



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS FINANCE AUTHORITY

**Financial Audit
 For the Year Ended June 30, 2017**

Release Date: December 21, 2017

FINDINGS THIS AUDIT: 1	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	0	0	None			
Category 2:	1	0	1				
Category 3:	<u>0</u>	<u>0</u>	<u>0</u>				
TOTAL	1	0	1				
FINDINGS LAST AUDIT: 1							

INTRODUCTION

This digest covers the Illinois Finance Authority’s financial audit as of and for the year ended June 30, 2017. The Authority’s Compliance Examination for the two years ending June 30, 2017 will be issued at a later date.

SYNOPSIS

- (17-1) The Authority did not reconcile and record cash received in a bank account pertaining to fiscal year 2018 interest income received in advance from local governments in fiscal year 2017.

Category 1: Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).
Category 2: Findings that are **significant deficiencies** in internal control and **noncompliance** with State laws and regulations.
Category 3: Findings that have **no internal control issues but are in noncompliance** with State laws and regulations.

{Financial information is summarized on next page.}

ILLINOIS FINANCE AUTHORITY
FINANCIAL AUDIT
For the Year Ended June 30, 2017

STATEMENT OF NET POSITION (in thousands)	2017	2016
Assets		
Cash and cash equivalents.....	\$ 16,163	\$ 9,723
Investments.....	29,987	20,230
Receivables.....	15,117	26,497
Restricted cash and cash equivalents.....	219,335	102,194
Restricted investments.....	24,950	15,562
Restricted receivables.....	516,365	88,955
Other.....	53	7,169
Total Assets.....	821,970	270,330
Deferred Outflows of Resources		
Net loss on debt refundings.....	409	577
Total.....	409	577
Liabilities		
Accounts payable and accrued liabilities.....	14,000	954
Bonds payable.....	680,682	143,057
Other.....	5,920	8,242
Total Liabilities.....	700,602	152,253
Net Position		
Net investment in capital assets.....	13	29
Restricted.....	60,823	60,696
Unrestricted.....	60,941	57,929
Total.....	\$ 121,777	\$ 118,654

REVENUES, EXPENSES, AND CHANGES IN NET POSITION (in thousands)	2017	2016
Revenues		
Interest on loans.....	\$ 14,235	\$ 4,804
Interest and investment income.....	2,047	900
Administrative service fees.....	4,683	4,238
Other.....	672	(120)
Total Revenues.....	21,637	9,822
Expenses		
Interest expense.....	12,144	4,003
Employee-related expenses.....	1,769	1,799
Professional services.....	1,185	1,937
Other.....	3,417	697
Total Expenses.....	18,515	8,436
Change in net position.....	\$ 3,122	\$ 1,386

EXECUTIVE DIRECTOR

During Audit Period: Mr. Christopher B. Meister

Currently: Mr. Christopher B. Meister

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

FAILURE TO RECONCILE AND RECORD CASH RECEIVED

The Illinois Finance Authority (Authority) did not reconcile and record cash received in a bank account pertaining to fiscal year 2018 interest income received in advance from local governments in fiscal year 2017.

Cash was understated by \$36,411

During testing, the auditors confirmed all outstanding bank account balances held by the Authority at year-end and noted the ending cash balance for the Local Government Borrowing Fund was understated by \$36,411 relating to advances of interest income that related to fiscal year 2018. This revenue relates to prepayments of interest due August 1, 2017 and according to the Authority's accounting policies, is accrued ratably over six months.

As of June 30, 2017, the Authority had accrued \$30,343 as accrued interest receivable. Thus, this resulted in an overstatement of accrued interest receivable of \$30,343 and an understatement of unearned revenue of \$6,068. No statement of revenue, expenses, and changes in net position were affected.

We recommended the Authority reconcile all bank accounts and record financial transactions in the correct fiscal year. (Finding 1, pages 72-73)

Authority accepts the finding

Authority officials accepted the finding.

AUDITOR'S OPINION

The auditors stated the financial statements of the Illinois Finance Authority as of and for the year ended June 30, 2017, are fairly stated in all material respects.

The financial audit was conducted by RSM US LLP.

SIGNED ORIGINAL ON FILE

Jane Clark
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

FJM:TLK