

**State of Illinois**  
**Illinois Gaming Board**  
**Fund 129 – State Gaming Fund**  
Independent Auditor's Report and Financial Audit  
For the Year Ended June 30, 2016  
Performed as Special Assistant Auditors for  
the Auditor General, State of Illinois



**State of Illinois  
Illinois Gaming Board  
Fund 129 – State Gaming Fund  
Financial Audit  
For the Year Ended June 30, 2016**

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**State of Illinois  
Illinois Gaming Board  
Financial Audit – State Gaming Fund  
June 30, 2016**

***Board Officials***

Chairman	Donald Tracy
Board member	Steve Dolins (5/9/16 – Present) Lee Gould (through 5/8/16)
Board member	Thomas Dunn
Board member	Dee Robinson
Board member	Marybeth Vander Weele
Administrator	Mark Ostrowski
General Counsel	Agostino Lorenzini (1/16/16 – Present) James Pellum – Acting (through 1/15/16)
Deputy General Counsel	Vacant
<u>Deputy Administrators:</u>	
Enforcement	Frank Spizzirri (8/1/15 – Present) Vacant (through 7/31/15)
Investigations	Scott Deubel
Audit and Financial Analysis	Jim Lopinski (8/1/15 – Present) Douglas Bybee (through 7/31/15)
Chief Fiscal Officer	Kevin High (1/16/16 – Present) Vacant (10/1/15 – 1/15/16) Mark Lewis (through 9/30/15)

***Office Locations***

801 South 7th Street, Suite 400 – South Springfield, Illinois 62703	9511 West Harrison Street Des Plaines, Illinois 60016
160 North LaSalle Street, Suite 300 Chicago, Illinois 60601	8151 West 183rd Street Tinley Park, Illinois 60487

**State of Illinois  
Illinois Gaming Board  
Fund 129 – State Gaming Fund  
Financial Statement Report Summary  
For the Year Ended June 30, 2016**

***Summary***

The audit of the accompanying financial statements of the Illinois Gaming Board’s State Gaming Fund of the State of Illinois (“Board”) was performed by **BKD, LLP**.

Based on their audit, the auditors expressed an unmodified opinion on the State Gaming Fund’s financial statements.

## Independent Auditor's Report

The Honorable Frank J. Mautino  
Auditor General  
State of Illinois  
and  
Mr. Don Tracy, Chairman  
Illinois Gaming Board  
160 North LaSalle Street  
Suite 300  
Chicago, Illinois 60601

### Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the State Gaming Fund of the State of Illinois, Illinois Gaming Board (Board), as of and for the year ended June 30, 2016, and the related notes to the financial statements, as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation and fair presentation of the financial statements 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 Board's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of the State Gaming Fund of the State of Illinois, Illinois Gaming Board as of June 30, 2016, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 2, the financial statements present only the State Gaming Fund and do not purport to, and do not, present fairly the financial position of the State of Illinois or the State of Illinois, Illinois Gaming Board, as of June 30, 2016, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Other Matters***

Management has omitted a management's discussion and analysis for the State Gaming Fund that accounting principles generally accepted in United States of America require to be presented to supplement the 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 financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2016 on our consideration of the Board's internal control over financial reporting of the State Gaming Fund 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 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 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 Board's internal control over financial reporting of the State Gaming Fund and its compliance.

### **Restricted Use of this Auditor's Report**

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, the Comptroller, and agency management and is not intended to be and should not be used by anyone other than these specified parties.

**SIGNED ORIGINAL ON FILE**

Decatur, Illinois  
December 8, 2016

**State of Illinois**  
**Illinois Gaming Board - State Gaming Fund**  
**Individual Nonshared Fund**

**Balance Sheet**

June 30, 2016 (Expressed in Thousands)

	<b>State Gaming Fund</b>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	
Cash equity with State Treasurer	\$ 49,004
Taxes receivable, net	1,794
Other receivables, net	50
<b>Total assets and deferred outflows of resources</b>	<b>50,848</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	
Accounts payable and accrued liabilities	\$ 1,691
Intergovernmental payables	9,470
Due to other Board funds	37,501
Due to other State funds	1,847
Due to other State fiduciary funds	339
<b>Total liabilities and deferred inflows of resources</b>	<b>50,848</b>
<b>FUND BALANCE</b>	
Committed	-
<b>Total fund balance</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 50,848</b>

