

ILLINOIS GRAIN INSURANCE CORPORATION
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2019

REVENUES, EXPENSES, AND CHANGES IN NET POSITION	2019	2018	2017
Operating Revenues:			
Charges for Services.....	\$ 191,000	\$ 213,000	\$ 173,000
Operating Expenses:			
Environmental and Business Regulation.....	15,000	13,000	276,000
Operating Income (Loss).....	<u>176,000</u>	<u>200,000</u>	<u>(103,000)</u>
Nonoperating Revenues:			
On Behalf Contributions.....	15,000	13,000	16,000
Recovery on Claims Paid.....	9,000	8,000	8,000
Refund from Grain Indemnity Trust Fund.....	-	82,000	-
Interest and Investment Income.....	187,000	103,000	44,000
Total Nonoperating Revenues.....	<u>211,000</u>	<u>206,000</u>	<u>68,000</u>
Change in Fund Net Position.....	387,000	406,000	(35,000)
New Position, Beginning of the Year.....	<u>8,034,000</u>	<u>7,628,000</u>	<u>7,663,000</u>
Net Position, End of the Year.....	<u>\$ 8,421,000</u>	<u>\$ 8,034,000</u>	<u>\$ 7,628,000</u>

STATEMENT OF NET POSITION	2019	2018	2017
Cash and Cash Equivalents.....	\$ 8,417,000	\$ 8,034,000	\$ 7,627,000
Other Receivables.....	4,000	-	1,000
Total Assets.....	<u>8,421,000</u>	<u>8,034,000</u>	<u>7,628,000</u>
Net Position.....	<u>\$ 8,421,000</u>	<u>\$ 8,034,000</u>	<u>\$ 7,628,000</u>

SCHEDULE OF GRAIN DEALERS AND WAREHOUSES (UNAUDITED)	2019	2018	2017
Active Dealers/Warehouses - Beginning of Year	245	247	254
Add: New Dealers/Warehouses.....	7	7	4
Less: Closed or Insolvent Dealers/Warehouses...	<u>(13)</u>	<u>(9)</u>	<u>(11)</u>
Active Dealers/Warehouses - End of Year.....	<u>239</u>	<u>245</u>	<u>247</u>

CORPORATION PRESIDENT	
During Examination Period:	Raymond Poe, through 12-31-18 Warren Goesch, Acting, 1-1-19 through 1-20-19 John Sullivan, Acting, 1-21-19 through 4-11-19 John Sullivan, 4-12-19 through 1-13-20
Currently:	Jeremy Flynn, Acting, effective 1-14-20

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

GRAIN INSURANCE RESERVE FUND NOT FUNDED

The Illinois Grain Insurance Corporation (Corporation) did not fund the \$2,000,000 Grain Insurance Reserve Fund as required by the Grain Code (Code).

Corporation failed to establish Grain Insurance Reserve Fund

On April 5, 2005, the Corporation remitted the \$4,000,000 balance due the General Revenue Fund that was borrowed prior to June 30, 2003. The Corporation has not yet established the \$2,000,000 Grain Insurance Reserve Fund as required by the Grain Code after repayment of funds owed the General Revenue Fund. (Finding 1, page 11). **This finding has been repeated since 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.

Corporation agrees with finding

Corporation officials stated while Section, 25-20(h) of the Illinois Grain Code expressly requires the State to make unpaid claimants whole even if the General Assembly does not appropriate the money, the Corporation recognizes the requirement of a Reserve Fund in the Grain Code and the Corporation will work with the Office of Management and Budget to attempt to obtain the necessary appropriation to fund the Grain Insurance Reserve Fund.

IMPROPER AUTHORIZATION OF TEMPORARY STORAGE SPACE

The Illinois Grain Insurance Corporation (Corporation) improperly authorized the use of temporary storage space as required by the Grain Code.

Incorrect expiration dates on temporary storage space authorizations

During our testing of temporary storage space authorizations, we noted 4 of 37 (11%) temporary storage space authorizations with expiration dates past May 15th, ranging from 12 to 21 days past the required expiration date. In addition, we noted 1 of 37 (3%) temporary storage space authorizations was approved on November 27, 2018, with an incorrect expiration date of May 15, 2018. (Finding 2, page 12).

We recommended the Corporation strengthen its controls to ensure proper authorization of temporary storage space as required by the statute.

Corporation officials stated the Corporation will use its best efforts to ensure proper authorization of temporary storage space.

AUDITOR'S OPINION

The auditors stated the financial statements of the Corporation as of and for the years ended June 30, 2018, and June 30, 2019, are fairly stated in all material respects.

Corporation agrees with finding

ACCOUNTANT'S OPINION

The accountants conducted a compliance examination of the Agency for the two years ended June 30, 2019, as required by the Illinois State Auditing Act. The accountants stated the Corporation complied, in all material respects, with the requirements described in the report.

This financial audit / compliance examination was conducted by Adelfia LLC.

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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