



ADELFIALLC
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**State of Illinois
CAPITAL DEVELOPMENT BOARD**

**FINANCIAL AUDIT
For the Year Ended June 30, 2016 and
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2016**

Performed as Special Assistant Auditors
for the Auditor General, State of Illinois

STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
FINANCIAL AUDIT
For the Year Ended June 30, 2016 and
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2016

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AGENCY OFFICIALS

Executive Director	(06/10/15 to current) (04/16/15 to 06/09/15) (03/18/11 to 04/15/15)	Jodi Golden Gevan Behnke (Acting) James Underwood
Deputy Director of Construction	(02/01/17 to current) (01/17/15 to 01/31/17) (07/22/11 to 01/16/15)	Mike Wilson Vacant Josh Weger
Deputy Director of Operations	(02/01/17 to current) (06/16/11 to 01/31/17)	Kathryn Martin Mike Wilson
Assistant Deputy Director of Operations	(02/01/17 to current) (07/01/15 to 01/31/17)	Vacant Kathryn Martin
Administrator of the Office of Fiscal Management	(06/10/15 to current) (04/16/15 to 06/09/15) Until 04/15/15	Gevan Behnke Kathryn Martin (Acting) Gevan Behnke
Assistant Fiscal Officer	(11/16/16 to current) (07/01/15 to 11/15/16) (01/16/13 to 06/30/15)	Paula Sorensen Vacant Kathryn Martin
General Counsel	(02/01/15 to current) (11/01/11 to 01/31/15)	Amy Romano Thomas Klein
Chief Internal Auditor	(11/16/16 to current) (09/17/12 to 11/15/16)	Vacant Paula Sorensen
Chief of Staff	(02/14/15 to current) (02/01/15 to 02/13/15) (06/01/14 to 01/31/15)	Jodi Golden Vacant Marva Boyd
Information Services Administrator	(02/02/13 to current)	Lisa Garrett

**STATE OF ILLINOIS
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For the Year Ended June 30, 2016 and
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2016**

AGENCY OFFICIALS

Agency Office is located at:

300 William G. Stratton Building
401 South Spring Street
Springfield, Illinois 62706



Building a Better Illinois

Jodi Golden, Executive Director

BOARD MEMBERS

James Reilly
Chairman

April 7, 2017

Glyn M. Ramage

Adelfia LLC
400 East Randolph Street
Suite 705
Chicago, Illinois 60601

Miles W. Beatty, III

William A. Lowry, Sr.

Steve Orlando

Ladies and Gentlemen:

Pam McDonough

Jack V. Carney

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the State of Illinois, Illinois Capital Development Board (CDB). We are responsible for and we have established and maintained an effective system of, internal controls over compliance requirements. We have performed an evaluation of CDB's compliance with the following assertions during the two-year period ended June 30, 2016. Based on this evaluation, we assert that during the years ended June 30, 2015 and June 30, 2016, CDB has materially complied with the assertions below.

Wm. G. Stratton Building
401 South Spring Street
Third Floor
Springfield, Illinois
62706-4050

James R. Thompson Center
100 West Randolph Street
Suite 14-600
Chicago, Illinois
60601-3283

**Dunn-Richmond Economic
Development Center**
1740 Innovation Drive
Suite 258
Carbondale, IL
62903-6102

**IDOT District 3
Headquarters**
700 East Norris Drive
Second Floor
Ottawa, Illinois
61350-0697

**East St. Louis
Community College Center**
601 James R. Thompson Blvd.
Building B., Suite 1025
E. St. Louis, Illinois
62201-1129

- A. CDB has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. CDB has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. CDB has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by CDB are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by CDB on behalf of the State or held in trust by CDB have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,

Illinois Capital Development Board

217.782.2864
217.524.0565 FAX
217.524.4449 TDD
www.illinois.gov/cdb

SIGNED ORIGINAL ON FILE

Ms. Jodi Golden
Executive Director

SIGNED ORIGINAL ON FILE

Mr. Gevan Behnke
Chief Fiscal Officer

SIGNED ORIGINAL ON FILE

Ms. Amy Romano
Chief Legal Counsel

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
FINANCIAL AUDIT
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COMPLIANCE REPORT

SUMMARY

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

ACCOUNTANT’S REPORTS

The Independent Accountant’s Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>Current</u>	<u>Prior</u>
Findings	Report	Report
Findings	6	7
Repeated findings	4	5
Prior recommendations implemented or not repeated	3	4

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)			
2016-001	12	Inadequate Controls over Revenue and Receipts	Noncompliance and Significant Deficiency

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COMPLIANCE REPORT

SCHEDULE OF FINDINGS (CONTINUED)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE) (CONTINUED)			
2016-002	14	Failure to Publish Required Procurement Information Timely	Noncompliance and Significant Deficiency
2016-003	16	Vehicles Not Properly Maintained	Noncompliance and Significant Deficiency
2016-004	18	Performance Evaluations Not Completed	Noncompliance and Significant Deficiency
2016-005	20	Inaccurate Gross Pay	Noncompliance and Significant Deficiency
2016-006	22	Untimely Approval and Payment of Vouchers	Noncompliance and Significant Deficiency
PRIOR FINDINGS NOT REPEATED			
A	24	Inadequate Controls Over Property and Equipment	
B	24	Inaccurate Calculation of Specialized Skill Payroll	
C	24	Failure to File Required Affidavits with the Auditor General for Single Prime Construction Projects	

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COMPLIANCE REPORT

EXIT CONFERENCE

The Capital Development Board opted not to have an exit conference during the financial audit for the year ended June 30, 2016 and compliance examination for the two years ended June 30, 2016. The responses to the recommendations were provided by Paula Sorensen, Assistant Fiscal Officer, in a letter dated March 23, 2017.



INDEPENDENT ACCOUNTANT’S REPORT ON STATE COMPLIANCE
AND ON INTERNAL CONTROL OVER COMPLIANCE

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Board Members
Capital Development Board

Compliance

As Special Assistant Auditors for the Auditor General, we have examined the State of Illinois, Capital Development Board’s compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2016. The management of the State of Illinois, Capital Development Board is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Capital Development Board’s compliance based on our examination.

- A. The State of Illinois, Capital Development Board has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.

- B. The State of Illinois, Capital Development Board has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.

- C. The State of Illinois, Capital Development Board has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. The State revenues and receipts collected by the State of Illinois, Capital Development Board are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the State of Illinois, Capital Development Board on behalf of the State or held in trust by the State of Illinois, Capital Development Board have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the State of Illinois, Capital Development Board's compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the State of Illinois, Capital Development Board's compliance with specified requirements.

In our opinion, the State of Illinois, Capital Development Board complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2016. However, the results of our procedures disclosed instances of noncompliance with the requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings as items 2016-001 through 2016-006.

Internal Control

Management of the State of Illinois, Capital Development Board is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the State of Illinois, Capital Development Board's internal control over compliance with the requirements listed in the first paragraph of this report to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois, Capital Development Board's

internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Capital Development Board's internal control over compliance.

A deficiency in an entity's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the requirements listed in the first paragraph of this report on a timely basis. *A material weakness in an entity's internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in an entity's internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance as described in the accompanying schedule of findings as items 2016-001 through 2016-006, that we considered to be significant deficiencies.

As required by the Audit Guide, immaterial findings excluded from this report have been reported in a separate letter to your office.

The State of Illinois, Capital Development Board's responses to the findings identified in our examination are described in the accompanying schedule of findings. We did not examine the State of Illinois, Capital Development Board's responses and, accordingly, we express no opinion on the responses.

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

SIGNED ORIGINAL ON FILE

Chicago, Illinois
April 7, 2017



INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Board Members
Capital Development Board

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 governmental activities, each major fund, and the aggregate remaining fund information of the State of Illinois, Capital Development Board, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise State of Illinois, Capital Development Board’s basic financial statements, and have issued our report thereon dated January 31, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the State of Illinois, Capital Development Board’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois, Capital Development Board’s internal control. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Capital Development 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 misstatements 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 entity'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. 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 State of Illinois, Capital Development Board'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 are 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 State of Illinois, Capital Development Board's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Illinois, Capital Development Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Chicago, Illinois
January 31, 2017

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF FINDINGS
FOR THE TWO YEARS ENDED JUNE 30, 2016**

CURRENT FINDINGS - STATE COMPLIANCE

2016-001. **FINDING** (Inadequate Controls over Revenue and Receipts)

The Capital Development Board (CDB) did not have adequate controls over its revenue and receipts.

During our review of 80 receipts totaling \$16,757,867, we noted the following:

- Receipts for six contract administration fees (CAF) were more than 3% of the contract amount and the excess totaled \$103,349.
- Four (5%) receipts totaling \$1,231,910 were deposited between one and three days late.

During our review of 5 refunds totaling \$281,427, we noted the following:

- Two (40%) refunds totaling \$88,660 were deposited between one and three days late.

The Capital Development Board Act (20 ILCS 3105/9.02a) states that CAF shall not exceed 3% of the contract amount.

The State Officers and Employees Money Disposition Act (Act) (30 ILCS 230/2(a)) requires each State agency to deposit into the State Treasury individual receipts or refunds exceeding \$10,000 in the same day received, an accumulation of receipts of \$10,000 or more within 24 hours, receipts valued between \$500 and \$10,000 within 48 hours, and cumulative receipts valued up to \$500 on the next first or fifteenth day of the month after receipt.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that funds, property and other assets be safeguarded against waste, loss, unauthorized use, and misappropriation. Effective internal controls should include procedures to ensure statutory requirements are followed and checks are timely deposited.

According to CDB management, the method for calculating the CAF was changed in January 2014. It is currently based on the actual contract amount at the time the Notice of Award is sent to the contractor, as opposed to the estimated contract amount prior to bid. The exceptions noted are due to timing in applying the new method. The late deposits were due to employee oversight.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF FINDINGS
FOR THE TWO YEARS ENDED JUNE 30, 2016**

CURRENT FINDINGS - STATE COMPLIANCE

2016-001. **FINDING** (Inadequate Controls over Revenue and Receipts) (Continued)

Failure to properly compute contract administration fees exposes CDB to possible claims by vendors. In addition, failure to deposit collections in a timely manner may result in lost interest revenue and increases the risk of misappropriation of funds. (Finding Code No. 2016-001, 2014-001, 12-2)

RECOMMENDATION

We recommend the CDB strengthen its controls over revenue and cash receipts to ensure fees are collected and deposited in accordance with State statutes. Deposits should also be made on a timely basis to maximize interest earned.

CDB RESPONSE

The Capital Development Board agrees with the finding and recommendation. CDB has changed the method for calculating the CAF to ensure compliance with the statutory limit. As noted above, the exceptions identified in this finding are due to timing in applying the new method. Also, CDB will continue to make every effort to ensure that deposits are made on a timely basis.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF FINDINGS
FOR THE TWO YEARS ENDED JUNE 30, 2016**

CURRENT FINDINGS - STATE COMPLIANCE

2016-002. **FINDING** (Failure to Publish Required Procurement Information Timely)

The Capital Development Board (CDB) did not fully comply with the Illinois Procurement Code's provisions for publishing procurement information in the Illinois Procurement Bulletin (the Bulletin).

Based on our review of procurement information on the CDB's website, we noted the annual Business Enterprise Program reports were not posted on the online electronic Bulletin within 10 business days after submission of the report to the Business Enterprise Council for Minorities, Females, and Persons with Disabilities (Council) during Fiscal Years 2016 and 2015. The reports were posted 71 to 107 days late.

The CDB is responsible for publishing its volumes of the Bulletin, which is available electronically. The Bulletin shall contain notices and other information required by the Illinois Procurement Code (the Code) or by rules promulgated under the Code to be published in the Bulletin (30 ILCS 500/15-1, 15-10).

The Code (30 ILCS 500/15-25 (c-5)) requires each purchasing agency to, with the assistance of the applicable chief procurement officer, post in the online electronic Bulletin a copy of its annual report of utilization of businesses owned by minorities, females, and persons with disabilities as submitted to the Council pursuant to Section 6(c) of the Business Enterprise for Minorities, Females, and Persons with Disabilities Act within 10 calendar days after its submission of its report to the Council.

CDB management stated that the reports were not posted in the CDB website until after the Council posted the reports to its own website.

Failure to comply with the Code's procurement information provisions reduces accountability and transparency of government decisions and results in noncompliance with statutory requirements. (Finding Code No. 2016-002, 2014-002, 12-3, 10-2, 08-2)

RECOMMENDATION

We recommend the CDB ensure required procurement information is published timely as required by the Code.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF FINDINGS
FOR THE TWO YEARS ENDED JUNE 30, 2016**

CURRENT FINDINGS - STATE COMPLIANCE

2016-003. **FINDING** (Vehicles Not Properly Maintained)

The Capital Development Board (CDB) did not properly maintain its motor vehicles.

During our review of maintenance records for ten State vehicles, we noted the following:

- Nine (90%) of the State vehicles tested were not brought in for the annual inspection as required by the Department of Central Management Services (DCMS) maintenance policy.
- Six (60%) of the State vehicles tested were not regularly brought in for periodic oil change at mileage or time interval required by DCMS. CDB records showed that vehicles were driven 299 to 10,673 miles more than allowed by the maintenance policy before the required oil change maintenance was performed.
- Six (60%) of the State vehicles tested were not brought in for tire rotation at the time interval required by DCMS. DCMS maintenance policy requires a tire rotation after every two oil changes.

The Illinois Administrative Code (Code) (44 Ill. Adm. Code 5040.400) states that all State-owned vehicles shall undergo regular service and/or repair in order to maintain the vehicles in road worthy, safe, operating condition and appropriate cosmetic condition and that the driver should check oil, coolant, and battery water levels regularly.

The Code (44 Ill. Adm. Code 5040.410) states that agencies shall have vehicles inspected by DCMS or an authorized vendor at least once per year or as required by law and shall maintain vehicles in accordance with the schedules provided by DCMS or with other schedules acceptable to DCMS that provide for proper care and maintenance of special use vehicles.

The DCMS vehicle maintenance policy states that the standard lube, oil, and filter change should be performed after passenger fleet vehicles 2002 and older are driven over 3,000 miles or 6 months, whichever comes first. The recommended interval policy for passenger fleet vehicles, model years 2003 and newer, is 5,000 miles or 6 months, whichever comes first.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF FINDINGS
FOR THE TWO YEARS ENDED JUNE 30, 2016**

CURRENT FINDINGS - STATE COMPLIANCE

2016-003. **FINDING** (Vehicles Not Properly Maintained) (Continued)

According to CDB management, every effort is made to ensure that regular maintenance is performed on State vehicles. However, there are instances when an employee has scheduled to use a fleet vehicle and the recommended interval for maintenance has been exceeded during the road trip. Also, in some instances, the traveling needs of the agency have made it difficult to coordinate scheduled maintenance or annual inspections with the DCMS garage.

Failure to perform regular maintenance on State vehicles could result in more significant expenditures related to the repair or replacement of vehicles. (Finding Code No. 2016-003)

RECOMMENDATION

We recommend the CDB ensure maintenance procedures are clearly understood and followed by all personnel responsible for the oversight of State vehicles.

CDB RESPONSE

The Capital Development Board agrees with the finding and recommendation. CDB will remind employees utilizing the State vehicles that the Illinois Administrative Code and DCMS has maintenance policies that CDB is required to follow. In addition, CDB will continue to make every effort to ensure that regular maintenance is performed on State vehicles.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF FINDINGS
FOR THE TWO YEARS ENDED JUNE 30, 2016**

CURRENT FINDINGS - STATE COMPLIANCE

2016-004. **FINDING** (Performance Evaluations Not Completed)

The Capital Development Board (CDB) did not timely complete employee performance evaluations.

During our review of 40 employee personnel files, we noted 10 performance evaluations were not current or timely, as follows:

- Four of 40 (10%) employees did not have a performance evaluation.
- Two of 40 (5%) employees tested either did not have a performance evaluation during and at the end of the probationary period, or within the previous twelve months.
- Three of 40 (8%) performance evaluations were submitted between 106 to 224 days after the last day of the employee's performance review period.
- One of 40 (3%) performance evaluations was for a performance period of two years and one month.

CDB Personnel Policies and Procedures Manual 16 requires evaluations to take place no less than every twelve months. For employees serving a six month probationary period, the supervisor must prepare and submit two evaluations to Personnel; one at the end of the third month of the employee's probationary period and another fifteen days before the conclusion of the probationary period. For employees serving a four month probationary period, the supervisor must prepare and submit to Personnel an evaluation form three and one half months after the commencement of the probationary period.