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



**State of Illinois**  
**Illinois Gaming Board - State Gaming Fund**  
**Individual Nonshared Fund**

**Statement of Revenues, Expenditures**  
**and Changes in Fund Balance**

For the Year Ended June 30, 2016 (Expressed in Thousands)

	<b>State Gaming Fund</b>
Revenues:	
Riverboat taxes	\$ 485,024
Licenses and fees	4,503
Other	68
<b>Total revenues</b>	<u>489,595</u>
Expenditures:	
Health and social services	496
Public protection and justice	49,245
Intergovernmental	92,665
<b>Total expenditures</b>	<u>142,406</u>
<b>Excess of revenues over expenditures</b>	<u>347,189</u>
Other sources (uses) of financial resources:	
Transfers-out	(347,189)
<b>Net other sources (uses) of financial resources</b>	<u>(347,189)</u>
Net change in fund balance	-
Fund balance, July 1, 2015	-
Fund balance, June 30, 2016	<u>\$ -</u>

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

**STATE OF ILLINOIS  
ILLINOIS GAMING BOARD – STATE GAMING FUND  
INDIVIDUAL NONSHARED FUND**

Notes to Financial Statements

June 30, 2016

**(1) Description of Fund**

The State Gaming Fund (Fund) is administered by the Illinois Gaming Board (Board). The Board is a part of the executive branch of government of the State of Illinois (State) and operates under the authority of and review by the Illinois General Assembly. The Board is subject to the authority of the Office of the Governor, the State's chief executive officer, and other departments of the executive and legislative branches of government (such as the Department of Central Management Services, the Governor's Office of Management and Budget, the State Treasurer's Office, and the State Comptroller's Office) as defined by the Illinois General Assembly.

The purpose of the Fund is to receive and record taxes and fees obtained from licensed riverboat gambling and video gaming operations. Pursuant to appropriation, monies in the Fund are used to defray the costs associated with background investigations conducted by the Board, including personnel costs, enforcement of the Riverboat Gambling and Video Gaming Acts, and revenue sharing with units of local government. Excess funds are transferred to the Education Assistance Fund. All funds appropriated to the Board and all other cash received are under the custody and control of the State Treasurer.

**(2) Summary of Significant Accounting Policies**

The financial statements of the Fund, an individual nonshared fund of the Board, have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB). To facilitate the understanding of data included in the financial statements, summarized below are the more significant accounting policies.

**(a) Financial 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 Fund has no component units and is not a component unit of any other entity. However, because the Fund is not legally separate from the State of Illinois, the financial statements of the Fund are included in the financial statements of the State of Illinois. The State of Illinois' Comprehensive Annual Financial Report may be obtained by writing to the State Comptroller's Office, Division of Financial Reporting, 325 West Adams Street, Springfield, Illinois, 62704-1871.

**STATE OF ILLINOIS  
ILLINOIS GAMING BOARD – STATE GAMING FUND  
INDIVIDUAL NONSHARED FUND**

Notes to Financial Statements

June 30, 2016

The financial statements of the State Gaming Fund are intended to present the financial position, and the changes in financial position of only that portion of the governmental activities of the State of Illinois that is attributable to the transactions of the Fund. They do not purport to, and do not, present fairly the financial position of the State of Illinois as of June 30, 2016 and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**(b) *Basis of Presentation***

In government, the basic accounting and reporting entity is a fund. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. A balance sheet and statement of revenues, expenditures, and changes in fund balance have been presented for the individual nonshared governmental fund administered by the Board.

The nonshared governmental fund is a special revenue fund. Transactions related to resources obtained from specific revenue sources (other than for expendable trusts) that are legally restricted for specified purposes are accounted for in special revenue funds. The Special Revenue Fund, Fund 129, is held in the State Treasury. The funds are appropriated by the General Assembly.

**(c) *Measurement Focus and Basis of Accounting***

The individual nonshared governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the State considers revenues to be available if they are collected within 60 days of the end of the current fiscal year.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt obligations, claims and judgments, and compensated absences are recorded only when payment is due. General capital asset acquisitions are reported as expenditures. Proceeds of long-term debt obligations and acquisitions under capital leases are reported as other financing sources.

