S REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Board of Directors
Illinois Grain Insurance Corporation

Report on the Audit of the Financial Statements

Opinion

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the Illinois Grain Insurance Corporation (Corporation), a component unit of the State of Illinois, as of and for the years ended June 30, 2023, and June 30, 2022, and the related notes to the financial statements which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of June 30, 2023, and June 30, 2022, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgement and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting polices used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the board officials page but does not include the basic financial statements and our auditor’s report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2024, on our consideration of the Corporation’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation’s internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE

Chicago, Illinois
March 1, 2024

Illinois Grain Insurance Corporation
(A Component Unit of the State of Illinois)

For the Years Ended June 30, 2023 and 2022

Statement of Net Position

June 30, 2023

(Expressed in Thousands)

Assets

Cash and Cash Equivalents	\$	9,474
Other Receivables		1
Total Assets	\$	<u>9,475</u>

Net Position

Restricted for Environmental and Business Regulation	\$	9,475
Total Net Position	\$	<u>9,475</u>

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

Illinois Grain Insurance Corporation
(A Component Unit of the State of Illinois)

For the Years Ended June 30, 2023 and 2022

Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2023
(Expressed in Thousands)

Operating Revenues	
Charges for Services	\$ 129
Total Operating Revenues	<u>129</u>
Operating Expenses	
Environmental and Business Regulation	<u>19</u>
Total Operating Expenses	<u>19</u>
Operating Income	<u>110</u>
Nonoperating Revenues	
On Behalf Contribution	19
Recovery on Claims Paid	18
Interest and Investment Income	<u>348</u>
Total Nonoperating Revenues	<u>385</u>
Change in Net Position	495
Net Position July 1, 2022	<u>8,980</u>
Net Position June 30, 2023	<u>\$ 9,475</u>

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

Illinois Grain Insurance Corporation
(A Component Unit of the State of Illinois)

For the Years Ended June 30, 2023 and 2022

Statement of Cash Flows

For the Year Ended June 30, 2023

(Expressed in Thousands)

Cash flows from operating activities:	
Cash received for fees and other	\$ 141
Net cash provided by operating activities	<u>141</u>
Cash flows from investing activities:	
Interest and dividends on investments	348
Net cash provided by investing activities	<u>348</u>
Cash flows from other non-capital financing activities:	
Recovery on claims paid	18
Net cash provided by other non-operating activities	<u>18</u>
Net increase in cash and cash equivalents	507
Cash and cash equivalents at beginning of year	<u>8,967</u>
Cash and cash equivalents at end of year	<u><u>\$ 9,474</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 110
Adjustments to reconcile change in net fund position to net cash provided by operating activities:	
On behalf expenses	19
Changes in assets and liabilities:	
Accounts receivable	<u>12</u>
Net cash provided by operating activities	<u><u>\$ 141</u></u>

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

Illinois Grain Insurance Corporation
(A Component Unit of the State of Illinois)

For the Years Ended June 30, 2023 and 2022

Statement of Net Position

June 30, 2022

(Expressed in Thousands)

Assets

Cash and Cash Equivalents	\$	8,967
Other Receivables		13
Total Assets	\$	<u>8,980</u>

Net Position

Restricted for Environmental and Business Regulation	\$	8,980
Total Net Position	\$	<u>8,980</u>

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

Illinois Grain Insurance Corporation
(A Component Unit of the State of Illinois)

For the Years Ended June 30, 2023 and 2022

Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2022
(Expressed in Thousands)

Operating Revenues	
Charges for Services	\$ 142
Total Operating Revenues	<u>142</u>
Operating Expenses	
Environmental and Business Regulation	<u>18</u>
Total Operating Expenses	<u>18</u>
Operating Income	<u>124</u>
Nonoperating Revenues	
On Behalf Contribution	18
Recovery on Claims Paid	21
Interest and Investment Income	<u>23</u>
Total Nonoperating Revenues	<u>62</u>
Change in Net Position	186
Net Position July 1, 2021	<u>8,794</u>
Net Position June 30, 2022	<u>\$ 8,980</u>

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

Illinois Grain Insurance Corporation
(A Component Unit of the State of Illinois)