The Illinois Administrative Code (Code) (80 Ill. Adm. Code 302.270) requires performance records to include an evaluation of employee performance prepared by each agency with such evaluation performed not less often than annually. Further, the Code requires that for any employee serving a six month probationary period, the Agency shall prepare and submit to the Department of Central Management Services (DCMS) two evaluations, one at the end of the third month of the employee's probationary period and another 15 days before the conclusion thereof. For an employee serving a four month probationary period, the agency shall prepare and submit to DCMS an evaluation form three and one half months after the commencement of the probationary period. In addition, it is prudent business practice to complete performance evaluations on a regular and timely basis.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF FINDINGS
FOR THE TWO YEARS ENDED JUNE 30, 2016**

CURRENT FINDINGS - STATE COMPLIANCE

2016-004. **FINDING** (Performance Evaluations Not Completed) (Continued)

CDB management stated that delays were due to supervisors not responding timely to reminder notices sent by CDB Human Resources department during the monitoring process.

Employee performance evaluations are a systematic and uniform approach used for the development of employees and communication of performance expectations to employees. Without timely completion of an employee performance evaluation, the employee would not be provided with formal feedback or assessment of his or her performance and areas for improvements, and current year's performance goals and objectives may not be identified and communicated in a timely manner. Further, employee performance evaluations should serve as a foundation for salary adjustments, promotions, demotions, discharges, layoffs, recalls, or reinstatement decisions. (Finding Code No. 2016-004, 2014-004, 12-4, 10-3, 08-3, 06-6)

RECOMMENDATION

We recommend CDB management evaluate its procedures for monitoring performance evaluations to ensure performance appraisals are timely completed. Further, CDB should follow-up with supervisors to ensure compliance with these procedures.

CDB RESPONSE

The Capital Development Board agrees with the finding and recommendation. CDB has made vast improvements since the last compliance examination and CDB Human Resources Department will continue to send out monthly reminders along with follow-up reminders to ensure compliance with these procedures.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF FINDINGS
FOR THE TWO YEARS ENDED JUNE 30, 2016**

CURRENT FINDINGS - STATE COMPLIANCE

2016-005. **FINDING** (Inaccurate Gross Pay)

The Capital Development Board (CDB) processed inaccurate gross pay and did not have documentation to support notification of the error to the State Employees Retirement System (SERS).

During testing, the auditors noted the following:

- During our review of 40 employee personnel files, we noted two employees (5%) were not paid the correct gross pay. The employees were paid higher than the pay rate stated in the Gross Pay Rate Table for Fiscal Year 2015. These errors resulted in overpayments to the employees totaling \$9,536.

The Statewide Accounting Management System (SAMS) (Procedure 23.10.30) states, “Agencies are responsible for completing the payroll voucher each pay period and attesting to the employee’s rate of pay, gross earnings, deductions, net pay, and other required information on the voucher and file.” In addition, good internal controls require that CDB management review the payroll voucher for proper calculation and completion.

- In reviewing these two identified exceptions, the auditors noted CDB did not take appropriate corrective action. Specifically, the auditors noted only one of the two employees had entered into a repayment agreement so CDB could recoup the overpayment. Further, the auditors noted CDB did not maintain any documentation for and could not support that it had notified SERS about the overpayment so SERS could take appropriate action to correct the records.

SAMS (Procedure 23.20.60) states, “The agency is responsible for collecting the full amount of money that was erroneously paid to the employee.” In addition, SAMS (Procedure 23.20.60) states, “When a salary reversal involves a retirement system or a miscellaneous deduction code, such as credit unions, unions or associations, it is the agency’s responsibility to contact the respective organization immediately and notify them of the salary reversal in order to prevent withdrawal of the amount to be reversed.”

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires CDB establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF FINDINGS
FOR THE TWO YEARS ENDED JUNE 30, 2016**

CURRENT FINDINGS - STATE COMPLIANCE

2016-005. **FINDING** (Inaccurate Gross Pay) (Continued)

CDB management stated the inaccurate gross pay and failure to document reporting these errors to SERS was due to human error. Further, CDB management stated they made a decision to not recoup the overpayment for the one employee because that employee was identified as being incorrectly paid during the last engagement and had already entered into one repayment agreement to correct that error (see Finding 2014-006, *Inaccurate Calculation of Specialized Skill Payroll*, in CDB's *Financial Audit for the Year Ended June 30, 2014, and Compliance Examination for the Two Years Ended June 30, 2014*).

Accurate calculation of gross pay is critical for ensuring the integrity of payroll expenditures. Failure to ensure the accuracy of payroll vouchers and the prompt and proper correction of errors, including recouping any overpayments and properly notifying SERS, represents noncompliance with both the Fiscal Control and Internal Auditing Act and the Statewide Accounting Management System. (Finding Code No. 2016-005)

RECOMMENDATION

We recommend CDB process payroll accurately. In addition, we recommend CDB recoup all overpayments made to employees. Finally, we recommend CDB contact SERS so appropriate corrective action can be taken.

CDB RESPONSE

The Capital Development Board agrees with the finding and recommendation. CDB has hired a new HR Administrator and is taking steps to address the issues noted above.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF FINDINGS
FOR THE TWO YEARS ENDED JUNE 30, 2016**

CURRENT FINDINGS - STATE COMPLIANCE

2016-006. **FINDING** (Untimely Approval and Payment of Vouchers)

The Capital Development Board (CDB) did not timely process vouchers.

During our review of 355 voucher payments, totaling \$264,889,333, we noted the following:

- 30 (8%) vouchers totaling \$7,140,396 were approved for payment from 1 to 91 days late.
- 49 (14%) vouchers tested totaling \$269,768 were not stamped “received” by the requesting department. In these cases, invoice dates were used to determine timely approval and payment. Ten of these 49 vouchers totaling \$46,671 were approved from 1 to 118 days late. The remaining 39, vouchers totaling \$223,097, were approved for payment timely.

The Illinois Administrative Code (Code) (74 Ill. Adm. Code 900.70) requires CDB to review each vendor's invoice and either deny the bill in whole or in part, ask for more information necessary to review the bill, or approve the voucher in whole or in part within 30 days after the receipt of the bill.

The Code (74 Ill. Adm. Code 900.30) requires CDB to maintain written or electronic records reflecting the date or dates on which the proper bill was received and approval for payment of the bill was made.

According to CDB management, the exceptions noted above were due to lack of resources.

Late approval of vouchers and inadequate documentation of invoice receipt result in noncompliance with the Illinois Administrative Code and may result in unnecessary interest charges. (Finding Code No. 2016-006, 2014-005, 12-7, 10-7)

RECOMMENDATION

We recommend the CDB strengthen its controls over voucher processing to ensure documentation of invoice receipt and timely approval of vouchers.

CDB RESPONSE

The Capital Development Board agrees with the finding and recommendation. CDB continues to be cognizant of the requirements to process vouchers in a

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF FINDINGS
FOR THE TWO YEARS ENDED JUNE 30, 2016**

CURRENT FINDINGS - STATE COMPLIANCE

2016-006. **FINDING** (Untimely Approval and Payment of Vouchers) (Continued)

timely manner and will remind employees of the requirements to document invoice receipt date and approve vouchers in a timely manner.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF PRIOR FINDINGS NOT REPEATED
FOR THE TWO YEARS ENDED JUNE 30, 2016**

A. **FINDING** (Inadequate Controls over Property and Equipment)

In the prior examination, the Capital Development Board (CDB) did not have adequate controls over its property and equipment. CDB did not submit a complete inventory of equipment to the Department of Central Management Services; property and equipment records were not accurately maintained and updated; and one Quarterly Agency Report of State Property (C-15) was not properly completed.

During the current examination, our sample testing indicated the CDB improved its controls over property and equipment. (Finding Code No. 2014-003)

B. **FINDING** (Inaccurate Calculation of Specialized Skill Payroll)

In the prior examination, CDB did not process payroll accurately for employees who qualified for specialized skill pay.

During the current examination, our testing results showed that CDB processed payroll accurately for employees who qualified for specialized skill pay. (Finding Code No. 2014-006)

C. **FINDING** (Failure to File Required Affidavits with the Auditor General for Single Prime Construction Projects)

In the prior examination, the CDB did not file affidavits with the Auditor General as required by the Illinois Procurement Code.

During the current examination, on August 4, 2015, Public Act 099-0257 abolished the requirement to file affidavits with the Auditor General for Single Prime Construction Projects. (Finding Code No. 2014-007, 12-5)

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
FINANCIAL AUDIT
For the Year Ended June 30, 2016 and
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2016**

FINANCIAL STATEMENT REPORT

SUMMARY

The audit of the accompanying financial statements of the State of Illinois, Capital Development Board (CDB) was performed by Adelfia LLC.

Based on their audit, the auditors expressed an unmodified opinion on the Board's basic financial statements.



INDEPENDENT AUDITOR'S REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Board Members
Capital Development Board

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the State of Illinois, Capital Development Board, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the State of Illinois, Capital Development Board's basic 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 opinions 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 of 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 entity'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 entity'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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information for the State of Illinois, Capital Development Board, as of June 30, 2016, and the respective 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 of the State of Illinois, Capital Development Board are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, each major fund, and the aggregate remaining fund information of the State that is attributable to the transactions of the State of Illinois, Capital Development Board. 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 its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis and budgetary comparison information for the General Revenue Fund that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial

reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit for the year ended June 30, 2016 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Illinois, Capital Development Board's basic financial statements. The accompanying supplementary information for the year ended June 30, 2016, in the combining General Fund, individual nonmajor fund financial statements, and the State Compliance Schedules 1 through 23, and the Analysis of Operations Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information for the year ended June 30, 2016, in the combining and individual nonmajor fund financial statements and the State Compliance Schedules 1 through 23 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The accompanying supplementary information for the year ended June 30, 2016, in the combining and individual nonmajor fund financial statements and the State Compliance Schedules 1 through 23 has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information for the year ended June 30, 2016, in the combining and individual nonmajor fund financial statements and the State Compliance Schedules 1 through 23 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the State of Illinois, Capital Development Board's basic financial statements as of and for the year ended June 30, 2015 (not presented herein), and have issued our report thereon dated December 8, 2015, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. The accompanying supplementary information for the year ended June 30, 2015 in Schedules 2, 4, 6, 8, and 10 through 16 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2015 financial statements. The accompanying supplementary information for the year ended June 30, 2015 in Schedules 2, 4, 6, 8, and 10 through 16 has been subjected to the auditing procedures applied in the audit of the June 30, 2015 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information for the year ended June 30, 2015 in Schedules 2, 4, 6,

8, and 10 through 16 is fairly stated in all material respects in relation to the basic financial statements as a whole from which it has been derived.

The accompanying supplementary information in the Analysis of Operations Section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2017 on our consideration of the State of Illinois, Capital Development Board's internal control over financial reporting 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 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 State of Illinois, Capital Development Board's internal control over financial reporting and 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, agency management, and Board members of the State of Illinois, Capital Development Board, and is not intended to be and should not be used by anyone other than these specified parties.

SIGNED ORIGINAL ON FILE

Chicago, Illinois
January 31, 2017, except for State Compliance
Schedules 1 through 23 for which the date is
April 7, 2017

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
STATEMENT OF NET POSITION
JUNE 30, 2016
(Expressed in Thousands)**

	<u>Governmental Activities</u>
ASSETS	
Unexpended appropriations	\$ 15,190
Cash equity with State Treasurer	18,749
Cash and cash equivalents	5,939
Intergovernmental receivables, net	8,204
Other receivables, net	963
Due from other State funds	19,399
Capital assets not being depreciated	104,088
Capital assets being depreciated, net	151
TOTAL ASSETS	<u>172,683</u>
DEFERRED OUTFLOWS OF RESOURCES - PENSIONS	13,991
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>186,674</u>
LIABILITIES	
Accounts payable and accrued liabilities	35,685
Due to other State funds	1,192
Unearned revenue	1,976
Pension Liability	
Due subsequent to one year	73,493
Compensated Absences	
Due within one year	104
Due subsequent to one year	938
TOTAL LIABILITIES	<u>113,388</u>
DEFERRED INFLOWS OF RESOURCES - PENSIONS	4,121
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>117,509</u>
NET POSITION	
Invested in capital assets, net of related debt	104,239
Unrestricted net position	(35,074)
TOTAL NET POSITION	<u>\$ 69,165</u>

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

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016
(Expressed in Thousands)**

	Program Revenues			Net
FUNCTIONS/PROGRAMS GOVERNMENTAL ACTIVITIES	Charges for Services	Capital Grants and Contributions		(Expense) Revenue
Education	\$ 57,937			\$ 22,138
General government	29,478	\$ 33,385		(29,478)
Total governmental activities	46,690	-		(7,340)
Expenses	\$ 57,937			
	29,478	-		(29,478)
	87,415	33,385		(7,340)
GENERAL REVENUES				
Appropriations from State Resources			210,047	
Reappropriations to future year(s)			(73,887)	
Lapsed appropriations			(91,757)	
Net change in liabilities for reappropriated accounts			2,685	
TRANSFERS				
Receipts collected and transmitted to State Treasury				(311)
Capital transfers to other State Agencies				(16,298)
Total general revenues and transfers			30,479	
CHANGE IN NET POSITION				23,139
NET POSITION, JULY 1, 2015				46,026
NET POSITION, JUNE 30, 2016				\$ 69,165

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

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016
(Expressed in Thousands)**

	<u>General Fund</u>	<u>Nonmajor funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Unexpended appropriations	\$ -	\$ 15,190	\$ 15,190
Cash equity with State Treasurer	-	18,749	18,749
Cash and cash equivalents	-	5,939	5,939
Intergovernmental receivables, net	-	8,204	8,204
Other receivables, net	-	963	963
Due from other State funds	-	19,399	19,399
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 68,444</u>	<u>\$ 68,444</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued liabilities	\$ -	\$ 35,685	\$ 35,685
Due to other State funds	-	1,192	1,192
Unearned revenue	-	1,976	1,976
Total liabilities	<u>-</u>	<u>38,853</u>	<u>38,853</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	407	407
Total deferred inflows of resources	<u>-</u>	<u>407</u>	<u>407</u>
FUND BALANCES (DEFICITS)			
Restricted	-	13,373	13,373
Committed	-	15,811	15,811
Total fund balances	<u>-</u>	<u>29,184</u>	<u>29,184</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ -</u>	<u>\$ 68,444</u>	<u>\$ 68,444</u>

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

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
JUNE 30, 2016
(Expressed in Thousands)**

Total fund balances-governmental funds \$ 29,184

**Amounts reported for governmental activities in the
Statement of Net Position are different because:**

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 104,239

Deferred outflows of resources - Pensions 13,991

Deferred inflows of resources - Pensions (4,121)

Revenues in the Statement of Activities that do not provide current financial resources are deferred in the funds. 407

Some liabilities reported in the Statement of Net Assets do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds. These liabilities consist of:

Compensated Absences (1,042)

Pension Liability (73,493)

Net position of governmental activities \$ 69,165

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

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016
(Expressed in Thousands)**

	General Fund	Nonmajor funds	Total Governmental Funds
REVENUES			
Federal capital grants	\$ -	\$ 33,385	\$ 33,385
Licenses and fees	-	2,805	2,805
Other charges for services	-	44,999	44,999
Total revenues	-	81,189	81,189
EXPENDITURES			
Education	13,272	44,665	57,937
General government	613	25,087	25,700
Capital outlays	-	56,836	56,836
Total expenditures	13,885	126,588	140,473
DEFICIENCY OF REVENUES OVER EXPENDITURES	(13,885)	(45,399)	(59,284)
OTHER SOURCES (USES)			
Appropriations from State resources	100,624	109,423	210,047
Reappropriation to future year(s)	-	(73,887)	(73,887)
Lapsed appropriations	(86,739)	(5,018)	(91,757)
Receipts collected and transmitted to State Treasury	-	(311)	(311)
Net change in liabilities for reappropriated accounts	-	2,685	2,685
Total other sources	13,885	32,892	46,777
DEFICIENCY OF REVENUES AND OTHER OVER EXPENDITURES AND OTHER USES	-	(12,507)	(12,507)
FUND BALANCES, JULY 1, 2015	-	41,691	41,691
FUND BALANCES, JUNE 30, 2016	\$ -	\$ 29,184	\$ 29,184

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

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016
(Expressed in Thousands)**

Net change in fund balances \$ (12,507)

**Amounts reported for governmental activities in the Statement of
Activities are different because:**

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlays exceeded depreciation in the current period. 56,789

Some capital assets were transferred out to other State agencies and, therefore, were removed from fund balance without any corresponding proceeds. (16,298)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This amount represents the increase in unavailable revenue over the prior year. (1,114)

Loss from disposal of capital assets. This is the salvage value of capital assets, which were disposed of. -

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Below are such activities.

