



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**RAILSPLITTER TOBACCO SETTLEMENT AUTHORITY**

**Financial Audit and Compliance Examination  
For the Two Years Ended June 30, 2016**

**Release Date: February 16, 2017**

<b>FINDINGS THIS AUDIT:</b>	<b>0</b>
<b>FINDINGS LAST AUDIT:</b>	<b>0</b>

**INTRODUCTION**

The Railsplitter Tobacco Settlement Authority (Authority) was established on July 1, 2010, as a special purpose corporation to sell revenue bonds, repayment of which is supported solely by future tobacco settlement revenues (TSRs) (pledged revenues). The Authority received no appropriations from the General Assembly and its funds were not held within the State Treasury.

There were no material findings of noncompliance disclosed during our examination.

**AUDITORS' OPINIONS**

The auditors stated the Authority's financial statements as of and for the years ended June 30, 2015, and June 30, 2016, are fairly stated in all material respects.

**ACCOUNTANTS' OPINION**

We conducted a compliance examination of the Authority for the two years ended June 30, 2016, as required by the Illinois State Auditing Act. The accountants stated the Authority complied, in all material respects, with the requirements described in the report during the two years ended June 30, 2016.

**SIGNED ORIGINAL ON FILE**

FRANK J. MAUTINO  
Auditor General

FJM:cmd

**AUDITORS ASSIGNED**

This audit was performed by the Office of the Auditor General's staff.

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

**RAILSPLITTER TOBACCO SETTLEMENT AUTHORITY  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

Statement of Revenues, Expenditures and Changes in Fund Balances	FY 2016	FY 2015	FY 2014
<b>PROGRAM REVENUES</b>			
Tobacco settlement revenues (TSRs).....	\$ 275,537,557	\$ 265,018,858	\$ 271,222,345
Total Program Revenues.....	<u>275,537,557</u>	<u>265,018,858</u>	<u>271,222,345</u>
<b>EXPENDITURES</b>			
Excess residual payments to State.....	130,633,799	114,349,732	123,917,311
Amortization of deferred charges - TSRs.....	102,335,191	95,454,535	98,431,442
Professional fees.....	56,800	50,500	49,500
Travel.....	230	-	-
Attorney General.....	2,501,265	2,500,038	2,500,047
Debt service - principal retirement.....	80,655,000	76,820,000	70,860,000
Debt service - interest.....	68,027,756	71,868,756	74,938,131
Total Expenditures.....	<u>384,210,041</u>	<u>361,043,561</u>	<u>370,696,431</u>
<b>GENERAL REVENUES.....</b>	<u>344,840</u>	<u>31,395</u>	<u>262,222</u>
<b>Changes in Fund Balance.....</b>	<u>\$ (108,327,644)</u>	<u>\$ (95,993,308)</u>	<u>\$ (99,211,864)</u>
<b>Balance Sheet</b>			
	<b>FY 2016</b>	<b>FY 2015</b>	<b>FY 2014</b>
<b>ASSETS</b>			
Cash and cash equivalents.....	\$ 232,119,321	\$ 186,351,407	\$ 189,731,303
Receivables (TSRs).....	137,768,778	132,509,429	135,611,172
Total Assets.....	<u>369,888,099</u>	<u>318,860,836</u>	<u>325,342,475</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Payment to State.....	<u>707,202,388</u>	<u>809,537,579</u>	<u>904,992,115</u>
<b>LIABILITIES</b>			
Due to Attorney General.....	3,001,562	3,500,296	5,000,258
Due to State - residual TSRs.....	106,999,285	57,295,717	58,636,879
Due to State - unsold assets.....	2,555,533	-	-
Total Liabilities.....	<u>112,556,380</u>	<u>60,796,013</u>	<u>63,637,137</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred TSRs.....	<u>137,768,778</u>	<u>132,509,429</u>	<u>135,611,172</u>
<b>TOTAL FUND BALANCE</b>	<u>\$ 826,765,329</u>	<u>\$ 935,092,973</u>	<u>\$ 1,031,086,281</u>

<b>BOARD CHAIRPERSON</b>	
<b>During Examination Period:</b>	Mr. Jerome Stermer (7/1/14 to 12/18/14) Vacant (12/19/14 to 11/5/15) Mr. Tim Nuding (11/6/15 to 12/31/16)
<b>Currently:</b>	Vacant