



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, 2016**

**Release Date: January 12, 2017**

FINDINGS THIS AUDIT: 1	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
<b>Category 1:</b>	<b>0</b>	<b>0</b>	<b>0</b>	2013		16-1	
Category 2:	0	1	1				
Category 3:	0	0	0				
<b>TOTAL</b>	<b>0</b>	<b>1</b>	<b>1</b>				
<b>FINDINGS LAST AUDIT: 2</b>							

**INTRODUCTION**

This digest covers the Illinois Finance Authority’s financial audit as of and for the year ended June 30, 2016. A State Compliance Examination will be performed next year for the two years ending June 30, 2017.

**SYNOPSIS**

- (16-1) The Authority has loan and guarantee receivables from non-conduit debt recorded in their financial books and records that should be removed due to the balances being uncollectible.

**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, 2016**

<b>STATEMENT OF NET POSITION</b> (in thousands)	<b>2016</b>	<b>2015</b>
<b>Assets</b>		
Cash and cash equivalents.....	\$ 9,723	\$ 6,955
Investments.....	20,230	25,187
Receivables.....	26,497	25,581
Restricted cash and cash equivalents.....	102,194	113,118
Restricted investments.....	15,562	20,717
Restricted receivables.....	88,955	99,854
Other.....	7,169	8,313
<b>Total Assets.....</b>	<b>270,330</b>	<b>299,725</b>
<b>Deferred Outflows of Resources</b>		
Net loss on debt refundings.....	577	767
<b>Total.....</b>	<b>577</b>	<b>767</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities.....	954	598
Bonds payable.....	143,057	159,306
Other.....	8,242	23,319
<b>Total Liabilities.....</b>	<b>152,253</b>	<b>183,223</b>
<b>Net Position</b>		
Net investment in capital assets.....	29	70
Restricted.....	60,696	59,904
Unrestricted.....	57,929	57,295
<b>Total.....</b>	<b>\$ 118,654</b>	<b>\$ 117,269</b>

<b>REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b> (in thousands)	<b>2016</b>	<b>2015</b>
<b>Revenues</b>		
Interest on loans.....	\$ 4,804	\$ 5,183
Interest and investment income.....	900	643
Administrative service fees.....	4,238	2,921
Other.....	(120)	575
<b>Total Revenues.....</b>	<b>9,822</b>	<b>9,322</b>
<b>Expenses</b>		
Interest expense.....	4,003	4,280
Employee-related expenses.....	1,799	1,702
Professional services.....	1,937	1,540
Other.....	697	1,478
<b>Total Expenses.....</b>	<b>8,436</b>	<b>9,000</b>
<b>Change in net position.....</b>	<b>\$ 1,386</b>	<b>\$ 322</b>

**EXECUTIVE DIRECTOR**  
During Audit Period: Mr. Christopher B. Meister  
Currently: Mr. Christopher B. Meister

**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

**FAILURE TO WRITE OFF UNCOLLECTIBLE  
BALANCES**

**Uncollectible balances not removed**

The Illinois Finance Authority (Authority) has loan and guarantee receivables from non-conduit debt recorded in their financial books and records that should be removed due to the balances being uncollectible.

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	\$936,359
Illinois Agricultural Loan Guarantee Fund	170,902
Illinois Farmer and Agribusiness Loan Guarantee Fund	<u>223,224</u>
	<u>\$1,330,485</u>

**No activity occurred in the current year to write off the balances**

In addition, for the past several years, the Authority has carried on its books investments in partnerships and other companies totaling \$2,971,385 for which a 100% allowance for a decline in market value was recognized. Authorization from the Attorney General should be obtained to write off these balances. No activity occurred in the current year relating to the write off of these balances.

**Authority needs to improve consistency in their requests and timely follow-up**

The Authority has not consistently made requests of the Illinois Attorney General and the Authority has not performed timely follow-up on prior requests of the Illinois Attorney General. Accordingly, uncollectible balances that should have been addressed in previous years have remained on the books and records of the Authority. (Finding 1, pages 68-69)

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

**Authority accepts the finding**

Authority officials accepted the recommendation.

**AUDITOR'S OPINION**

The auditors stated the financial statements of the Illinois Finance Authority as of and for the year ended June 30, 2016, are fairly stated in all material respects.

**SIGNED ORIGINAL ON FILE**

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FRANK J. MAUTINO  
Auditor General

FJM:TLK

**SPECIAL ASSISTANT AUDITORS**

Our Special Assistant Auditors for this audit were RSM US LLP.