For the Years Ended June 30, 2023 and 2022

Statement of Cash Flows

For the Year Ended June 30, 2022

(Expressed in Thousands)

Cash flows from operating activities:	
Cash received for fees and other	\$ 130
Net cash provided by operating activities	<u>130</u>
Cash flows from investing activities:	
Interest and dividends on investments	23
Net cash provided by investing activities	<u>23</u>
Cash flows from other non-capital financing activities:	
Recovery on claims paid	21
Net cash provided by other non-capital operating activities	<u>21</u>
Net increase in cash and cash equivalents	174
Cash and cash equivalents at beginning of year	<u>8,793</u>
Cash and cash equivalents at end of year	<u><u>\$ 8,967</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 124
Adjustments to reconcile operating income to net cash provided by operating activities:	
On behalf expenses	18
Changes in assets and liabilities:	
Accounts receivable	<u>(12)</u>
Net cash provided by operating activities	<u><u>\$ 130</u></u>

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

ILLINOIS GRAIN INSURANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF ILLINOIS)
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023 and 2022

1. Organization

The Illinois Grain Insurance Corporation (Corporation) was established by the Grain Code (240 ILCS 40/1 et seq.) as a political subdivision, body politic and municipal Corporation. The primary functions of the Corporation are specified in the Grain Code.

2. Summary of Significant Accounting Policies

The accounting policies of the Corporation conform to accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies:

a. The Reporting Entity

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

- 1) Appointment of a voting majority of the component unit's board and either (a) the primary government's ability to impose its will, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- 2) Fiscal dependency on the primary government.

Based upon the required criteria, the Corporation has no component units but is a component unit of the State of Illinois. The financial balances and activities included in these financial statements could, therefore, also be included in the State's annual comprehensive financial report.

The Corporation has been notified by the Illinois Office of the Comptroller that it is not material to the financial statements of the State of Illinois and will not be included in the State of Illinois Annual Comprehensive Financial Report.

b. Basis of Presentation

Government-wide Statements - the statements of net position; revenues, expenses and changes in fund net position; and cash flows report the overall financial activity of the Corporation. The financial activities of the Corporation consist only of

business-type activities that are primarily supported by charges for services and operating contributions.

The financial activities of the Corporation are recorded in the Illinois Grain Insurance Fund. The Illinois Grain Insurance Fund is a non-appropriated fund and is held locally. A fund is a separate accounting entity segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations. Due to the nature of the Corporation's financial activities reported in the accompanying financial statements, the Illinois Grain Insurance Fund has been classified as a proprietary fund (enterprise).

An enterprise fund accounts for resources obtained from fees charged to external users for goods or services.

c. Basis of Accounting and Measurement Focus

Government-wide (proprietary - enterprise fund) - the Corporation's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place.

d. Cash and Cash Equivalents

Cash equivalents are defined as short-term, highly liquid investments readily convertible to cash with maturities of less than 90 days at the time of purchase. Cash and cash equivalents include cash on hand and cash in banks for locally held funds.

e. Judgments Awarded in Favor of the State

The Corporation has been awarded restitution from various individuals who violated State and/or federal criminal law. The criminal violations led to the failure as licensed grain dealers and warehousemen, which in turn led to losses in the Illinois Grain Insurance Fund. These individuals were successfully prosecuted and ordered to pay restitution as part of their sentencing.

The Corporation accounts for amounts received regarding ordered restitution on a cash basis. Receipt of restitution is contingent upon the ability of the failed licensees to pay and upon the collection and remittance by State and/or Federal courts. As such, although an amount of restitution is ordered, the actual amount to be received is not readily determinable.

In both fiscal years 2023 and 2022, the Corporation received cash restitution totaling \$18 and \$21 (expressed in thousands), respectively.

f. Net Position

The Statement of Net Position reports \$9,475 and \$8,980 (expressed in thousands) of restricted net position for the years ending June 30, 2023 and June 30, 2022, respectively. A restricted net position consists of a net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation. The entire balance of the Corporation's net position is restricted by enabling legislation.

g. Classification of Revenues

The Corporation has classified its revenues as either operating or non-operating. Operating revenues include the following:

Charges for Services

Assessment Fees - This revenue represents payment by grain dealers, warehousemen, grain sellers, and lenders for their assessment as calculated and billed in accordance with the Illinois Grain Code.