Pension Expense	3,880
Decrease in compensated absences obligation	149
	3,880

Change in net position of governmental activities **\$ 30,899**

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

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 - ORGANIZATION

The Capital Development Board (CDB) 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 CDB operates under a budget approved by the General Assembly in which resources primarily from the Capital Development Fund and the School Construction Fund are appropriated for the use of the CDB. Activities of the CDB are 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. All funds appropriated to the CDB and all other cash received are under the custody and control of the State Treasurer with the exception of locally held retainage accounts as authorized by State law.

The CDB's principal statutory functions and responsibilities are:

- To build or otherwise provide capital facilities and improvements for which money has been appropriated by the General Assembly.
- To conduct continuous studies into the costs of building or otherwise providing capital facilities.
- To conduct research for improvements in choice of materials and systems and in construction methods for reducing construction costs and operating and maintenance costs of capital expenditure plans.
- To review and recommend periodic revisions in establishing building and construction codes, to promote public safety, energy efficiency and economy, including the use of solar energy, and reduce construction costs and operating and maintenance costs of capital facilities.
- To advise State agencies and units of local government, on request, on any matter related to the purpose of CDB and to assist State agencies in the preparation of their annual long-range capital expenditure plans.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the CDB 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

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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

B. Basis of Presentation

The financial statements of the CDB are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, each major fund of the State of Illinois, and the aggregate remaining fund information of the State of Illinois that is attributable to the transactions of the CDB. 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.

The financial activities of the CDB, which consist only of governmental activities, are reported under the general government and education functions in the CAFR. A brief description of the CDB's government-wide and fund financial statements is as follows:

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Government-Wide Statements

The government-wide Statement of Net Position and Statement of Activities report the overall financial activity of the CDB. Eliminations have been made to minimize the double-counting of internal activities of the CDB.

The Statement of Net Position presents the assets and liabilities of the CDB's governmental activities with the difference being reported as Net Position. The assets and liabilities are presented in order of their relative liquidity by class of asset or liability with liabilities whose average maturities are greater than one year reported in two components - the amount due within one year and the amount due in more than one year.

The Statement of Activities presents a comparison between direct expenses and program revenues for the general government and education functions of the CDB's governmental activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the CDB's funds. The emphasis of fund financial statements is on major governmental fund, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The CDB administers the following major governmental fund (or portion thereof in the case of shared funds - see Note 2 (D)) of the State:

General Fund - This is the State's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The services which are administered by the CDB and accounted for in the general fund include, among others, general government and education.

The General Fund, as presented in these CDB's financial statements, is the portion of the State of Illinois General Revenue Fund financial resources obtained and used by the CDB and is included only to present the financial position and operations of the CDB in its entirety.

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The General Fund type includes the following fund:

School Infrastructure Fund (568) is a shared fund that is funded through the General Revenue Fund for the purpose of paying and discharging annually the principal and interest on bonded indebtedness for the construction of school improvements under the School Construction Law. Annual surplus in the fund is to be used for scheduled payments to the School Technology Revolving Fund, costs incurred by the State Board of Education and CDB to administer the programs under the School Construction Law, and to pay for grants due under the School Construction Law.

Nonmajor funds consist of Special Revenue and Capital Projects.

Special Revenue Funds - Transactions to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes pursuant to the Capital Development Board Revolving Fund Act, the Asbestos Abatement Act, the School Infrastructure Fund Act, and the Tobacco Settlement Recovery Fund are accounted for in the special revenue fund. All the special revenue funds in the report are held in the State Treasury and, except, Fund 170 CDB Special Projects which is nonappropriated, all are appropriated. The special revenue fund type includes the following funds:

CDB Special Projects Fund (170) is a non-shared fund that accounts for the receipts of grant funds from other State agencies and is governed by the Capital Development Board Act.

CDB Revolving Fund (215) is a non-shared fund that accounts for a three (3) percent contract administration fee assessed on most CDB contracts in order to fund the internal operations of the CDB.

Asbestos Abatement Fund (224) is a shared fund that accounts for recoveries from lawsuits filed by the Attorney General for the State and CDB to use for statewide asbestos survey programs.

Capital Projects Funds - Transactions related to resources obtained and used for the acquisition or construction of major capital facilities, including those provided to political subdivisions and other public organizations, are accounted for in capital projects funds. Such resources are derived principally from proceeds of general obligation bond issues, federal grants, public school district contributions, and operating transfers from general funds of the State. All the capital projects funds in the report are held in the State Treasury with the exception of retention trust balances

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which are held in local bank accounts as retainage due to contractors. Capital expenditures from the capital projects funds, except Fund 617 CDB Contributory Trust Fund which is nonappropriated, are appropriated for projects extending beyond the current budget year. The capital projects fund type includes the following funds:

Capital Development Fund (141) is a shared fund that receives general obligation bond proceeds in order to build capital facilities for the State and is governed by the General Obligation Bond Act.

School Construction Fund (143) is a shared fund that receives general obligation bond proceeds in order to build elementary and secondary schools in the State and is governed by the General Obligation Bond Act.

CDB Contributory Trust Fund (617) is a non-shared fund that receives reimbursements from other State agencies for projects financed under various federal programs, public school district contributions, insurance proceeds, and settlements in order to build capital facilities in the State and is governed by the State Finance Act.

Build Illinois Bond Fund (971) is a shared fund that receives Build Illinois Bond proceeds in order to build capital facilities for State universities and local units of government in the State and is governed by the Build Illinois Bond Act.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions in which the CDB gives (or receives) value without receiving (or giving) equal value in exchange include intergovernmental grants. Revenue from grants, entitlements, and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

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 the liability is incurred, as under accrual accounting. However, (1) principal and interest on formal debt issues, such as bonds and capital leases, are recorded only when

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payment is due and (2) compensated absences and claims and judgments are recorded when they are expected to be liquidated with expendable available financial resources. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Significant revenue sources which are susceptible to accrual include fees, charges for services, and intergovernmental grants. All other revenue sources are considered to be measurable and available when cash is received.

D. Shared Fund Presentation

The financial statement presentation for the General Revenue Fund, Capital Development Fund, School Construction Fund, Asbestos Abatement Fund, School Infrastructure Fund, and Build Illinois Bond Fund represents only the portion of certain shared funds that can be directly attributed to the operations of the CDB. Financial statements for total fund operations of the shared State funds are presented in the CAFR.

In presenting these financial statements, certain unique accounts are used for the presentation of shared funds. The following accounts are used in these financial statements to present the CDB's portion of shared funds:

Unexpended Appropriations

This "asset" account represents lapse period warrants issued between July and August annually in accordance with the Statewide Accounting Management System (SAMS) records plus any liabilities relating to obligations reappropriated to the subsequent fiscal year.

Appropriations from State Resources

This "other financing source" account represents the final legally adopted appropriation according to SAMS records. The amounts reported are net of any reappropriations to subsequent years and the difference between current and prior year liabilities for reappropriated accounts.

Reappropriation to Future Year(s)

This contra revenue account reduces current year appropriations by the amount of the reappropriation to reflect the State's realignment of the budgetary needs to the subsequent year and avoid double counting of a portion of the appropriation in more than one fiscal year.

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Lapsed Appropriations

Lapsed appropriations are the legally adopted appropriations less net warrants issued for the 14 month period from July to August of the following year and reappropriations to subsequent years according to SAMS records.

Receipts Collected and Transmitted to State Treasury

This “other financing use” account represents all cash receipts received during the fiscal year from SAMS records.

Net Change in Liabilities for Reappropriated Accounts

This account reflects the amount which should be added to or subtracted from the current year appropriation for shared funds to reflect the increase or decrease from prior year to current year for amounts included in obligations for reappropriated accounts which are liabilities at June 30 of the prior year and June 30 of the current year.

E. Eliminations

Eliminations have been made in the government-wide Statement of Net Position to minimize the “grossing-up” effect on assets and liabilities within the governmental activities column of the CDB. As a result, amounts reported in the governmental funds balance sheet as interdepartmental interfund receivables and payables have been eliminated in the government-wide Statement of Net Position.

F. Cash Equity with State Treasurer

Cash equity with State Treasurer consists of deposits held in the State Treasury.

G. Cash and Cash Equivalents

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 principally of cash held in local bank accounts as retainage due to contractors.

H. Interfund Transactions and Transactions with State of Illinois Component Units

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

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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 Sheet or the government-wide Statements of Net Position.

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.

The CDB also has activity with various component units of the State of Illinois for capital programs appropriated by the General Assembly.

I. Capital Assets

Capital assets, which include construction in progress and equipment, are reported at cost. Contributed assets are reported at estimated fair value at the time received. Capital assets are depreciated using the straight-line method. Construction in progress is capitalized as project costs are incurred and is transferred to the administering State agency upon substantial completion.

Capitalization thresholds and the estimated useful lives are as follows:

<u>Capital Asset Category</u>	<u>Capitalization Threshold</u>	<u>Estimated Useful Life (In Years)</u>
Construction in progress	\$ 25,000	N/A
Equipment	5,000	3-25

J. Compensated Absences

The liability for compensated absences reported in the government-wide Statement of Net Position consists of unpaid, accumulated vacation and sick leave balances for CDB employees. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected

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to become eligible in the future to receive such payments upon termination are included. The liability has been calculated based on the employees' current salary level and includes salary related costs (e.g., Social Security and Medicare taxes).

Legislation that became effective January 1, 1998 capped the paid sick leave for all State Employees' Retirement System (SERS) members at December 31, 1997. Employees continue to accrue twelve sick days per year, but will not receive monetary compensation for any additional time earned after December 31, 1997. Sick days earned between 1984 and December 31, 1997 (with a 50 percent cash value) would only be used after all days with no cash value are depleted. Any sick days earned and unused after December 31, 1997 will be converted to service time for purposes of calculating employee pension benefits.

K. Pensions

In accordance with CDB adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, the net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense have been recognized in the government-wide financial statements.

The net pension liability is calculated as the difference between the actuarially calculated value of the projected benefit payments attributed to past periods of service and the plans' fiduciary net position. The total pension expense is comprised of the service cost or actuarial present value of projected benefit payments attributed to the valuation year, interest on the total pension liability, plan administrative expenses, current year benefit changes, and other changes in plan fiduciary net position less employee contributions and projected earnings on plan investments. Additionally, the total pension expense includes the annual recognition of outflows and inflows of resources due to pension assets and liabilities.

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources, pension expense and expenditures associated with CDB's contribution requirements, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported within the separately issued plan financial statements. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with terms of the plan. Investments are reported at fair value.

L. Governmental Fund Balances

In the fund financial statements, governmental funds report fund balances in the following categories:

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Nonspendable - This consists of amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact. There were no nonspendable fund balances as of June 30, 2016.

Restricted - This consists of amounts that are restricted to specific purposes, that is, when constraints placed on the use of resources are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation. The Capital Development Fund (141) and Build Illinois Bond Fund (971) comprise the restricted fund balances as of June 30, 2016.

Committed - This consists of amounts with self-imposed constraints or limitations that have been placed at the highest level of decision making. The following funds comprise committed fund balances as of June 30, 2016: CDB Special Projects Fund (170), CDB Revolving Fund (215), Asbestos Abatement Fund (224), School Infrastructure Fund (568), Capital Development Fund (141), School Construction Fund (143), CDB Contributory Trust Fund (617) and Build Illinois Bond Fund (971). These funds are restricted through enabling legislations but have been subject to fund sweeps in previous years and therefore are classified as committed. These committed funds cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - This consists of net amounts that are constrained by the CDB's intent to be used for specific purposes, but that are neither restricted nor committed. There were no assigned fund balances as of June 30, 2016.

Unassigned - This consists of amounts that are available financial resources and are not designated for a specific purpose. There were no unassigned fund balances as of June 30, 2016.

M. Net Position

In the government-wide financial statements, equity is displayed in the components as follows:

Invested in Capital Assets, Net of Related Debt - This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, mortgages, notes, or

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other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The CDB has no capital related debt as of June 30, 2016.

Restricted - This consists of Net Position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the CDB's policy to use restricted funds first, then unrestricted resources when they are needed. There was no restricted Net Position as of June 30, 2016.

Unrestricted - This consists of Net Position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

N. 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.

O. Adoption of Governmental Accounting Standards Board (GASB) Statements

Effective for the year ending June 30, 2016, CDB adopted GASB Statement No. 72, *Fair Value Measurement and Application*, which addresses accounting and financial reporting issues related to fair value measurements. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. There was no significant impact on CDB's financial statements as a result of adopting this Statement.

Effective for the year ending June 30, 2016, CDB adopted GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements will improve financial reporting by (1) raising the category of GASB

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Implementation Guides in the GAAP hierarchy, (2) emphasizing the importance of analogies to authoritative literature and (3) requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in nonauthoritative literature. There was no significant impact on CDB's financial statements as a result of adopting this Statement.

Effective for the year ending June 30, 2016, CDB adopted GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement establishes specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria will provide qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. The Statement also establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. There was no significant impact on CDB's financial statements as a result of adopting this Statement.

P. Future Adoption of Governmental Accounting Standards Board (GASB) Pronouncements

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*, will be effective for CDB with its year ending June 30, 2017. The requirements of this Statement extend the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, will be effective for CDB with its year ending June 30, 2017. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This Statement establishes reporting requirements for the Plan. The scope of the Statement includes OPEB plans – defined benefit and defined contribution – administered through trusts that meet specific criteria. This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria.

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GASB Statement No. 77, *Tax Abatement Disclosures*, will be effective for CDB with its year ending June 30, 2017. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statements users.

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, will be effective for CDB with its year ending June 30, 2017. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan).

GASB Statement No. 80, *Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14*, will be effective for CDB with its year ending June 30, 2017. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member.

GASB Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*, will be effective for CDB with its year ending June 30, 2017. Prior to this Statement, Statements 67 and 68 required presentation of covered-employee payroll, which is the payroll of employees that are provided with pensions through the pension plan, and ratios that use that measure, in schedules of required supplementary information. This Statement amends Statements 67 and 68 to instead require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective for CDB with its year ending June 30, 2018. This Statement replaces Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount

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projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, will be effective for CDB with its year ending June 30, 2018. This Statement requires that a government that receives pursuant to an irrevocable split-interest agreement, created through a trust, recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interest in irrevocable split-interest agreements that are administered to a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

Management has not determined the total impact this Statement may have on its financial statements.

NOTE 3 - DEPOSITS AND INVESTMENTS

The State Treasurer is the custodian of the State's deposit and investments for funds maintained in the State Treasury. Section 2 of the Public Funds Investment Act limits the State's investments, both inside and outside the State Treasury, to securities of the U.S. government or its agencies, short-term obligations of domestic corporations exceeding \$500 million in assets that are rated in the three highest categories by at least two nationally recognized statistical ratings organizations not to exceed ten percent of the domestic corporation's outstanding obligations, money market mutual funds invested in the U.S. government and/or its agencies, and repurchase agreements securities of the U.S. government or money market mutual funds invested in the U.S. government or its agencies. The CDB independently manages cash and cash equivalents maintained outside the State Treasury that are held in trust agreements for the retention of a percentage of construction contract prices.

Cash on deposit for locally held funds has a carrying amount and bank balance of \$5.939 million at June 30, 2016. Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. Prior to July 1, 2007, CDB did not have a deposit policy for custodial credit risk. Retention accounts opened subsequent to June 30, 2007 are required to be insured or fully collateralized. Of the total bank balance, \$0 was exposed to custodial credit risk as uninsured with collateral held by the pledging financial institutions in the State's name, and \$4.117 million was exposed to custodial credit risk as uninsured with collateral held by the pledging financial institution's trust department not in the State's name.

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Deposits in the custody of the State Treasurer, or in transit, totaled \$18.749 million at June 30, 2016. These deposits 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 CDB does not own individual securities. Details on the nature of these deposits and investments are available within the CAFR.

NOTE 4 - INTERFUND BALANCES AND ACTIVITIES

A. Due from Other State Funds

The following balance (amount expressed in thousands) at June 30, 2016 represents amounts due from other CDB and State of Illinois funds:

<u>Fund</u>	<u>Due From Other State Funds</u>	<u>Description/Purpose</u>
Nonmajor governmental funds	\$ 19,399	Due from nonmajor governmental funds for capital project grants and contracts and for short-term borrowings.

