



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

SOUTHWESTERN ILLINOIS DEVELOPMENT AUTHORITY

Special Limited Scope Compliance Examination
 For the Two Years Ended June 30, 2018

Release Date: July 18, 2019

FINDINGS THIS AUDIT: 1				AGING SCHEDULE OF REPEATED FINDINGS			
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	<u>Repeated Since</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
Category 1:	0	0	0	No Repeat Findings			
Category 2:	1	0	1				
Category 3:	<u>0</u>	<u>0</u>	<u>0</u>				
TOTAL	1	0	1				
FINDINGS LAST AUDIT: 0							

SYNOPSIS

- (18-001) The Authority did not ensure appropriations received from the General Assembly were utilized for the purposes intended.

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.

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

**SOUTHWESTERN ILLINOIS DEVELOPMENT AUTHORITY
SPECIAL LIMITED SCOPE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

EXPENDITURE STATISTICS	2018	2017	2016
Total Expenditures.....	\$ 1,358,735	\$ 2,831,925	\$ -
DEBT SERVICE TOTAL.....	\$ 1,358,735	\$ 2,831,925	\$ -
% of Total Expenditures.....	100.0%	100.0%	N/A

Note: During Fiscal Year 2016, the Authority entered into a loan agreement with the Illinois Finance Authority whereby the Illinois Finance Authority paid the debt service reserve fund payment related to the Laclede Steel-Illinois bond on behalf of the Authority. This was done because the Authority did not receive a Fiscal Year 2016 appropriation from the State of Illinois due to the Statewide budget impasse. On June 30, 2016, Public Act 099-0524 granted the Authority Fiscal Year 2017 appropriations to pay back the loan to the Illinois Finance Authority.

EXECUTIVE DIRECTOR

During Examination Period: Mr. Michael Lundy
Currently: Mr. Michael Lundy

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

IMPROPER USE OF EXPENDITURE AUTHORITY

The Authority did not ensure appropriations received from the General Assembly were utilized for the purposes intended.

Wrong appropriations used for debt service and loan repayment

We noted the Authority erroneously authorized the expenditure of \$1,404,292 for the purpose of loan repayment from its appropriation for debt service reserve replenishment. We also noted the Authority erroneously authorized the expenditure of \$1,404,125 for the purpose of debt service reserve replenishment from its appropriation for loan repayment.

Extra funds paid

In addition, we noted the Authority authorized its bond trustee to pay additional funds, totaling \$219, beyond what was originally owed to the Illinois Finance Authority in the course of its repayment of the loan received during Fiscal Year 2016 (Finding 1, pages 7-8).

We recommended the Authority ensure appropriations received from the General Assembly are used for the indicated purposes.

Authority response

Authority officials stated the matter at issue was an unusual one-time transaction initiated by staff of the Governor's Office due to the two-year budget crisis and that SWIDA had no way of knowing or even surmising that funds should come from a different state account requiring a different code to be used.

ACCOUNTANT'S OPINION

The accountants conducted a special limited scope compliance examination of the Authority for the two years ended June 30, 2018, 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.

This special limited scope compliance examination was conducted by the Office of the Auditor General's staff.

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

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