Penalties - This revenue represents fines assessed for violations of open position limits and grain quantity violations. Fines may also be given for late payments of seller assessments.

Printer Fees - This revenue represents registration fees charged to approve printers of Price Later Contracts and Warehouse Receipts.

Nonoperating revenues include interest income, recovery on claims paid, reimbursements from the Grain Indemnity Trust Fund for unused previously transferred money related to failed licensees, and on behalf contributions from the State of Illinois, Department of Agriculture (Department) for administrative support.

h. On Behalf Revenues and Expenses

In accordance with GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, the Corporation reported a contribution of \$19 and \$18 (expressed in thousands) made by the Department of Agriculture in fiscal years 2023 and 2022, respectively. The Department's contribution is reported as nonoperating revenue as an on behalf contribution with an equal and offsetting amount reported with environmental and business regulation expense.

i. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make

estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

j. New Accounting Pronouncements

Effective for the year ended June 30, 2023, the Corporation adopted the following GASB statements:

Statement No. 91, *Conduit Debt Obligations*, which is intended to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The implementation of this statement had no financial impact on the Corporation's net position or results of operations.

Statement No. 94, *Public-Private and Public-Public Partnerships and Available Payment Arrangements*, which is intended to improve financial reporting by addressing issues related to public-private and public-public partnerships (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The implementation of this statement had no financial impact on the Corporation's net position or results of operations.

Statement No. 96, *Subscription-Based Information Technology Arrangements*, which is intended to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The implementation of this statement had no financial impact on the Corporation's net position or results of operations.

The portion of Statement No. 99, *Omnibus 2022*, which is intended to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees related to leases, public-private and public-public partnerships (PPPs), and subscription-based information technology arrangements (SBITAs). The implementation of this statement had no financial impact on the Corporation's net position or results of operations.

k. Future Adoption of GASB Statements

Effective for the year ending June 30, 2024, the Corporation will adopt the following GASB statements:

The portion of Statement No. 99, *Omnibus 2022*, related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No 53.

Statement No. 100, *Accounting Changes and Error Corrections*, which is intended to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

Effective for the year ending June 30, 2025, the Corporation will adopt the following GASB statement:

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

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

3. Deposits

For funds maintained outside the State Treasury (locally held funds), State agencies have independent authority to manage their own cash. State law requires all fees assessed pursuant to the Grain Code (240 ILCS 40/5-30) be held in the Illinois Grain Insurance Fund.

Cash and Cash Equivalent/ Investments

Section 2 of the Public Funds Investment Act limits the State's investments outside the State Treasury to securities of the U.S. government or its agencies, short-term obligations of domestic corporations exceeding \$500 million in assets that are rated in the three highest categories by at least two nationally recognized statistical ratings organizations not to exceed ten percent of the domestic corporations outstanding obligations, money market mutual funds invested in the U.S. government and/or its agencies, and repurchase agreements securities of the U.S. government or its agencies or money market mutual funds invested in the U.S. government or its agencies. Investments of public funds in a Public Treasurers' Investment Pool created under Section 17 of the State Treasurer Act are also permitted.

As a governmental sponsored investment pool, The Illinois Funds is not eligible to register with the Securities and Exchange Commission ("SEC") and thus is not a registrant with the SEC; however, The Illinois Funds has adopted operating procedures consistent with those required of an SEC 2a-7 Fund (2a-7-like Fund). The Illinois Funds has a policy that it will, and does, operate in a manner consistent with SEC Rule 2a-7, which governs the operation of SEC regulated money market funds. While the Illinois Funds operates in

accordance with SEC Rule 2a-7, for valuation purposes it complies with GASB Statement No. 79.

As of June 30, 2023, the Corporation had \$9.474 million invested with the Illinois Funds. The Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. The Illinois Funds is a GASB Statement No. 79 qualified external investment pool that measures, for financial reporting purposes, all its investments are reported at amortized cost. The fair value of the pool position is the same as the value of pool shares. There are no limitations or restrictions on withdrawals from the pool.