B. Due to Other State Funds

The following balance (amount expressed in thousands) at June 30, 2016 represents amounts due to other CDB and State of Illinois funds:

<u>Fund</u>	<u>Due To Other State Funds</u>	<u>Description/Purpose</u>
Nonmajor governmental funds	\$ 1,192	Due to internal service funds of the State for purchases of services and goods, reimbursements of capital grant to outside entities and for costs incurred, and overpayment of construction costs.

NOTE 5 - LOANS RECEIVABLE

Loans receivable in the General Fund are comprised of \$14,968 (amount expressed in thousands) receivable from the Illinois International Port District (Port District).

The loan agreement between the Port District and CDB requires payments to CDB based on percentages of Port District income or gross receipts, as defined in the agreement. As to the status of collections, the Port District's gross receipts, as defined by the loan agreement, have been insufficient to cause any payments to be made to CDB. While the loan agreement is not technically in default, the ultimate collectibility of the receivable is dependent upon the

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achievement of sufficient gross receipts levels, as defined; accordingly, CDB has reserved the entire remaining amount of the Port District receivable as uncollectible as of June 30, 2016.

Should the Port District ultimately default on this obligation, no future or present cash outlay by CDB or the State would be required as the receivables represent previous outlays.

NOTE 6 - CAPITAL ASSETS

Capital asset activities (amounts expressed in thousands) for the year ended June 30, 2016 were as follows:

	Balance July 1, 2015	Additions	Deletions	Net Transfers	Balance June 30, 2016
Governmental activities:					
Capital assets not being depreciated:					
Construction in progress	\$ 63,550	\$ 56,836	\$ -	(\$16,298)	\$ 104,088
Capital assets being depreciated:					
Equipment	412	-	12	-	400
Less accumulated depreciation	214	47	12	-	249
Capital assets being depreciated, net	198	(47)	-	-	151
Governmental activity capital assets, net	\$ 63,748	\$ 56,789	\$ -	(\$16,298)	\$ 104,239

Depreciation expense charged to governmental activities - general government totaled \$47 (amount expressed in thousands) for the year.

NOTE 7 - LONG-TERM OBLIGATIONS

Changes in long-term obligations (amounts expressed in thousands) for the year ended June 30, 2016 was as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Amount Due Within One Year
Governmental activities:					
Compensated absences	\$ 1,191	\$ 800	\$ 949	\$ 1,042	\$ 104

Compensated absences have been liquidated by the applicable governmental funds that account for the salaries and wages of the related employees.

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NOTE 8 – DEFINED BENEFIT PENSION PLAN

A. Plan Description

Substantially all of CDB’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 single-employer defined benefit pension trust fund in the State of Illinois reporting entity. SERS is governed by article 14 of the Illinois Pension Code (40 ILCS 5/1, et al.). The plan consists of two tiers of contribution requirements and benefit levels based on when an employee was hired. Members who first become an employee and participate under any of the State’s retirement plans on or after January 1, 2011 are members of Tier 2, while Tier 1 consists of employees hired before January 1, 2011 or those who have service credit prior to January 1, 2011. The provisions below apply to both Tier 1 and 2 members, except where noted. The SERS issues a separate CAFR available at www.srs.illinois.gov or that may be obtained by writing to the SERS, 2101 South Veterans Parkway, Springfield, Illinois, 62794-9255.

B. Benefit Provisions

SERS provides retirement benefits based on the member’s final average compensation and the number of years of credited service that have been established. The retirement benefit formula available to general State employees is 1.67% for each year of covered service and 2.2% for each year of noncovered service. The maximum retirement annuity payable is 75% of final average compensation as calculated under the regular formula. The minimum monthly retirement annuity payable is \$15.00 for each year of covered employment and \$25.00 for each year of noncovered employment.

Participants in SERS under the regular formula Tier 1 and Tier 2 receive the following levels of benefits based on the respective age and years of service credits.

Regular Formula Tier 1	Regular Formula Tier 2
<p>A member must have a minimum of eight years of service credit and may retire at:</p> <ul style="list-style-type: none"> • Age 60, with 8 years of service credit. • Any age, when the member’s age (years & whole months) plus years of service credit (years & whole months) equal 85 years (1,020 months) (Rule of 85) with eight years of credited service. 	<p>A member must have a minimum of 10 years of credited service and may retire at:</p> <ul style="list-style-type: none"> • Age 67, with 10 years of credited service. • Between ages 62-67 with 10 years of credited service (reduced 1/2 of 1% for each month under age 67). <p>The retirement benefit is based on final average compensation and credited service.</p>

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

<ul style="list-style-type: none"> • Between ages 55-60 with 25-30 years of service credit (reduced 1/2 of 1% for each month under age 60). <p>The retirement benefit is based on final average compensation and credited service. Final average compensation is the 48 highest consecutive months of service within the last 120 months of service.</p> <p>Under the Rule of 85, a member is eligible for the first 3% increase on January 1 following the first full year of retirement, even if the member is not age 60. If the member retires at age 60 or older, he/she will receive a 3% pension increase every year on January 1, following the first full year of retirement.</p> <p>If the member retires before age 60 with a reduced retirement benefit, he/she will receive a 3% pension increase every January 1 after the member turns age 60 and has been retired at least one full year. These pension increases are not limited by the 75% maximum.</p>	<p>For regular formula employees, final average compensation is the average of the 96 highest consecutive months of service within the last 120 months of service. The retirement benefit is calculated on a maximum salary of \$106,800. This amount increases annually by 3% or one-half of the Consumer Price Index, whichever is less.</p> <p>If the member retires at age 67 or older, he/she will receive a pension increase of 3% or one-half of the Consumer Price Index for the preceding calendar year, whichever is less, every year on January 1, following the first full year of retirement. The calendar year 2015 rate is \$111,572.</p> <p>If the member retires before age 67 with a reduced retirement benefit, he/she will receive a pension increase of 3% or one-half of the Consumer Price Index for the preceding calendar year, whichever is less, every January 1 after the member turns age 67 and has been retired at least one full year. These pension increases are not limited by the 75% maximum.</p>
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Additionally, the Plan provides an alternative retirement formula for State employees in high-risk jobs, such as State policemen, fire fighters, and security employees. Employees qualifying for benefits under the alternative formula may retire at an earlier age depending on membership in Tier 1 or Tier 2. The retirement formula is 2.5% for each year of covered service and 3.0% for each year of non-covered service. The maximum retirement annuity payable is 80% of final average compensation as calculated under the alternative formula.

SERS also provides occupational and nonoccupational (including temporary) disability benefits. To be eligible for nonoccupational (including temporary) disability benefits, an employee must have at least eighteen months of credited service to the System. The nonoccupational (including temporary) disability benefit is equal to 50% of the monthly rate of compensation of the employee on the date of removal from the payroll. Occupational disability benefits are provided when the member becomes disabled as a direct result of injuries or diseases arising out of and in the course of State employment. The monthly benefit is equal to 75% of the monthly rate of

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

compensation on the date of removal from the payroll. This benefit amount is reduced by Workers' Compensation or payments under the Occupational Diseases Act.

Occupational and nonoccupational death benefits are also available through the System. Certain nonoccupational death benefits vest after eighteen months of credited service. Occupational death benefits are provided from the date of employment.

C. Contributions

Contribution requirements of active employees and the State are established in accordance with Chapter 40, section 5/14-133 of the Illinois Compiled Statutes. Member contributions are based on fixed percentages of covered payroll ranging between 4.00% and 12.50%. Employee contributions are fully refundable, without interest, upon withdrawal from State employment. Tier 1 members contribute based on total annual compensation. Tier 2 members contribute based on an annual compensation rate not to exceed \$107 (amount expressed in thousands) with limitations for future years increased by the lesser of 3% or one-half of the annual percentage increase in the Consumer Price Index. For 2016, this amount was \$112 (amount expressed in thousands).

The State is required to make payment for the required departmental employer contributions, all allowances, annuities, any benefits granted under Chapter 40, Article 5/14 of the ILCS and all administrative expenses of the System to the extent specified in the ILCS. State law provides that the employer contribution rate be determined based upon the results of each annual actuarial valuation.

For fiscal year 2016, the required employer contributions were computed in accordance with the State's funding plan. This funding legislation provides for a systematic 50-year funding plan with an ultimate goal to achieve 90% funding of the plan's liabilities. In addition, the funding plan provided for a 15-year phase-in period to allow the State to adapt to the increased financial commitment. Since the 15-year phase-in period ended June 30, 2010, the State's contribution will remain at a level percentage of payroll for the next 35 years until the 90% funded level is achieved. For fiscal year 2016, the employer contribution rate was 45.598%. CDB's contribution amount for fiscal year 2016 was \$4,826.

D. Pension Liability, Deferred Outflows of Resources, Deferred Inflows of Resources and Expense Related to Pensions.

At June 30, 2016, CDB reported a liability of \$73,493 million for its proportionate share of the State's net pension liability for SERS on the statement of net position. The net pension liability was measured as of June 30, 2015 (current year measurement date), and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

that date. CDB's portion of the net pension liability was based on CDB's proportion of employer contributions relative to all employer contributions made to the plan during the year ended June 30, 2015. As of the current year measurement date of June 30, 2015, CDB's proportion was .2624%, which was an increase of .0069% from its proportion measured as of the prior year measurement date of June 30, 2014.

For the year ended June 30, 2016, CDB recognized pension expense of \$8,539 million. At June 30, 2016, CDB reported deferred outflows and deferred inflows of resources related to the pension liability from the following sources (amounts expressed in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 224	\$ 954
Changes of assumptions	5,392	-
Net difference between projected and actual investment earnings		
on pension plan investments	-	1,113
Changes in proportion	3,626	2,054
Department contributions subsequent to the measurement date	<u>4,749</u>	<u>-</u>
Total	<u>\$ 13,991</u>	<u>\$ 4,121</u>

\$13,991 reported as deferred outflows of resources related to pensions resulting from Department contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized as pension expense as follows (amounts expressed in thousands):

Year ended June 30,	
2017	\$ 2,142
2018	\$ 2,142
2019	\$ 899
2020	<u>\$ (64)</u>
Total	<u>\$ 5,119</u>

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CAPITAL DEVELOPMENT BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

E. Actuarial Methods and Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2015 and 2014, using the following actuarial assumptions, which were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013, applied to all periods included in the measurement:

Actuarial Cost Method: Entry Age Normal

Mortality: 105 percent of the RP2014 Healthy Annuitant mortality table, sex distinct, with rates projected to 2015.

Inflation: 3.0%

Investment Rate of Return: 7.25%

Salary increases: Salary increase rates based on age related productivity and merit rates plus inflation.

Post-retirement benefit increases of 3.00%, compounded, for Tier 1 and the lesser of 3.00% or one-half of the annual increase in the Consumer Price Index for Tier 2.

Retirement Age: Experience-based table of rates specific to the type of eligibility condition. Table was last updated for the June 30, 2014, valuation pursuant to an experience study of the period July 1, 2009 to June 30, 2013.

The long-term expected real rate of return on pension plan investments was determined based on the simulated average 10-year annualized geometric return for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. For each major asset class that is included in the pension plan's target asset allocation, calculated as of the measurement date of June 30, 2015, the best estimates of the geometric real rates of return are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	30%	5.69%
Fixed Income	20%	1.62%
Hedge Funds	10%	4.00%
International Equity	20%	6.23%
Real Estate	10%	5.50%
Infrastructure	5%	6.00%
Private Equity	5%	10.10%
Total	100%	5.03%

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

F. Discount Rate

A discount rate of 7.02% was used to measure the total pension liability as of the measurement date of June 30, 2015 as compared to a discount rate of 7.09% used to measure the total pension liability as of the prior year measurement date. This single blended discount rate was based on the expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.80%, based on an index of 20 year general obligation bonds with an average AA credit rating as published by the Federal Reserve. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions will be made based on the statutorily required rates under Illinois law. Based on these assumptions, the pension plan's fiduciary net position and future contributions will be sufficient to finance the benefit payments through the year 2067. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2067, and the municipal bond rate was applied to all benefit payments after that date.

G. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The net pension liability for the plan was calculated using the stated discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate as shown below (amounts expressed in thousands):

	1% Decrease 6.02%	Discount Rate 7.02%	1% Increase 8.02%
CDB's proportionate share of the net pension liability	\$ 88,474	\$ 73,493	\$ 61,059

Payables to the pension plan. At June 30, 2016, CDB reported a payable of \$2 to SERS for the outstanding amount of contributions to the pension plans required for the year ended June 30, 2016.

NOTE 9 - POST-EMPLOYMENT BENEFITS

The State provides health, dental, and life insurance benefits for certain retirees and their dependents in a program administered by the Department of Central Management Services. Substantially all State employees become eligible for post-employment benefits if they eventually become annuitants of one of the State sponsored pension plans. Health, dental, and vision benefits include basic benefits for annuitants under the State's self-insurance plan and insurance contracts currently in force. Annuitants may be required to contribute towards health,

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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. Annuitants also receive life insurance coverage equal to the annual salary of the last day of employment until age 60, at which time the benefit 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 expenditure by the State in the Illinois CAFR. 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 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 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, 62606-4100.

NOTE 10 - RISK MANAGEMENT

The CDB is exposed to various risks of loss related to torts; thefts 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).

The CDB's risk management activities for 2016 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 CDB and, accordingly, have not been reported in the CDB's financial statements for the year ended June 30, 2016. There have been no settlements that exceeded insurance coverage during the last three fiscal years.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

A. Operating Leases

The CDB leases equipment and office space under the terms of noncancelable operating lease agreements not extending past the end of the fiscal year, that require the CDB to make minimum lease payments plus pay a pro rata share of certain operation costs. Rent expense under operating leases was \$217 (amount expressed in thousands) for the year ended June 30, 2016.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

B. Construction Commitments

The CDB has outstanding construction projects for State and other facilities in which it has entered into future commitments. The amount of CDB's commitment which includes amounts related to projects for the State's component units was \$15.8 million at June 30, 2016.

Components of Construction in Progress

Project	As of June 30, 2016 (Expressed in Thousands)			
	Project Authorization	Expended Through June 30	Committed at June 30	Available Authorization
Chicago Veterans' Home - Cook County	\$70,625	\$15,874	\$50,201	\$4,550
Renovate & Upgrade Facility - IYC Joliet	17,000	13,819	2,711	470
Lincoln's Challenge Academy - Military Affairs Rantoul	39,665	19,507	17,554	2,604
Construct Army Aviation Support Facility-Kankakee	62,297	40,113	19,956	2,228
Others (less than \$10,000)	225,252	14,775	(60,383)	270,860
Total	\$414,839	\$104,088	\$30,039	\$280,712

C. Litigation

The CDB 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 additional matters is not expected to have a material effect on the financial position or results of operations of the CDB.