**(d) *Cash and Cash Equivalents***

Cash and 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 consist of deposits held in the State Treasury.

**STATE OF ILLINOIS  
ILLINOIS GAMING BOARD – STATE GAMING FUND  
INDIVIDUAL NONSHARED FUND**

Notes to Financial Statements

June 30, 2016

**(e) Interfund Transactions**

The Fund has the following types of interfund transactions between funds of other State agencies:

**Services provided and used**—sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as interfund receivables and payables in the governmental funds balance sheets or the government-wide statements of net positions.

**Reimbursements**—repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

**Transfers**—flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

**(f) Fund Balance**

In the fund financial statements, governmental funds report commitments of fund balances for amounts with self-imposed constraints or limitations that have been placed at the highest level of decision making. The Fund is comprised of a committed fund balance of \$0.00 as of June 30, 2016. Subsequent fund balances are restricted through enabling legislation and are subject to mandatory transfers to the Education Assistance Fund and therefore are classified as committed. These committed funds cannot be used for any other purpose unless the Illinois General Assembly removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

**(g) Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

**(h) Current Adoption of GASB Statements**

GASB Statement No. 72, *Fair Value Measurement and Application*, was effective for the Board beginning with its year-end June 30, 2016. The objective of this statement is to provide specific accounting and financial reporting guidance for determining and applying fair value measurements.

**STATE OF ILLINOIS  
ILLINOIS GAMING BOARD – STATE GAMING FUND  
INDIVIDUAL NONSHARED FUND**

Notes to Financial Statements

June 30, 2016

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, was effective for the Board beginning with its year-end June 30, 2016. The objective of this statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, was effective for the Board beginning with its year-end June 30, 2016. The objective of this statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP).

GASB Statement No. 77, *Tax Abatement Disclosures*, was effective for the Board beginning with its year-end June 30, 2016. The objective of this statement is to provide financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs in order to better assess the government's financial position and results of operations.

The Board has determined that these statements do not have a material impact on financial reporting of the State Gaming Fund.

**(i) Future Adoption of GASB Statements**

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plan Other Than Pension Plans*, will be effective for the Board beginning with its year-end June 30, 2017. The objective of this statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective for the Board beginning with its year-end June 30, 2018. The objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

The Board has not yet determined the impact on its financial statements as a result of adopting these statements.

**(3) Deposits**

The State Treasurer is the custodian of the State's cash and cash equivalents for funds maintained in the State Treasury. Deposits in the custody of the State Treasurer are pooled and invested with other State funds in accordance with the Deposit of State Moneys Act of the Illinois Compiled Statutes (15 ILCS 520/11). Funds held by the State Treasurer have not been categorized as to credit risk because the Board does not own individual securities. Detail on the nature of these deposits and investments is available within the State of Illinois' Comprehensive Annual Financial Report.

**STATE OF ILLINOIS  
ILLINOIS GAMING BOARD – STATE GAMING FUND  
INDIVIDUAL NONSHARED FUND**

Notes to Financial Statements

June 30, 2016

**(4) Interfund Balances and Activity**

**(a) Balances Due to Other Funds**

The following balances (amounts expressed in thousands) at June 30, 2016 represent amounts due to other funds:

	<u>Due to</u>	
Other Board Funds	\$ 37,501	Due to other Board funds pursuant to statutory authority of the Riverboat Gambling Act.
Other State Funds	1,847	Due to other State funds pursuant to statutory authority of the Riverboat Gambling Act, as well as reimbursement of administrative costs and payment for services related to riverboat security and video gaming enforcement.
Other State Fiduciary Funds	339	Due to other State fiduciary funds for payment of retirement benefits.
	<u>\$ 39,687</u>	

**(b) Transfers to Other Funds**

Interfund transfers out for the year ended June 30, 2016, totaled \$347.189 million, and represented transfers to the State's Educational Assistance Fund, School Infrastructure Fund, and Chicago State University Education Improvement Fund pursuant to statutory authority of the Riverboat Gambling Act.

**(5) Taxes Receivable**

Riverboat taxes receivable at June 30, 2016, totaled \$1.794 million, with no amounts reported as an allowance for uncollectible taxes.