Interest Rate Risk

The Corporation does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Corporation does not have a formal investment policy that limits investment choices. The Illinois Funds were rated AAAMmf by Fitch Ratings.

Concentration of Credit Risk and Custodial Credit Risk

Concentration risk is the risk of loss attributed to the concentration of an entity's investment in a single issuer. Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the Corporation will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Corporation's investments at June 30, 2023 and 2022 are not subject to concentration of credit risk or custodial credit risk.

4. Intergovernmental Activity

Balances Due From Primary Government

Due from primary government represents amounts due from the Illinois Department of Agriculture's Grain Indemnity Trust Fund (Trust Fund). There were no due from balances as of June 30, 2023 and June 30, 2022.

5. Risk Management

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

The Grain Code requires licensees to maintain certain operating ratios to maintain or renew their licenses as grain dealers and/or warehousemen. From time to time, licensees may not be able to maintain the required ratios. The Illinois Grain Code requires the Department

to require collateral from the licensee specific to the deficiency. The collateral is not included in the Corporation’s financial statements. However, its disclosure is important because, should a failure occur, a licensee’s collateral would be used to offset any deficiencies before using Corporation funds to offset a deficiency. Collateral may be posted using cash or cash equivalents, certificates of deposit, an irrevocable letter of credit, or any other property acceptable to the Department to the extent there is equity in the property.

At June 30, 2023 and 2022, the Department held the following collateral posted by licensees (amounts expressed in thousands):

	<u>2023</u>	<u>2022</u>
Cash	\$ 137	\$ 84
Certificates of Deposit	<u>1,010</u>	<u>675</u>
Total Collateral	<u>\$ 1,147</u>	<u>\$ 759</u>

Maturities of CDs held at June 30, 2023 and June 30, 2022 ranged from July 17, 2021 to May 11, 2024.

The Corporation’s risk management activities for self-insurance are financed through appropriations to the Illinois Department of Central Management Services and are accounted for in the General Fund of the State. The claims are not considered a liability of the Corporation and, accordingly, have not been reported in the Corporation’s financial statements for the year ended June 30, 2023.

6. Subsequent Events

The Corporation is not aware of any facts, decisions or conditions that might be expected to have a significant impact on the financial position or results of operations during this and future fiscal years.



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 Grain Insurance Corporation

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 of the Illinois Grain Insurance Corporation (Corporation), a component unit of the State of Illinois, as of and for the years ended June 30, 2023 and June 30, 2022, and the related notes to the financial statements, which collectively comprise the Corporation’s basic financial statements, and we have issued our report thereon dated March 1, 2024.

Report on Internal Control Over Financial Reporting

Management of the Corporation is responsible for establishing and maintaining effective internal control over financial reporting (internal control).

In planning and performing our audit of the financial statements, we considered the Corporation’s internal control as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Chicago, Illinois
March 1, 2024

ILLINOIS GRAIN INSURANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF ILLINOIS)
SCHEDULE OF FINDING – PRIOR FINDING NOT REPEATED
For the Two Years Ended June 30, 2023

A. **FINDING** (Grain Insurance Reserve Fund not funded)

During the prior examination, the Illinois Grain Insurance Corporation (Corporation) did not fund the \$2,000,000 Grain Insurance Reserve Fund as required by the Grain Code.

During the current examination, our testing indicated that the Illinois General Assembly amended the Grain Code and provided legislative relief from the statutory requirement to the Corporation. Pursuant to PA102-1071, effective June 10, 2022, the funding of the Grain Insurance Reserve Fund is now subject to appropriation, removing the automatic requirement of the State of Illinois remitting \$2,000,000 to the Corporation's Reserve Fund. The Reserve Fund is unfunded because \$2,000,000 was not in the Fiscal Years 2022 and 2023 budget that was signed into law. This finding is not repeated. (Finding Code No. 2021-001, 2019-001, 2017-001, 2015-001, 2013-001, 11-1, 09-1, 07-2, 05-2)