SUPPLEMENTARY INFORMATION

STATE OF ILLINOIS
 CAPITAL DEVELOPMENT BOARD
 COMBINING SCHEDULE OF ACCOUNTS
 GENERAL FUND
 JUNE 30, 2016
 (Expressed in Thousands)

	General Fund 001	School Infrastructure 568	Total (Memorandum Only)
ASSETS			
Unexpended appropriations	\$ -	\$ -	\$ -
TOTAL ASSETS	\$ -	\$ -	\$ -
LIABILITIES			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -
Due to other State funds	-	-	-
Total liabilities	-	-	-
FUND BALANCES			
Restricted	\$ -	\$ -	\$ -
Committed	-	-	-
Total fund balances	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ -	\$ -

STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016
 (Expressed in Thousands)

	General Fund 001	School Infrastructure 568	Total (Memorandum Only)
REVENUES			
Total revenues	\$ -	\$ -	\$ -
EXPENDITURES			
Education	-	13,272	13,272
General government	-	613	613
Total expenditures	-	13,885	13,885
DEFICIENCY OF REVENUES OVER EXPENDITURES	-	(13,885)	(13,885)
OTHER SOURCES (USES)			
Appropriations from State resources	-	100,624	100,624
Lapsed appropriations	-	(86,739)	(86,739)
Total other sources	-	13,885	13,885
DEFICIENCY OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	-	-	-
FUND BALANCES, JULY 1, 2015	-	-	-
FUND BALANCES, JUNE 30, 2016	\$ -	\$ -	\$ -

STATE OF ILLINOIS
 CAPITAL DEVELOPMENT BOARD
 COMBINING BALANCE SHEETS
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2016
 (Expressed in Thousands)

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total (Memorandum Only)</u>
ASSETS			
Unexpended appropriations	\$ -	\$ 15,190	\$ 15,190
Cash equity with State Treasurer	3,973	14,776	18,749
Cash and cash equivalents	-	5,939	5,939
Intergovernmental receivables, net	-	8,204	8,204
Other receivables, net	962	1	963
Due from other State funds	-	19,399	19,399
TOTAL ASSETS	<u>\$ 4,935</u>	<u>\$ 63,509</u>	<u>\$ 68,444</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 375	\$ 35,310	\$ 35,685
Due to other State funds	723	469	1,192
Unearned revenue	-	1,976	1,976
Total liabilities	<u>1,098</u>	<u>37,755</u>	<u>38,853</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	407	-	407
Total deferred inflows of resources	<u>407</u>	<u>-</u>	<u>407</u>
FUND BALANCES			
Restricted	\$ -	\$ 13,373	\$ 13,373
Committed	3,430	12,381	15,811
Total fund balances	<u>3,430</u>	<u>25,754</u>	<u>29,184</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 4,935</u>	<u>\$ 63,509</u>	<u>\$ 68,444</u>

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016
(Expressed in Thousands)**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total (Memorandum Only)</u>
REVENUES			
Federal capital grants	\$ -	\$ 33,385	\$ 33,385
Licenses and fees	2,805	-	2,805
Other charges for services	6,849	38,150	44,999
Total revenues	<u>9,654</u>	<u>71,535</u>	<u>81,189</u>
EXPENDITURES			
Education	1,308	43,357	44,665
General government	6,365	18,722	25,087
Capital outlays	5,530	51,306	56,836
Total expenditures	<u>13,203</u>	<u>113,385</u>	<u>126,588</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(3,549)	(41,850)	(45,399)
OTHER SOURCES (USES)			
Appropriations from State resources	-	109,423	109,423
Reappropriation to future year(s)	-	(73,887)	(73,887)
Lapsed appropriations	-	(5,018)	(5,018)
Receipts collected and transmitted to State Treasury	-	(311)	(311)
Net change in liabilities for reappropriated accounts	-	2,685	2,685
Total other sources	<u>-</u>	<u>32,892</u>	<u>32,892</u>
DEFICIENCY OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(3,549)	(8,958)	(12,507)
FUND BALANCES, JULY 1, 2015	<u>6,979</u>	<u>34,712</u>	<u>41,691</u>
FUND BALANCES, JUNE 30, 2016	<u>\$ 3,430</u>	<u>\$ 25,754</u>	<u>\$ 29,184</u>

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
COMBINING BALANCE SHEETS
SPECIAL REVENUE FUNDS
JUNE 30, 2016
(Expressed in Thousands)**

	CDB Special Projects Fund 170	CDB Revolving 215	Asbestos Abatement 224	Total (Memorandum Only)
ASSETS				
Cash equity with State Treasurer	\$ 634	\$ 3,339	\$ -	\$ 3,973
Other receivables, net	-	962	-	962
TOTAL ASSETS	\$ 634	\$ 4,301	\$ -	\$ 4,935
LIABILITIES				
Accounts payable and accrued liabilities	\$ 68	\$ 307	\$ -	\$ 375
Due to other State funds	555	168	-	723
Total liabilities	623	475	-	1,098
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	407	-	407
Total deferred inflows of resources	-	407	-	407
FUND BALANCES				
Committed	11	3,419	-	3,430
Total fund balances	11	3,419	-	3,430
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 634	\$ 4,301	\$ -	\$ 4,935

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016
(Expressed in Thousands)**

	CDB Special Projects Fund 170	CDB Revolving 215	Asbestos Abatement 224	Total (Memorandum Only)
REVENUES				
Licenses and fees	-	\$ 2,805	\$ -	\$ 2,805
Other charges for services	6,849	-	-	6,849
Total revenues	6,849	2,805	-	9,654
EXPENDITURES				
Education	1,308	-	-	1,308
General government	-	6,365	-	6,365
Capital outlays	5,530	-	-	5,530
Total expenditures	6,838	6,365	-	13,203
DEFICIENCY OF REVENUES OVER EXPENDITURES	11	(3,560)	-	(3,549)
OTHER SOURCES (USES)				
Appropriations from State resources	-	-	-	-
Total other sources	-	-	-	-
DEFICIENCY OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	11	(3,560)	-	(3,549)
FUND BALANCES, JULY 1, 2015	-	6,979	-	6,979
FUND BALANCES, JUNE 30, 2016	\$ 11	\$ 3,419	\$ -	\$ 3,430

STATE OF ILLINOIS
 CAPITAL DEVELOPMENT BOARD
 COMBINING BALANCE SHEETS
 CAPITAL PROJECTS FUNDS
 JUNE 30, 2016
 (Expressed in Thousands)

	Capital Development 141	School Construction 143	CDB			Total (Memorandum Only)
			Contributory Trust 617	Build Illinois Bond 971		
\$	14,562	\$ -	\$ -	\$ -	628	\$ 15,190
	-	-	14,775	1	-	14,776
	5,939	-	-	-	-	5,939
	-	-	8,204	-	-	8,204
	-	-	-	1	-	1
	13,371	-	6,028	-	-	19,399
TOTAL ASSETS	\$ 33,872	\$ -	\$ 29,007	\$ 630	\$ -	\$ 63,509

ASSETS

Unexpended appropriations
 Cash equity with State Treasurer
 Cash and cash equivalents
 Intergovernmental receivables, net
 Other receivables, net
 Due from other State funds

TOTAL ASSETS

LIABILITIES

Accounts payable and accrued liabilities
 Due to other State funds
 Unearned revenue

Total liabilities

FUND BALANCES

Restricted
 Committed

Total fund balances

TOTAL LIABILITIES AND FUND BALANCES

\$	20,172	\$ -	\$ 14,510	\$ 628	\$ -	\$ 35,310
	329	-	140	-	-	469
	-	-	1,976	-	-	1,976
Total liabilities	20,501	-	16,626	628	-	37,755
FUND BALANCES						
Restricted	13,371	\$ -	\$ -	\$ 2	\$ -	13,373
Committed	-	-	12,381	-	-	12,381
Total fund balances	13,371	-	12,381	2	-	25,754
TOTAL LIABILITIES AND FUND BALANCES	\$ 33,872	\$ -	\$ 29,007	\$ 630	\$ -	\$ 63,509

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2016
(Expressed in Thousands)**

	Capital Development 141	School Construction 143	CDB Contributory Trust 617	Build Illinois Bond 971	Total (Memorandum Only)
REVENUES					
Federal capital grants	\$ -	\$ -	\$ 33,385	\$ -	\$ 33,385
Other charges for services	-	-	38,148	2	38,150
Total revenues	-	-	71,533	2	71,535
EXPENDITURES					
Education	809	-	38,722	3,826	43,357
General government	17,436	-	1	1,285	18,722
Capital outlays	19,210	-	32,103	(7)	51,306
Total expenditures	37,455	-	70,826	5,104	113,385
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(37,455)	-	707	(5,102)	(41,850)
OTHER SOURCES (USES)					
Appropriations from State resources	109,423	-	-	-	109,423
Reappropriation to future year(s)	(73,887)	-	-	-	(73,887)
Lapsed appropriations	(5,018)	-	-	-	(5,018)
Receipts collected and transmitted to State Treasury	(306)	-	-	(5)	(311)
Net change in liabilities for reappropriated accounts	3,377	-	-	(692)	2,685
Total other sources (uses)	33,589	-	-	(697)	32,892
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES (USES) OVER EXPENDITURES	(3,866)	-	707	(5,799)	(8,958)
FUND BALANCES, JULY 1, 2015	17,237	-	11,674	5,801	34,712
FUND BALANCES, JUNE 30, 2016	\$ 13,371	\$ -	\$ 12,381	\$ 2	\$ 25,754

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
FINANCIAL AUDIT
For the Year Ended June 30, 2016 and
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2016**

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

Supplementary information for State Compliance Purposes presented in this section of the report includes the following:

- Fiscal Schedules and Analysis
 - Schedule of Appropriations, Expenditures, and Lapsed Balances - Administrative Activities
 - Schedules of Appropriations, Reappropriations, Expenditures, and Lapsed Balances - Total Activity by Fund
 - Schedules of Appropriations, Reappropriations, Expenditures, and Lapsed Balances - Construction Activities by Agency
 - Comparative Schedule of Net Appropriations, Expenditures, and Lapsed Balances - Administrative Activities
 - Comparative Schedule of Net Appropriations, Reappropriations, and Expenditures -Construction Activities by Fund
 - Schedule of Changes in State Property and Equipment
 - Comparative Schedule of Cash Receipts and Reconciliation Schedule of Cash Receipts to Deposits Remitted to the Comptroller
 - Summary of Operations
 - Administrative Expenditures
 - Explanation of Significant Variations in Expenditures
 - Explanation of Significant Variations in Receipts
 - Analysis of Significant Lapse Period Spending
 - Analysis of Significant Account Balances
 - Analysis of Loans and Various Accounts Receivable

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
FINANCIAL AUDIT
For the Year Ended June 30, 2016 and
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2016**

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY (Continued)

- Analysis of Operations (Unaudited)
 - Agency Functions and Planning Program (Unaudited)
 - Budget Impasse Disclosures (Unaudited)
 - Alternative Financing in Lieu of Appropriations and Programs to Address
Untimely Payments to Vendors (Unaudited)
 - Interest Costs on Fiscal Year 2016 Invoices (Unaudited)
 - Average Number of Employees (Unaudited)
 - Emergency Purchases (Unaudited)
 - Change Orders by Reason (Unaudited)
 - Performance Indicators (Unaudited)
 - Service Efforts and Accomplishments (Unaudited)

The accountant's report that covers the Supplementary Information for State Compliance Purposes, Schedules 1 through 23, presented in the Compliance Report Section states that it has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in the auditors' opinion, it is fairly stated in all material aspects in relation to the basic financial statements as a whole from which it has been derived. The accountant's report also states the Analysis of Operations section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, they do not express an opinion or provide any assurance on it.

SCHEDULE I

STATE OF ILLINOIS
 CAPITAL DEVELOPMENT BOARD
 SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
 ADMINISTRATIVE ACTIVITIES - CAPITAL DEVELOPMENT FUND - 141
 APPROPRIATIONS FOR FISCAL YEAR 2016

FOURTEEN MONTHS ENDED AUGUST 31, 2016

	Appropriations Net After Transfers	Expenditures Through June 30, 2016	Lapse Period		Balances Lapsed					
			Expenditures							
			July 1, 2016 Through August 31, 2016	Total Expenditures 14 Months Ended August 31, 2016						
	\$	7,824,900	\$	6,689,617	\$	3,777	\$	6,693,394	\$	1,131,506
Personal services		3,568,000		3,057,523		1,723		3,059,246		508,754
Employee retirement contributions		579,100		491,160		289		491,449		87,651
State contribution to Social Security		2,002,500		1,829,665		-		1,829,665		172,835
Group insurance		200,000		-		170,161		170,161		29,839
Contractual services		14,500		-		336		336		14,164
Commodities		71,500		-		67,010		67,010		4,490
Telecommunications		24,100		-		8,906		8,906		15,194
Operation of auto equipment		410,000		198,293		157,651		355,944		54,056
Operational expenses		1,500,000		-		-		-		1,500,000
Facilities conditions assessments and analysis		1,500,000		-		-		-		1,500,000
Project management tracking		1,500,000		-		-		-		1,500,000
TOTAL ADMINISTRATIVE ACTIVITIES		\$ 17,694,600		\$ 12,266,258		\$ 409,853		\$ 12,676,111		\$ 5,018,489

Note 1: Appropriations, expenditures, and lapsed balances were obtained from the State Comptroller records as of September 30, 2016, and have been reconciled to CDB records.

Note 2: Expenditure amounts are vouchers approved for payment by CDB and submitted to the State Comptroller for payment to the vendor.

Note 3: During Fiscal Year 2016, CDB operated without enacted appropriations until Public Act 99-0524 was signed into law on June 30, 2016. During the impasse, the Circuit Court of St. Clair County in *AFSCME Council 31 v. Munger* (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay." As such, CDB's court-ordered payroll payments were merged into the enacted appropriation within Fund 141, Fund 215, and Fund 568. Further, CDB incurred non-payroll obligations within Fund 141 and Fund 215, which CDB was unable to pay until the passage of Public Act 99-0524.

Note 4: Public Act 99-0524 authorizes CDB to pay Fiscal Year 2016 costs using Fiscal Year 2017 appropriations for non-payroll expenditures. CDB did not have any outstanding invoices for operations from Fiscal Year 2016 unpaid after the closure of the Fiscal Year 2016 Lapse Period on August 31, 2016. The Analysis of Operations section of the report at page 98 includes information from CDB management about the number and the total dollar amount of construction-related invoices held by CDB for Fiscal Year 2016.

Note 5: The Schedule of Appropriations, Expenditures, and Lapsed Balances - Administrative Activities - Capital Development Fund provides, for the Capital Development Fund, a detail of actual administrative expenditures directly attributable to the operations of the CDB only.

STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
ADMINISTRATIVE ACTIVITIES - CAPITAL DEVELOPMENT FUND - 141
APPROPRIATIONS FOR FISCAL YEAR 2015

FOURTEEN MONTHS ENDED AUGUST 31, 2015

	Appropriations Net After Transfers	Expenditures Through June 30, 2015	Lapse Period Expenditures		Balances Lapsed
			July 1, 2015 Through August 31, 2015	Total Expenditures	
PUBLIC ACT 98-0681					
For general office operations:					
Personal services	\$ 8,320,400	\$ 6,972,841	\$ 716	6,973,557	\$ 1,346,843
Employee retirement contributions	3,522,800	2,958,218	304	2,958,522	564,278
State contribution to Social Security	624,000	511,406	47	511,453	112,547
Group insurance	2,070,000	1,604,658	1,347	1,606,005	463,995
Contractual services	200,000	150,711	19,912	170,623	29,377
Commodities	14,500	14,489	-	14,489	11
Telecommunications	71,500	46,085	25,415	71,500	-
Operation of auto equipment	24,100	16,160	1,086	17,246	6,854
Operational expenses	400,000	308,614	47,342	355,956	44,044
Facilities conditions assessments and analysis	600,000	-	-	-	600,000
Project management tracking	500,000	-	-	-	500,000
TOTAL ADMINISTRATIVE ACTIVITIES	\$ 16,347,300	\$ 12,583,182	\$ 96,169	\$ 12,679,351	\$ 3,667,949

Note 1: The information reflected in this schedule was taken from the State Comptroller's records, which have been reconciled to CDB records.

Note 2: Expenditure amounts are vouchers approved for payment by CDB and submitted to the State Comptroller for payment to vendor.

Note 3: The Schedule of Appropriations, Expenditures, and Lapsed Balances - Administrative Activities - Capital Development Fund provides, for the Capital Development Fund, a detail of actual administrative expenditures directly attributable to the operations of the CDB only.

STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
ADMINISTRATIVE ACTIVITIES - CAPITAL DEVELOPMENT BOARD REVOLVING FUND - 215
APPROPRIATIONS FOR FISCAL YEAR 2016

FOURTEEN MONTHS ENDED AUGUST 31, 2016

	Appropriations Net After Transfers	Expenditures Through June 30, 2016	Lapse Period Expenditures		Balances Lapsed
			July 1, 2016 Through August 31, 2016	Total Expenditures	
PUBLIC ACT 99-0524 AND COURT-ORDERED EXPENDITURES					
For general office operations:					
Personal services	\$ 4,468,600	\$ 3,246,154	\$ -	\$ 3,246,154	\$ 1,222,446
Employee retirement contributions	2,037,600	1,482,614	-	1,482,614	554,986
State contribution to Social Security	330,700	238,992	-	238,992	91,708
Group insurance	1,125,000	875,031	-	875,031	249,969
Contractual services	282,500	-	194,144	194,144	88,356
Travel	157,700	-	70,995	70,995	86,705
Commodities	11,600	-	11,501	11,501	99
Printing	14,300	-	555	555	13,745
Equipment	10,000	-	2,815	2,815	7,185
Electronic data processing	285,200	-	135,581	135,581	149,619
Telecommunications	92,100	-	66,189	66,189	25,911
Operational expenses	317,000	39,489	3,462	42,951	274,049
TOTAL ADMINISTRATIVE ACTIVITIES	\$ 9,132,300	\$ 5,882,280	\$ 485,242	\$ 6,367,522	\$ 2,764,778

Note 1: Appropriations, expenditures, and lapsed balances were obtained from the State Comptroller records as of September 30, 2016, and have been reconciled to CDB records.