**(6) Other Receivables**

Other receivables at June 30, 2016, totaled \$0.050 million with no amounts reported as an allowance for uncollectible receivables. This is primarily comprised of video gaming application and licensing fees.

**(7) Pension Plan**

Substantially all of the Board's full-time employees who are not eligible for participation in another state-sponsored retirement plan participate in the State Employees' Retirement System (SERS), which is a pension trust fund in the State of Illinois reporting entity. The SERS is a single-employer defined benefit public employee retirement system (PERS) in which State employees participate, except those covered by the State Universities, Teachers', General Assembly, and Judges' Retirement Systems. The financial position and results of operations of the SERS for fiscal year 2016 are included in the State of Illinois' Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2016. The SERS issues a

**STATE OF ILLINOIS  
ILLINOIS GAMING BOARD – STATE GAMING FUND  
INDIVIDUAL NONSHARED FUND**

Notes to Financial Statements

June 30, 2016

separate CAFR that may be obtained by writing to the SERS, 2101 South Veterans Parkway, Springfield, Illinois, 62794-9255.

A summary of SERS benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the SERS' CAFR. Also included is a discussion of employer and employee obligations to contribute and the authority under which those obligations are established.

The Board pays employer retirement contributions based upon an actuarially determined percentage of its payrolls. For fiscal year 2016, the employer contribution rate was 45.598%.

**(8) Post-Employment Benefits**

The State, under the State Employees Group Insurance Act of 1971 ("Act") provides health, dental, vision and life insurance benefits for retirees and their dependents in a program administered by the Department of Central Management Services. Substantially all State employees become eligible for these other post-employment benefits ("OPEB") if they eventually become annuitants of one of the State sponsored pension plans. Historically, the health, dental, and vision benefits provided to and contribution amounts required from annuitants have been the result of collective bargaining between the State and the various unions representing the State's and the university component units' employees in accordance with the limitations established in the Act. Therefore, the benefits provided and contribution amounts are subject to periodic change. Annuitants may be required to contribute towards health, dental, and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. The State also provides life insurance benefits for annuitants equal to their annual salary as of the last day of employment until age 60, at which time the benefit amount becomes \$5,000.

The total cost of the State's portion of health, dental, vision, and life insurance benefits of all members, including post-employment health, dental, vision, and life insurance benefits, is recognized as an expense by the State in the Illinois Comprehensive Annual Financial Report. The State finances the costs on a pay-as-you-go basis. The total costs incurred for health, dental, vision, and life insurance benefits are not separated by department or component unit for annuitants and their dependents nor active employees and their dependents.

A summary of post-employment benefits provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the financial statements of the Department of Central Management Services. A copy of the financial statements of the Department of Central Management Services may be obtained by writing to the Department of Central Management Services, 715 Stratton Building, 401 South Spring Street, Springfield, Illinois, 62706-4100.

**STATE OF ILLINOIS  
ILLINOIS GAMING BOARD – STATE GAMING FUND  
INDIVIDUAL NONSHARED FUND**

Notes to Financial Statements

June 30, 2016

**(9) Risk Management**

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

The Board's risk management activities 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 to be a liability of the Board; and accordingly, have not been reported in the Fund's financial statements for the year ended June 30, 2016.

**(10) Commitments and Contingencies**

***Litigation***

The Board is routinely involved in a number of legal proceedings and claims that cover a wide range of matters. In the opinion of management, the outcome of these matters is not expected to have any material adverse effect on the financial position or results of operations of the Fund.



**Independent Auditor's Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of the Financial Statements Performed  
in Accordance With *Government Auditing Standards***

The Honorable Frank J. Mautino  
Auditor General  
State of Illinois  
and  
Mr. Don Tracy, Chairman  
Illinois Gaming Board  
160 North LaSalle Street  
Suite 300  
Chicago, Illinois 60601

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 State Gaming Fund of the State of Illinois, Illinois Gaming Board (Board), as of and for the year ended June 30, 2016, and the related notes to the financial statements and have issued our report thereon dated December 8, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting (internal control) of the State Gaming Fund (Fund) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board'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, misstatement 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 Fund'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Fund'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 determination of financial statement amounts. 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 matter that is 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 Board's internal control or on compliance. This report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**SIGNED ORIGINAL ON FILE**

Decatur, Illinois  
December 8, 2016