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# REPORT DIGEST

## ILLINOIS GRAIN INSURANCE CORPORATION

### FINANCIAL AUDIT AND COMPLIANCE EXAMINATION

For the Two Years Ended:  
June 30, 2009

#### Summary of Findings:

Total this audit: 2  
Total last audit: 2  
Repeated from last audit: 1

Release Date:  
April 15, 2010



State of Illinois  
Office of the Auditor General  
**WILLIAM G. HOLLAND**  
AUDITOR GENERAL

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## SYNOPSIS

- The Corporation has not established the \$2,000,000 Grain Insurance Reserve Fund as required by the Grain Code.
- The Corporation did not file the annual Agency Fee Imposition Report with the Illinois Office of the Comptroller as required by the State Comptroller Act.

{Expenditures and Activity Measures are summarized on the reverse page.}

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**ILLINOIS GRAIN INSURANCE CORPORATION**  
**FINANCIAL AUDIT AND COMPLIANCE EXAMINATION**  
**FOR THE TWO YEARS ENDED JUNE 30, 2009**

FINANCIAL ACTIVITY	FY 2009	FY 2008	FY 2007
<b><u>Statement of Revenues, Expenses and</u></b>			
<b><u>Change in Net Assets</u></b>			
<b>Operating Revenues:</b>			
Charges for Services .....	\$1,568,000	\$1,457,000	\$1,724,000
Claims and Recovery .....	-	-	1,000
Total Operating Revenues .....	<u>1,568,000</u>	<u>1,457,000</u>	<u>1,725,000</u>
<b>Operating Expenses:</b>			
Environmental and Business			
Regulation .....	<u>35,000</u>	<u>3,727,000</u>	<u>23,000</u>
<b>Operating Income (Loss) .....</b>	<b><u>1,533,000</u></b>	<b><u>(2,270,000)</u></b>	<b><u>1,702,000</u></b>
<b>Nonoperating Revenues:</b>			
On Behalf Contributions .....	13,000	13,000	-
Interest and Investment Income .....	<u>47,000</u>	<u>237,000</u>	<u>311,000</u>
Total Nonoperating Revenues .....	<u>60,000</u>	<u>250,000</u>	<u>311,000</u>
<b>Change in Net Assets .....</b>	<b><u>1,593,000</u></b>	<b><u>(2,020,000)</u></b>	<b><u>2,013,000</u></b>
Net Assets (Deficit), Beginning of the Year	<u>4,665,000</u>	<u>6,685,000</u>	<u>4,672,000</u>
<b>Net Assets (Deficit), End of the Year .....</b>	<b><u>\$6,258,000</u></b>	<b><u>\$4,665,000</u></b>	<b><u>\$6,685,000</u></b>
<b><u>Statement of Net Assets</u></b>			
Cash and Cash Equivalents .....	\$5,264,000	\$5,178,000	\$6,633,000
Other Receivables .....	968,000	374,000	4,000
Due from Primary Government .....	<u>26,000</u>	<u>48,000</u>	<u>49,000</u>
Total Assets .....	6,258,000	5,600,000	6,686,000
Due to Primary Government and Other .....	-	<u>935,000</u>	<u>1,000</u>
<b>Net Assets (Deficit) .....</b>	<b><u>\$6,258,000</u></b>	<b><u>\$4,665,000</u></b>	<b><u>\$6,685,000</u></b>

SCHEDULE OF GRAIN DEALERS (UNAUDITED)	FY 2009	FY 2008	FY 2007
Active dealers – beginning of year .....	337	352	358
Add: New dealers .....	9	8	4
Less: Closed or insolvent dealers .....	<u>(27)</u>	<u>(23)</u>	<u>(10)</u>
Active dealers – end of year .....	<u>319</u>	<u>337</u>	<u>352</u>

CORPORATION PRESIDENT
During Audit Period: Tom Jennings
Currently: Tom Jennings

**FINDINGS, CONCLUSIONS, AND**  
**RECOMMENDATIONS**

**GRAIN INSURANCE RESERVE FUND NOT FUNDED**

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**\$2 million Reserve Fund not funded**

The Illinois Grain Insurance Corporation has not funded the \$2,000,000 Grain Insurance Reserve Fund as required by the Grain Code.

As of the end of our examination fieldwork on October 31, 2009, the Corporation had not established the \$2,000,000 Grain Insurance Reserve Fund required by the Grain Code.

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**Appropriation request not made**

The Corporation's management indicated the Grain Insurance Reserve Fund was not funded because the funds were not appropriated. Management also indicated that they did not request an appropriation in fiscal years 2008 and 2009 because of budgetary constraints on the General Revenue Fund. (Finding 1, page 11) **This finding was first reported in 2005.**

We recommended the Corporation comply with the law by working with the Office of Management and Budget to obtain the necessary appropriation to fund the Grain Insurance Reserve Fund or seek legislative relief from the statutory requirement.

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**Corporate officials agree with auditors**

Corporation officials agreed with our recommendation and stated they would request an appropriation to fund the Grain Insurance Reserve Fund. (For previous agency response, see Digest Footnote #1.)

**AGENCY FEE IMPOSITION REPORTS NOT FILED**

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**Agency Fee Impositions Reports not filed**

The Illinois Grain Insurance Corporation did not file the annual Agency Fee Imposition Report (Report) with the Office of the Comptroller (Comptroller) as required by the State Comptroller Act.

During our examination, we noted the Corporation did not file the Reports with the Comptroller's office by August 1 for the fiscal years ended June 30, 2008 or June 30, 2009.

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**Management indicated the reports were not filed due to oversight**

The Corporation's management indicated that failure to file the report was an oversight. (Finding #2, page 12)

We recommended the Corporation file the Agency Fee Imposition Report with the Comptroller by August 1 each year.

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**Corporate officials agree with auditors**

Corporate officials agree with the finding and indicated it would file the Agency Fee Imposition Report with the Comptroller by August 1 each year.

### **AUDITORS' OPINION**

Our auditors state the Illinois Grain Insurance Corporation's financial statements for the years ended June 30, 2009 and June 30, 2008 were fairly presented in all material respects.

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WILLIAM G. HOLLAND, Auditor General

WGM:JAF:pp

### **SPECIAL ASSISTANT AUDITORS**

McGladrey & Pullen LLP was our special assistant auditors for this audit and examination.

### **DIGEST FOOTNOTE**

#### **#1 – GRAIN INSURANCE RESERVE FUND NOT FUNDED – (Previous Agency Response)**

2007: "The agency agrees with the finding and will request an appropriation to fund the Reserve Fund."