Note 2: Expenditure amounts are vouchers approved for payment by CDB and submitted to the State Comptroller for payment to the vendor.

Note 3: During Fiscal Year 2016, CDB operated without enacted appropriations until Public Act 99-0524 was signed into law on June 30, 2016. During the impasse, the Circuit Court of St. Clair County in *AFCME Council 31 v. Munger* (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay." As such, CDB's court-ordered payroll payments were merged into the enacted appropriation within Fund 141, Fund 215, and Fund 568. Further, CDB incurred non-payroll obligations within Fund 141 and Fund 215, which CDB was unable to pay until the passage of Public Act 99-0524.

Note 4: Public Act 99-0524 authorizes CDB to pay Fiscal Year 2016 costs using Fiscal Year 2017 appropriations for non-payroll expenditures. CDB did not have any outstanding invoices for operations from Fiscal Year 2016 unpaid after the closure of the Fiscal Year 2016 Lapse Period on August 31, 2016. The Analysis of Operations section of the report at page 98 includes information from CDB management about the number and the total dollar amount of construction-related invoices held by CDB for Fiscal Year 2016.

Note 5: The Schedule of Appropriations, Expenditures, and Lapsed Balances - Administrative Activities - Capital Development Board Revolving Fund provides, for the Capital Development Board Revolving Fund, a detail of actual administrative expenditures directly attributable to the operations of the CDB only.

STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
ADMINISTRATIVE ACTIVITIES - CAPITAL DEVELOPMENT BOARD REVOLVING FUND - 215
APPROPRIATIONS FOR FISCAL YEAR 2015

FOURTEEN MONTHS ENDED AUGUST 31, 2015

	Appropriations Net After Transfers	Expenditures Through June 30, 2015	Lapse Period Expenditures July 1, 2015 Through August 31, 2015	Total Expenditures	Balances Lapsed
PUBLIC ACT 98-0681					
For general office operations:					
Personal services	\$ 4,161,600	\$ 3,782,021	\$ 1,746	\$ 3,783,767	\$ 377,833
Employee retirement contributions	1,762,000	1,603,998	742	1,604,740	157,260
State contribution to Social Security	312,200	278,888	126	279,014	33,186
Group insurance	1,125,000	836,407	1,347	837,754	287,246
Contractual services	282,500	278,651	2,933	281,584	916
Travel	157,700	119,662	14,246	133,908	23,792
Commodities	11,400	7,957	1,591	9,548	1,852
Printing	14,500	12,457	-	12,457	2,043
Equipment	10,000	7,879	-	7,879	2,121
Electronic data processing	285,200	261,386	23,521	284,907	293
Telecommunications	92,100	91,072	368	91,440	660
Lump Sum and Other Purposes	750,000	-	-	-	750,000
Operational expenses	310,000	243,775	30,984	274,759	35,241
TOTAL ADMINISTRATIVE ACTIVITIES	\$ 9,274,200	\$ 7,524,153	\$ 77,604	\$ 7,601,757	\$ 1,672,443

Note 1: The information reflected in this schedule was taken from the State Comptroller's records, which have been reconciled to CDB records.

Note 2: Expenditure amounts are vouchers approved for payment by CDB and submitted to the State Comptroller for payment to vendor.

Note 3: The Schedule of Appropriations, Expenditures, and Lapsed Balances - Administrative Activities - Capital Development Board Revolving Fund provides, for the Capital Development Board Revolving Fund, a detail of actual administrative expenditures directly attributable to the operations of the CDB only.

SCHEDULE 5

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
ADMINISTRATIVE ACTIVITIES - SCHOOL INFRASTRUCTURE FUND - 568
APPROPRIATIONS FOR FISCAL YEAR 2016**

FOURTEEN MONTHS ENDED AUGUST 31, 2016

Appropriations Net After Transfers	Expenditures Through June 30, 2016	Lapse Period Expenditures July 1, 2016 Through August 31, 2016	Total Expenditures	Balances Lapsed
\$ 623,500	\$ 613,379	\$ -	\$ 613,379	\$ 10,121
\$ 623,500	\$ 613,379	\$ -	\$ 613,379	\$ 10,121

**PUBLIC ACT 99-0524 AND
COURT-ORDERED EXPENDITURES**

For general office operations:
Lump Sum, Operations

TOTAL ADMINISTRATIVE ACTIVITIES

Note 1: Appropriations, expenditures, and lapsed balances were obtained from the State Comptroller records as of September 30, 2016, and have been reconciled to CDB records.

Note 2: Expenditure amounts are vouchers approved for payment by CDB and submitted to the State Comptroller for payment to the vendor.

Note 3: During Fiscal Year 2016, CDB operated without enacted appropriations until Public Act 99-0524 was signed into law on June 30, 2016. During the impasse, the Circuit Court of St. Clair County in *AFSCME Council 31 v. Mungler* (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to “draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay.” As such, CDB’s court-ordered payroll payments were merged into the enacted appropriation within Fund 141, Fund 215, and Fund 568. Further, CDB incurred non-payroll obligations within Fund 141 and Fund 215, which CDB was unable to pay until the passage of Public Act 99-0524.

Note 4: Public Act 99-0524 authorizes CDB to pay Fiscal Year 2016 costs using Fiscal Year 2017 appropriations for non-payroll expenditures. CDB did not have any outstanding invoices for operations from Fiscal Year 2016 unpaid after the closure of the Fiscal Year 2016 Lapse Period on August 31, 2016. The Analysis of Operations section of the report at page 98 includes information from CDB management about the number and the total dollar amount of construction-related invoices held by CDB for Fiscal Year 2016.

Note 5: The Schedule of Appropriations, Expenditures, and Lapsed Balances - Administrative Activities - School Infrastructure Fund provides, for the School Infrastructure Fund, a detail of actual administrative expenditures directly attributable to the operations of the CDB only.

STATE OF ILLINOIS
 CAPITAL DEVELOPMENT BOARD
 SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
 ADMINISTRATIVE ACTIVITIES - SCHOOL INFRASTRUCTURE FUND - 568
 APPROPRIATIONS FOR FISCAL YEAR 2015

FOURTEEN MONTHS ENDED AUGUST 31, 2015

Appropriations Net After Transfers	Expenditures Through June 30, 2015	Lapse Period Expenditures		Balances Lapsed
		July 1, 2015 Through August 31, 2015	Total Expenditures	
\$ 600,000	\$ 585,806	\$ -	\$ 585,806	\$ 14,194
\$ 600,000	\$ 585,806	\$ -	\$ 585,806	\$ 14,194

PUBLIC ACT 98-0681

For general office operations:
 Lump Sum, Operations

TOTAL ADMINISTRATIVE ACTIVITIES

Note 1: The information reflected in this schedule was taken from the State Comptroller's records, which have been reconciled to CDB records.
 Note 2: Expenditure amounts are vouchers approved for payment by CDB and submitted to the State Comptroller for payment to vendor.
 Note 3: The Schedule of Appropriations, Expenditures, and Lapsed Balances - Administrative Activities - School Infrastructure Fund provides, for the School Infrastructure Fund, a detail of actual administrative expenditures directly attributable to the operations of the CDB only.

STATE OF ILLINOIS
 CAPITAL DEVELOPMENT BOARD
 SCHEDULE OF APPROPRIATIONS, REAPPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
 TOTAL ACTIVITY BY FUND
 EXPENDITURE AUTHORITY FOR FISCAL YEAR 2016

	Expenditure Authority (Net of Transfers)	Expenditures Through June 30, 2016	Lapse Period Expenditures		Total Expenditures	Balances Reappropriated July 1, 2016	Balances Lapsed
			July 1, 2016	Through August 31, 2016			
PUBLIC ACT 99-0524 AND COURT - ORDERED EXPENDITURES							
Administration - Appropriated Funds							
Capital Development Fund - 141	\$ 17,694,600	\$ 12,266,258	\$ 409,853	\$ 12,676,111	\$ -	\$ 5,018,489	
Capital Development Board							
Revolving Fund - 215	9,132,300	5,882,280	485,242	6,367,522	-	2,764,778	
School Infrastructure Fund - 568	623,500	613,379	-	613,379	-	10,121	
Total Administration - Appropriated Funds	27,450,400	18,761,917	895,095	19,657,012	-	7,793,388	
Construction - Appropriated Funds							
Capital Development Fund - 141	91,730,051	17,843,447	-	17,843,447	73,886,604	-	
Total Construction - Appropriated Funds	91,730,051	17,843,447	-	17,843,447	73,886,604	-	
TOTAL - ALL FUNDS	\$ 119,180,451	\$ 36,605,364	\$ 895,095	\$ 37,500,459	\$ 73,886,604	\$ 7,793,388	

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller records as of September 30, 2016, and have been reconciled to CDB records.

Note 2: Expenditure amounts are vouchers approved for payment by CDB and submitted to the State Comptroller for payment to vendor.

Note 3: The United States District Court for the Central District of Illinois in Rasha (07CV1298) required the Department of Corrections (IDOC) and by extension the CDB to construct a new mental health hospital for the Department of Corrections at the Stateville Correctional Center. As the Department never received enacted permanent improvement appropriations for this project from Fund 141, the CDB was able to submit vouchers to pay its costs in full without a maximum expenditure limit for permanent improvement costs related to this project during Fiscal Year 2016. Similarly, the same court required the IDOC and by extension the CDB to improve treatment for mentally ill offenders at the Department of Corrections, which includes repurposing the closed Illinois Youth Center - Joliet as a treatment center for mentally ill offenders. As the Department never received enacted permanent improvement appropriations for this project from Fund 141, the CDB was able to submit vouchers to pay its costs incurred for permanent improvement during Fiscal Year 2016 related to this project in full without a maximum expenditure limit.

Note 4: Balances lapsed represents lapsed appropriations to subsequent fiscal years for the CDB.

STATE OF ILLINOIS
 CAPITAL DEVELOPMENT BOARD
 SCHEDULE OF APPROPRIATIONS, REAPPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
 TOTAL ACTIVITY BY FUND
 APPROPRIATIONS FOR FISCAL YEAR 2015

	Appropriations Net of Transfers	Expenditures Through June 30, 2015	Lapse Period Expenditures July 1, 2015 Through August 31, 2015	Total Expenditures	Balances Reappropriated July 1, 2015	Balances Lapsed
PUBLIC ACT 98-0681						
Administration - Appropriated Funds						
Capital Development Fund - 141	\$ 16,347,300	\$ 12,583,182	\$ 96,169	\$ 12,679,351	\$ -	\$ 3,667,949
Capital Development Board	9,274,200	7,524,153	77,604	7,601,757	-	1,672,443
Revolving Fund - 215	600,000	585,806	-	585,806	-	14,194
School Infrastructure Fund - 568						
Total Administration - Appropriated Funds	26,221,500	20,693,141	173,773	20,866,914	-	5,354,586
Construction - Appropriated Funds						
Capital Development Fund - 141	1,737,151,218	224,576,237	25,004,438	249,580,675	3,654,638	1,483,915,905
School Construction Fund - 143	569,888,134	225,582,417	33,277,874	258,860,291	-	311,027,843
Asbestos Abatement Fund - 224	115,113	-	-	-	-	115,113
Build Illinois Bond Fund - 971	251,805,959	130,023,867	1,392,353	131,416,220	-	120,389,739
Total Construction - Appropriated Funds	2,558,960,424	580,182,521	59,674,665	639,857,186	3,654,638	1,915,448,600
TOTAL - ALL APPROPRIATED FUNDS	\$ 2,585,181,924	\$ 600,875,662	\$ 59,848,438	\$ 660,724,100	\$ 3,654,638	\$ 1,920,803,186

Note 1: The information reflected in this schedule was taken from the State Comptroller's records, which have been reconciled to CDB records.
 Note 2: Expenditure amounts are vouchers approved for payment by CDB and submitted to the State Comptroller for payment to vendor.
 Note 3: Balances lapsed represents lapsed appropriations less reappropriations to subsequent fiscal years for the CDB.

STATE OF ILLINOIS
 CAPITAL DEVELOPMENT BOARD
 SCHEDULE OF APPROPRIATIONS, REAPPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
 CONSTRUCTION ACTIVITIES BY AGENCY
 EXPENDITURE AUTHORITY FOR FISCAL YEAR 2016

Expenditure Authority	Reappropriations	Expenditures		Lapse Period Expenditures		Total Expenditures 14 Months Ended August 31, 2016	Balances Reappropriated July 1, 2016	Approximate Balance Lapsed August 31, 2016
		Through June 30, 2016	Through August 31, 2016	July 1, 2016 Through August 31, 2016	August 31, 2016			
PUBLIC ACT 99-0524 AND COURT-ORDERED EXPENDITURES								
Appropriated Funds:								
Department of Corrections	- \$	16,757,477 \$	- \$	16,757,477 \$	- \$	16,757,477 \$	71,317,936 \$	-
Mathematics and Science Academy	3,654,638	1,085,970	-	1,085,970	-	1,085,970	2,568,668	-
Total Construction - Appropriated Funds	3,654,638	17,843,447	-	17,843,447	-	17,843,447	73,886,604	-
Non-appropriated Funds:								
CDB Special Projects Fund - 170	-	6,958,079	-	6,958,079	-	6,958,079	-	-
School Infrastructure Fund -568	-	13,272,000	-	13,272,000	-	13,272,000	-	-
CDB Contributory Trust Fund - 617	-	64,296,906	-	64,296,906	-	64,296,906	-	-
Total Construction - Non-Appropriated Funds	-	84,526,985	-	84,526,985	-	84,526,985	-	-
TOTAL CONSTRUCTION ACTIVITIES BY AGENCY	\$ 88,075,413	\$ 102,370,432	\$ 3,654,638	\$ 102,370,432	\$ -	\$ 102,370,432	\$ 73,886,604	\$ -

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller records as of September 30, 2016, and have been reconciled to CDB records.

Note 2: Expenditure amounts are vouchers approved for payment by CDB and submitted to the State Comptroller for payment to vendor.

Note 3: The United States District Court for the Central District of Illinois in Rasho (07CV1298) required the Department of Corrections (IDOC) and by extension the CDB to construct a new mental health hospital for the Department of Corrections at the Stateville Correctional Center. As the Department never received enacted permanent improvement appropriations for this project from Fund 141, the CDB was able to submit vouchers to pay its costs in full without a maximum expenditure limit for permanent improvement costs related to this project during Fiscal Year 2016. Similarly, the same court required the IDOC and by extension the CDB to improve treatment for mentally ill offenders at the Department of Corrections, which includes repurposing the closed Illinois Youth Center - Joliet as a treatment center for mentally ill offenders. As the Department never received enacted permanent improvement appropriations for this project from Fund 141, the CDB was able to submit vouchers to pay its costs incurred for permanent improvement during Fiscal Year 2016 related to this project in full without a maximum expenditure limit.

Note 4: Balances lapsed represents lapsed appropriations less reappropriations to subsequent fiscal years for the CDB.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF APPROPRIATIONS, REAPPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
CONSTRUCTION ACTIVITIES BY AGENCY
APPROPRIATIONS FOR FISCAL YEAR 2015**

	Appropriations	Reappropriations	Expenditures Through June 30, 2015	Lapse Period Expenditures July 1, 2015 Through August 31, 2015	Total Expenditures 14 Months Ended August 31, 2015	Balances Reappropriated July 1, 2015	Approximate Balance Lapsed August 31, 2015
PUBLIC ACT 98-0681							
Appropriated Funds:							
Capital Development Board	\$ -	\$ 416,250,260	\$ 68,887,616	\$ 3,187,993	\$ 72,075,609	\$ -	\$ 344,174,651
Department of Central Management Services	-	14,123,682	1,799,973	115,348	1,915,321	-	12,208,361
Department of Agriculture	-	2,115,285	400,442	-	400,442	-	1,714,843
Chicago State University	-	51,643,125	10,712,088	1,698,946	12,411,034	-	39,232,091
Eastern Illinois University	-	10,010,423	537,809	3,558	541,367	-	9,469,056
Governor's State University	-	4,549,254	2,599,584	26,550	2,626,134	-	1,923,120
Northeastern Illinois University	-	84,425,388	2,272,123	441,653	2,713,776	-	81,711,612
Department of Natural Resources	-	15,227,631	2,270,422	-	2,270,422	-	12,957,209
Department of Juvenile Justice	-	1,798,044	7,821	-	7,821	-	1,790,223
Department of Corrections	-	242,084,045	20,128,480	2,897,319	23,025,799	-	219,058,246
Western Illinois University	-	85,159,768	10,547,482	255,127	10,802,609	-	74,357,159
Secretary of State	-	2,915,000	2,158,931	-	2,158,931	-	756,069
Illinois State University	-	61,630,004	1,195,429	467,361	1,662,790	-	59,967,214
Attorney General	-	874,924	1,818	-	1,818	-	873,106
Historic Preservation	-	8,565,326	370,179	4,466	374,645	-	8,190,681
Department of Human Services	-	57,433,116	4,892,410	519,212	5,411,622	-	52,021,494
Northern Illinois University	-	37,837,830	9,142,650	1,529,913	10,672,563	-	27,165,267
Board of Higher Education	-	139,111,047	100,000,000	-	100,000,000	-	39,111,047
Mental Health	-	342,226	27,796	-	27,796	-	314,430
Southern Illinois University	-	46,542,752	13,568,477	2,823,726	16,392,203	-	30,150,549
Department of Military Affairs	-	44,560,153	13,816,281	3,705,058	17,521,339	-	27,038,814
Mathematics and Science Academy	-	9,633,123	5,978,485	-	5,978,485	3,654,638	-
Medical District	-	860,688	-	-	-	-	860,688
University of Illinois	-	169,825,411	20,986,562	4,184,033	25,170,595	-	144,654,816
Department of Public Health	-	160,356	-	-	-	-	160,356
Illinois Community College Board	-	381,414,004	43,535,164	1,303,493	44,838,657	-	336,575,347
Illinois State Board of Education	-	3,418,647	-	-	-	-	3,418,647
Department of Revenue	-	8,453,647	753,583	538,598	1,292,181	-	7,161,466
Department of State Police	-	17,801,272	4,523,850	94,409	4,618,259	-	13,183,013
Supreme Court	-	3,604,416	2,773,257	127,519	2,900,776	-	703,640
Department of Veteran's Affairs	-	66,586,330	10,711,392	2,472,509	13,183,901	-	53,402,429
School Construction Program	-	569,888,134	225,582,417	33,277,874	258,860,291	-	311,027,843
Asbestos Abatement	-	115,113	-	-	-	-	115,113
Total Construction - Appropriated Funds	-	2,558,960,424	580,182,521	59,674,665	639,857,186	3,654,638	1,915,448,600

STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF APPROPRIATIONS, REAPPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
CONSTRUCTION ACTIVITIES BY AGENCY
APPROPRIATIONS FOR FISCAL YEAR 2015

	Appropriations	Reappropriations	Lapse Period Expenditures		Total Expenditures 14 Months Ended August 31, 2015	Balances Reappropriated July 1, 2015	Approximate Balance Lapsed August 31, 2015
			Expenditures Through June 30, 2015	Expenditures July 1, 2015 Through August 31, 2015			
Non-appropriated Funds:							
CDB Special Projects Fund - 170	-	-	1,321,934	-	1,321,934	-	-
School Infrastructure Fund - 568	-	-	13,272,000	-	13,272,000	-	-
CDB Contributory Trust Fund - 617	-	-	38,503,340	14,427	38,517,767	-	-
Total Construction - Non-Appropriated Funds	-	-	53,097,274	14,427	53,111,701	-	-
TOTAL CONSTRUCTION ACTIVITIES BY AGENCY	\$ -	\$ 2,558,960,424	\$ 633,279,795	\$ 59,689,092	\$ 692,968,887	\$ 3,654,638	\$ 1,915,448,600

Note 1: The information reflected in this schedule was taken from the State Comptroller's records, which have been reconciled to CDB records.

Note 2: Expenditure amounts are vouchers approved for payment by CDB and submitted to the State Comptroller for payment to vendor.

Note 3: Balances lapsed represents lapsed appropriations less reappropriations to subsequent fiscal years for the CDB.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES, AND LAPSED BALANCES
ADMINISTRATIVE ACTIVITIES - CAPITAL DEVELOPMENT FUND - 141
FOR THE FISCAL YEARS ENDED JUNE 30, 2016, 2015, AND 2014**

	Fiscal Year		
	2016 PA 99-0524 AND COURT- ORDERED EXPENDITURES	2015 PA 98-0681	2014 PA 98-0050
APPROPRIATIONS (Net After Transfers)	\$ 17,694,600	\$ 16,347,300	\$ 13,686,700
EXPENDITURES			
Personal services	6,693,394	6,973,557	6,508,385
Employee retirement contributions	3,059,246	2,958,522	2,629,242
State contribution to Social Security	491,449	511,453	477,698
Group insurance	1,829,665	1,606,005	1,586,164
Contractual services	170,161	170,623	177,675
Commodities	336	14,489	14,283
Telecommunications	67,010	71,500	71,428
Operation of auto equipment	8,906	17,246	16,431
Operational expenses	355,944	355,956	318,950
Total expenditures	12,676,111	12,679,351	11,800,256
LAPSED BALANCES	<u>\$ 5,018,489</u>	<u>\$ 3,667,949</u>	<u>\$ 1,886,444</u>

- Note 1: The information reflected in this schedule was taken from the State Comptroller's records, as of September 30, 2016 and August 31, 2016, which have been reconciled to CDB records.
- Note 2: Expenditure amounts are vouchers approved for payment by CDB and submitted to the State Comptroller for payment to the vendor.
- Note 3: During Fiscal Year 2016, CDB operated without enacted appropriations until Public Act 99-0524 was signed into law on June 30, 2016. During the impasse, the Circuit Court of St. Clair County in *AFSCME Council 31 v. Munger* (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay." As such, CDB's court-ordered payroll payments were merged into the enacted appropriation within Fund 141, Fund 215, and Fund 568. Further, CDB incurred non-payroll obligations within Fund 141 and Fund 215, which CDB was unable to pay until the passage of Public Act 99-0524.
- Note 4: Public Act 99-0524 authorizes CDB to pay Fiscal Year 2016 costs using Fiscal Year 2017 appropriations for non-payroll expenditures. CDB did not have any outstanding invoices for operations from Fiscal Year 2016 unpaid after the closure of the Fiscal Year 2016 Lapse Period on August 31, 2016. The Analysis of Operations section of the report at page 98 includes information from CDB management about the number and the total dollar amount of construction-related invoices held by CDB for Fiscal Year 2016.
- Note 5: The Schedule of Appropriations, Expenditures, and Lapsed Balances - Administrative Activities - Capital Development Fund provides, for the Capital Development Fund, a detail of actual administrative expenditures directly attributable to the operations of the CDB only.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES, AND LAPSED BALANCES
ADMINISTRATIVE ACTIVITIES - CAPITAL DEVELOPMENT BOARD REVOLVING FUND - 215
FOR THE FISCAL YEARS ENDED JUNE 30, 2016, 2015, AND 2014**

	Fiscal Year		
	2016	2015	2014
	PA 99-0524		
	AND COURT-		
	ORDERED		
	EXPENDITURES	PA 98-0681	PA 98-0050
APPROPRIATIONS (Net After Transfers)	\$ 9,132,300	\$ 9,274,200	\$ 9,468,600
EXPENDITURES			
Personal services	3,246,154	3,783,767	4,039,925
Employee retirement contributions	1,482,614	1,604,740	1,630,082
State contribution to Social Security	238,992	279,014	296,699
Group insurance	875,031	837,754	992,866
Contractual services	194,144	281,584	223,850
Travel	70,995	133,908	157,676
Commodities	11,501	9,548	11,354
Printing	555	12,457	13,688
Equipment	2,815	7,879	9,480
Electronic data processing	135,581	284,907	225,906
Telecommunications	66,189	91,440	91,453
Operational expenses	42,951	274,759	280,169
Total expenditures	<u>6,367,522</u>	<u>7,601,757</u>	<u>7,973,148</u>
LAPSED BALANCES	<u>\$ 2,764,778</u>	<u>\$ 1,672,443</u>	<u>\$ 1,495,452</u>

Note 1: The information reflected in this schedule was taken from the State Comptroller's records, as of September 30, 2016 and August 31, 2016, which have been reconciled to CDB records.

Note 2: Expenditure amounts are vouchers approved for payment by CDB and submitted to the State Comptroller for payment to the vendor.

Note 3: During Fiscal Year 2016, CDB operated without enacted appropriations until Public Act 99-0524 was signed into law on June 30, 2016. During the impasse, the Circuit Court of St. Clair County in *AFSCME Council 31 v. Munger* (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay." As such, CDB's court-ordered payroll payments were merged into the enacted appropriation within Fund 141, Fund 215, and Fund 568. Further, CDB incurred non-payroll obligations within Fund 141 and Fund 215, which CDB was unable to pay until the passage of Public Act 99-0524.

Note 4: Public Act 99-0524 authorizes CDB to pay Fiscal Year 2016 costs using Fiscal Year 2017 appropriations for non-payroll expenditures. CDB did not have any outstanding invoices for operations from Fiscal Year 2016 unpaid after the closure of the Fiscal Year 2016 Lapse Period on August 31, 2016. The Analysis of Operations section of the report at page 98 includes information from CDB management about the number and the total dollar amount of construction-related invoices held by CDB for Fiscal Year 2016.

Note 5: The Schedule of Appropriations, Expenditures, and Lapsed Balances - Administrative Activities - Capital Development Board Revolving Fund provides, for the Capital Development Board Revolving Fund, a detail of actual administrative expenditures directly attributable to the operations of the CDB only.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES, AND LAPSED BALANCES
ADMINISTRATIVE ACTIVITIES - SCHOOL INFRASTRUCTURE FUND - 568
FOR THE FISCAL YEARS ENDED JUNE 30, 2016, 2015, AND 2014**

	Fiscal Year		
	2016	2015	2014
	PA 99-0524 AND COURT- ORDERED EXPENDITURES		
	PA 98-0681	PA 98-0050	
APPROPRIATIONS (Net After Transfers)	\$ 623,500	\$ 600,000	\$ 600,000
EXPENDITURES			
Lump Sum, Operations	613,379	585,806	571,088
Total Expenditures	613,379	585,806	571,088
LAPSED BALANCES	\$ 10,121	\$ 14,194	\$ 28,912

- Note 1: The information reflected in this schedule was taken from the State Comptroller's records, as of September 30, 2016 and August 31, 2016, which have been reconciled to CDB records.
- Note 2: Expenditure amounts are vouchers approved for payment by CDB and submitted to the State Comptroller for payment to the vendor.
- Note 3: During Fiscal Year 2016, CDB operated without enacted appropriations until Public Act 99-0524 was signed into law on June 30, 2016. During the impasse, the Circuit Court of St. Clair County in *AFSCME Council 31 v. Munger* (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay." As such, CDB's court-ordered payroll payments were merged into the enacted appropriation within Fund 141, Fund 215, and Fund 568. Further, CDB incurred non-payroll obligations within Fund 141 and Fund 215, which CDB was unable to pay until the passage of Public Act 99-0524.
- Note 4: Public Act 99-0524 authorizes CDB to pay Fiscal Year 2016 costs using Fiscal Year 2017 appropriations for non-payroll expenditures. CDB did not have any outstanding invoices for operations from Fiscal Year 2016 unpaid after the closure of the Fiscal Year 2016 Lapse Period on August 31, 2016. The Analysis of Operations section of the report at page 98 includes information from CDB management about the number and the total dollar amount of construction-related invoices held by CDB for Fiscal Year 2016.
- Note 5: The Schedule of Appropriations, Expenditures, and Lapsed Balances - Administrative Activities - School Infrastructure Fund provides, for the School Infrastructure Fund, a detail of actual administrative expenditures directly attributable to the operations of the CDB only.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
REAPPROPRIATIONS, AND EXPENDITURES
CONSTRUCTION ACTIVITIES BY FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2016, 2015, AND 2014**

	Fiscal Year		
	2016 PA 99-0524 AND COURT- ORDERED EXPENDITURES	2015 PA 98-0681	2014 PA 98-0050
CAPITAL DEVELOPMENT FUND - 141			
Appropriations and Reappropriations	\$ 91,730,051	\$ 1,737,151,218	\$ 1,953,895,389
Expenditures	\$ 17,843,447	\$ 249,580,675	\$ 216,716,799
SCHOOL CONSTRUCTION FUND - 143			
Appropriations and Reappropriations	\$ -	\$ 569,888,134	\$ 864,333,705
Expenditures	\$ -	\$ 258,860,291	\$ 294,445,568
CDB SPECIAL PROJECTS FUND - 170			
Appropriations and Reappropriations	\$ -	\$ -	\$ -
Expenditures	\$ 6,958,079	\$ 1,321,934	\$ 3,502,573
ASBESTOS ABATEMENT FUND - 224			
Appropriations and Reappropriations	\$ -	\$ 115,113	\$ 118,675
Expenditures	\$ -	\$ -	\$ 3,562
SCHOOL INFRASTRUCTURE FUND - 568			
Appropriations and Reappropriations	\$ -	\$ -	\$ -
Expenditures	\$ 13,272,000	\$ 13,272,000	\$ 31,672,000
CAPITAL DEVELOPMENT BOARD CONTRIBUTORY TRUST FUND - 617			
Appropriations and Reappropriations	\$ -	\$ -	\$ -
Expenditures	\$ 64,296,906	\$ 38,517,767	\$ 36,532,221
BUILD ILLINOIS BOND FUND - 971			
Appropriations and Reappropriations	\$ -	\$ 251,805,959	\$ 354,643,815
Expenditures	\$ -	\$ 131,416,220	\$ 102,837,854
TOTAL			
Appropriations and Reappropriations	\$ 91,730,051	\$ 2,558,960,424	\$ 3,172,991,584
Expenditures	\$ 102,370,432	\$ 692,968,887	\$ 685,710,577

Note 1: The information reflected in this schedule was taken from the State Comptroller's records, as of September 30, 2016 and August 31, 2016, which have been reconciled to CDB records.

Note 2: Expenditure amounts are vouchers approved for payment by CDB and submitted to the State Comptroller for payment to vendor.

Note 3: The United States District Court for the Central District of Illinois in Rasha (07CV1298) required the Department of Corrections (IDOC) and by extension the CDB to construct a new mental health hospital for the Department of Corrections at the Stateville Correctional Center. As the Department never received enacted permanent improvement appropriations for this project from Fund 141, the CDB was able to submit vouchers to pay its costs in full without a maximum expenditure limit for permanent improvement costs related to this project during Fiscal Year 2016. Similarly, the same court required the IDOC and by extension the CDB to improve treatment for mentally ill offenders at the Department of Corrections, which includes repurposing the closed Illinois Youth Center - Joliet as a treatment center for mentally ill offenders. As the Department never received enacted permanent improvement appropriations for this project from Fund 141, the CDB was able to submit vouchers to pay its costs in full without a maximum expenditure limit for permanent improvement costs related to this project during Fiscal Year 2016.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF CHANGES IN STATE PROPERTY AND EQUIPMENT
FOR THE FISCAL YEARS ENDED JUNE 30, 2016, 2015, AND 2014**

	Equipment	Capital Lease	Construction in Progress	Total
BALANCE, JULY 1, 2014	\$ 1,180,299	\$ 11,618	\$ 66,534,150	\$ 67,726,067
Additions	213,505	-	117,782,646	117,996,151
Deletions and transfers	(37,449)	-	(139,545,602)	(139,583,051)
BALANCE, JUNE 30, 2015	1,356,355	11,618	44,771,194	46,139,167
Additions	-	-	62,845,139	62,845,139
Deletions and transfers	(20,690)	-	(16,297,167)	(16,317,857)
BALANCE, JUNE 30, 2016	<u>\$ 1,335,665</u>	<u>\$ 11,618</u>	<u>\$ 91,319,166</u>	<u>\$ 92,666,449</u>

Note 1: The information reflected in this schedule was taken from CDB's records and reconciled to property reports (C-15 Agency Report of State Property) submitted to the State Comptroller.

Note 2: Transfers from construction in progress represent the transfer of costs incurred for capital projects to the agencies for which the capital projects were undertaken.

Note 3: This summary schedule was prepared using State property records required by the Illinois Administrative Code. The capitalization policy in the Code is different than the capitalization policy established by the State Comptroller for financial reporting in accordance with generally accepted accounting principles.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
COMPARATIVE SCHEDULE OF CASH RECEIPTS AND
RECONCILIATION SCHEDULE OF CASH RECEIPTS TO
DEPOSITS REMITTED TO THE COMPTROLLER
FOR THE YEARS ENDED JUNE 30, 2016, 2015 AND 2014**

Fund/Receipt Source	2016	2015	2014
GENERAL REVENUE FUND - 001			
Miscellaneous	\$ 195	\$ 542	\$ 17
Total cash receipts per Agency	195	542	17
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Total cash receipts per State Comptroller's Records	<u>\$ 195</u>	<u>\$ 542</u>	<u>\$ 17</u>
CAPITAL DEVELOPMENT FUND - 141			
Prior Year Refund	\$ -	\$ -	\$ -
Total cash receipts per Agency	-	-	-
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Other reconciling items (a)	306,373	87,232	841,433
Total cash receipts per State Comptroller's Records	<u>\$ 306,373</u>	<u>\$ 87,232</u>	<u>\$ 841,433</u>
SCHOOL CONSTRUCTION FUND - 143			
Prior Year Refund	\$ -	\$ -	\$ -
Total cash receipts per Agency	-	-	-
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Other reconciling items (a)	-	-	77,922
Total cash receipts per State Comptroller's Records	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,922</u>
CDB SPECIAL PROJECTS FUND - 170			
Commerce and Economic Opportunity	\$ 945,395	\$ 15,000	\$ 4,300,000
Total cash receipts per Agency	945,395	15,000	4,300,000
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Total cash receipts per State Comptroller's Records	<u>\$ 945,395</u>	<u>\$ 15,000</u>	<u>\$ 4,300,000</u>
CAPITAL DEVELOPMENT BOARD REVOLVING FUND - 215			
Attorney General - Contract Administration	\$ -	\$ 250,000	\$ -
Contract Administration Fees	2,900,612	10,950,207	5,937,716
Total cash receipts per Agency	2,900,612	11,200,207	5,937,716
Less - In transit at End of Year	10,100	10,200	918,700
Plus - In transit at Beginning of Year	10,200	918,700	119,500
Plus - Other reconciling items (a)	52	894	15,005
Total cash receipts per State Comptroller's Records	<u>\$ 2,900,764</u>	<u>\$ 12,109,601</u>	<u>\$ 5,153,521</u>

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
COMPARATIVE SCHEDULE OF CASH RECEIPTS AND
RECONCILIATION SCHEDULE OF CASH RECEIPTS TO
DEPOSITS REMITTED TO THE COMPTROLLER
FOR THE YEARS ENDED JUNE 30, 2016, 2015 AND 2014**

Fund/Receipt Source	2016	2015	2014
CAPITAL DEVELOPMENT BOARD			
CONTRIBUTORY TRUST FUND - 617			
Junior Colleges	\$ 34,852,868	\$ 15,216,495	\$ 16,573,952
Federal monies via other Illinois State agencies	30,671,748	22,516,192	30,555,243
Damage claim recovery	516,880	159,751	525,000
Federal stimulus package	-	208,224	416,793
Miscellaneous	169,828	-	50
Total cash receipts per Agency	66,211,324	38,100,662	48,071,038
Less - In transit at End of Year	-	183,394	641,020
Plus - In transit at Beginning of Year	183,394	641,020	-
Plus - Other reconciling items (a)	96,537	-	-
Total cash receipts per State Comptroller's Records	<u>\$ 66,491,255</u>	<u>\$ 38,558,288</u>	<u>\$ 47,430,018</u>
BUILD ILLINOIS BOND FUND - 971			
Prior Year Refund	\$ -	\$ -	\$ -
Total cash receipts per Agency	-	-	-
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Plus - Other reconciling items (a)	4,550	-	-
Total cash receipts per State Comptroller's Records	<u>\$ 4,550</u>	<u>\$ -</u>	<u>\$ -</u>
GRAND TOTAL - ALL FUNDS			
Total cash receipts per Agency	\$ 70,057,526	\$ 49,316,411	\$ 58,308,771
Less - In transit at End of Year	10,100	193,594	1,559,720
Plus - In transit at Beginning of Year	193,594	1,559,720	119,500
Plus - Other reconciling items (a)	407,512	88,126	934,360
Total cash receipts per State Comptroller's Records - All Funds	<u>\$ 70,648,532</u>	<u>\$ 50,770,663</u>	<u>\$ 57,802,911</u>

Note: The information reflected in this schedule was taken from CDB's records and reconciled to the State Comptroller's records.

(a) The other reconciling items are refunds for overpayments that are related to prior year expenditures.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
For the Two Years Ended June 30, 2016**

SUMMARY OF OPERATIONS

The General Assembly appropriated \$91,730,051 in fiscal year (FY) 2016 and \$2,558,960,424 in FY 2015 to the Capital Development Board (CDB) to address the permanent improvement needs of Illinois' citizens and other State agencies. These funds and other funds appropriated to other State agencies for projects administered by CDB were used to finance the ongoing construction of approximately 1,105 projects in FY 2016 and 1,196 projects in FY 2015. Of these projects in process, 71 were brought to completion during FY 2016 and 135 were brought to completion in FY 2015.

CDB awarded 102 contractor contracts and 23 professional contracts in FY 2016. In FY 2015, 354 contractor contracts and 70 professional contracts were awarded. Total funds obligated by these awards were \$67,354,086 and \$447,369,032 in FY 2016 and FY 2015, respectively.

Overall, projects activity resulted in the processing of 1,359 project vouchers in FY 2016 and 3,797 project vouchers in FY 2015, for a total of \$102,370,432 and \$692,968,887, respectively. Included are non-appropriated construction project expenditures of \$84,526,985 and \$53,111,701 in FY 2016 and FY 2015, respectively. This includes user agency funds of \$25,537,795 and \$29,167,191 that were expended in FY 2016 and FY 2015, respectively.

SCHEDULE 18

ADMINISTRATIVE EXPENDITURES

The following is a comparison of administrative expenditures and project expenditures for the fiscal years under audit (dollars in thousands):

	<u>2016</u>		<u>2015</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Appropriated:				
Administrative	\$ 19,657	16	\$ 20,867	3
Project	<u>17,843</u>	15	<u>639,857</u>	90
Total appropriated expenditures	37,500		660,724	
Nonappropriated:				
Project	<u>84,527</u>	<u>69</u>	<u>53,112</u>	<u>7</u>
Total expenditures	<u>\$ 122,027</u>	<u>100</u>	<u>\$ 713,836</u>	<u>100</u>

Total expenditures increased between years primarily due to fluctuations on the level of funding. See Schedule 19 for explanation of significant variations in expenditures.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
For the Two Years Ended June 30, 2016**

EXPLANATION OF SIGNIFICANT VARIATIONS IN EXPENDITURES

Schedule 11 through Schedule 13 present comparative schedules of appropriations, expenditures, and lapsed balances for administrative activities in the Capital Development, Capital Development Board Revolving, and School Infrastructure Funds. Schedule 14 presents a comparative schedule of appropriations and expenditures for construction activities by fund. CDB's explanation for significant fluctuations (greater than or equal to 20 percent and \$200,000) in expenditures is as follows:

Capital Development Board Revolving Fund - 215

Operational Expenses decreased by \$231,808 in FY 2016 due to the budget impasse.

Construction Activities by Fund

Expenditures for the Capital Development Fund - 141 decreased \$231,737,228 from FY 2015 to FY 2016 due to the budget impasse.

Expenditures for the School Construction Fund - 143 decreased \$258,860,291 from FY 2015 to FY 2016 due to the budget impasse.

Expenditures for the CDB Special Projects Fund - 170 are related to grants and interagency agreements in accordance with the Capital Development Act. Expenditures in this fund increased by \$5,636,145 in FY 2016 and decreased by \$2,180,639 in FY 2015, for projects funded by the Department of Commerce and Economic Opportunity.

Expenditures for the School Infrastructure Fund - 568 of \$13,272,000 are payments to Chicago Department of Education in compliance with State mandate requiring CDB to make payments of 20% of gaming transfers into the fund to school districts with a population greater than 500,000.

Expenditures for the CDB Contributory Trust Fund - 617 increased by \$25,779,139 in FY 2016 from FY 2015 mainly due to the majority of the construction work for the College of Lake County - Grayslake New Science Addition being performed in FY 2016.

Expenditures for Build Illinois Bond Fund - 971 decreased \$131,416,220 from FY 2015 to FY 2016 due to the budget impasse. Expenditures for Build Illinois Bond Fund - 971 increased \$28,578,366 from FY 2014 to FY 2015 mainly due to the majority of the construction work for the Illinois Board of Higher Education.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
For the Two Years Ended June 30, 2016**

EXPLANATION OF SIGNIFICANT VARIATIONS IN RECEIPTS

Schedule 16 presents a comparative schedule of cash receipts by detail source for all funds. The CDB's explanations for significant fluctuations of over 20 percent and \$200,000 in receipts are as follows:

CDB Special Projects Fund - 170

Receipts for this fund are from grants and interagency agreements in accordance with the Capital Development Act. Receipts increased by \$930,395 in FY 2016 from FY 2015 and decreased by \$4,285,000 in FY 2015 from FY 2014. Receipts from the Department of Commerce and Economic Opportunity vary each year.

Capital Development Board Revolving Fund - 215

Receipts from contract administration fees are dependent on the projects awarded during the year, which represent approximately 3% of the contract amount. Contract administration fees decreased by \$8,299,595 in FY 2016 from FY 2015. All State funded construction projects were stopped and no additional projects were awarded due to the budget impasse in FY 2016. Contract administration fees increased by \$5,262,491 in FY 2015 from FY 2014 due to additional construction contracts awarded in FY 2015 and an increase in contract administration fees collected during the year.

Capital Development Board Contributory Trust Fund - 617

Receipts from Junior Colleges increased by \$19,636,373 in FY 2016 due to an increase in construction projects involving Junior Colleges' funds. Junior Colleges decided to use their own funds to proceed with the construction and not get affected by the budget impasse.

Receipts from Federal monies via other Illinois State agencies increased by \$8,155,556 and decreased by \$8,039,051 in FY 2016 and FY 2015, respectively, due to funding decisions made by the funding sources.

Receipts related to damage claim recovery increased by \$357,129 from FY 2015 to FY 2016 and decreased by \$365,249 from FY 2014 to FY 2015. Damage claim recovery receipts are highly dependent on the volume and severity of claims and can vary significantly from year to year.

Receipts for project funded by the American Recovery and Reinvestment Act (ARRA) of 2009 - Federal Stimulus Package decreased by \$208,224 and \$208,569 in FY 2016 and FY 2015, respectively, due to decrease in payments for contracts related to ARRA work.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
For the Two Years Ended June 30, 2016**

ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING

Schedule 1 through Schedule 6 present lapse period expenditures from administrative activities of the Capital Development, Capital Development Board Revolving, and School Infrastructure Funds. There were no significant (greater than 20 percent of total expenditures for the 14 months ended August 31 and \$200,000) lapse period expenditures during FY 2016 and FY 2015.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
For the Two Years Ended June 30, 2016**

**ANALYSIS OF SIGNIFICANT ACCOUNT BALANCES
(EXPRESSED IN THOUSANDS)**

Significant fluctuations in accounts receivable and an analysis of the aging of accounts receivable are presented in the following section. Other accounts with significant fluctuations are cash equity with the State Treasurer, cash and cash equivalents, intergovernmental receivables, other receivables, due from other State funds, capital assets not being depreciated, accounts payable and accrued expenses, intergovernmental payables, due to other State funds, unearned revenue, unavailable revenue, net position – invested in capital assets, net of related debt, and unrestricted net position. For FY 2016, fluctuations greater than \$610 and 20% were considered significant. For FY 2015, fluctuations greater than \$2,600 and 20% were considered significant.

Cash equity with the State Treasurer decreased by \$7,080 in FY 2016. In FY 2016, CDB used up grant funds set aside for a Military Affairs project due to the budget impasse. In addition, CDB received less construction administration fees due to less on-going/active projects during FY 2016.

Cash and cash equivalents decreased by \$8,347 from FY 2014 to FY 2015 due to the decrease of retention trust accounts balance. Three projects with retention trust accounts decreased by approximately \$8,800.

Intergovernmental receivables increased by \$3,642 in FY 2016. The increase is a result of one additional school construction project with a payable balance of \$3,741.

Other receivables decreased by \$1,209 from FY 2015 to FY 2016 due to less construction administration fees (CAF) payable to CDB. The decrease in CAF is a result of several construction projects put on hold due to the budget impasse.

Other receivables decreased by \$2,962 from FY 2014 to FY 2015 due to more timely collections made by CDB during FY 2015.

Due from other State funds decreased by \$6,910 from FY 2015 to FY 2016. The decrease is a result of the full grant awarded to and expended by the Illinois Community College Board amounting to \$5,801. In addition, grant awards to the Department of Human Services and the Illinois Department of Employment Security also expended \$2,805 and \$1,001, respectively.

Capital assets not being depreciated increased by \$40,538 from FY 2015 to FY 2016. This account is the construction in progress (CIP) amount at June 30, 2016. The increase in the CIP balance is a result of greater CIP additions than CIP transfers during FY 2016. CIP additions amounted to approximately \$57,000, while CIP transfers amounted to approximately \$16,000 in FY 2016.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
For the Two Years Ended June 30, 2016**

**ANALYSIS OF SIGNIFICANT ACCOUNT BALANCES
(EXPRESSED IN THOUSANDS)**

Capital assets not being depreciated decreased by \$31,141 from FY 2014 to FY 2015. This account is the construction in progress (CIP) amount at June 30, 2015. The decrease in the CIP balance is a result of increase in CIP transfers during FY 2015. CIP transfers amounted to approximately \$138,000 and \$76,000 in FY 2015 and FY 2014, respectively.

Accounts payable and accrued expenses decreased by \$17,150 from FY 2015 to FY 2016 due to decrease in construction activities during the year. Several construction projects were put on hold due to the budget impasse.

Accounts payable and accrued expenses decreased by \$19,299 from FY 2014 to FY 2015 due to increase in payment of construction related expenditures during the year. There were 7 projects comprising the decrease noted in this account.

Intergovernmental payables decreased by \$33,278 in FY 2016. The amount payable in FY 2015 was paid in FY 2016. There were no other intergovernmental payables in FY 2016.

Intergovernmental payables increased by \$33,278 in FY 2015 due to increase in construction activities for school districts. There were 3 school construction projects comprising the increase noted in this account.

Due to other State funds decreased by \$5,798 in FY 2016. During FY 2016, CDB had an increase in expenditures from funds set aside for construction projects due to the budget impasse.

Unearned Revenue increased by \$1,035 in FY 2016 due to more funds received for construction projects compared to construction activities done during FY 2016.

Unavailable Revenue decreased by \$1,114 in FY 2016 due to less Construction Administration Fees collected during FY 2016 due to less on-going construction projects as a result of the budget impasse.

Net position – invested in capital assets, net of related debt increased by \$40,491 in FY 2016. This is primarily due to the increase in capital assets not being depreciated, as explained above.

Net position – invested in capital assets, net of related debt decreased by \$31,053 in FY 2015. This is primarily due to the decrease in capital assets not being depreciated, as explained above.

Unrestricted net position decreased by \$17,352 from FY 2015 to FY 2016 primarily due to the decrease of cash equity with State Treasurer and due from other State funds, as explained above.

Unrestricted net position decreased by \$55,612 from FY 2014 to FY 2015 primarily due to the increase of intergovernmental payables, as explained above.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
For the Two Years Ended June 30, 2016**

ANALYSIS OF LOANS AND VARIOUS ACCOUNTS RECEIVABLE

CDB's receivable balances consist of loans receivable from a port district, intergovernmental receivables (from other State agencies, colleges and universities, and school districts), due from other State funds, and other receivables for construction reimbursements and contract administration fees. When needed, CDB uses the internal offset system to collect receivables.

The following is a schedule of receivable balances (expressed in thousands) at June 30, 2016 and 2015, respectively, and an aging of "other receivables":

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Loans receivable	\$ 14,968	\$ 14,968
Less allowance for uncollectible	<u>(14,968)</u>	<u>(14,968)</u>
Net loans receivable	-	-
Intergovernmental receivables	8,204	4,562
Due from other State funds	19,399	26,309
Other receivables	<u>963</u>	<u>2,172</u>
Total receivables	<u>\$ 28,566</u>	<u>\$ 33,043</u>
Aging of other receivables:		
Current	\$ 859	\$ 1,729
1 - 30 days past due	32	428
31 - 90 days past due	15	14
91 - 180 days past due	1	1
181 days - 1 year past due	<u>56</u>	<u>-</u>
Total other receivables	<u>\$ 963</u>	<u>\$ 2,172</u>

Loans receivable consist of loans made to the Illinois International Port District (Port District) amounting to \$14,968 (expressed in thousands) which have no established repayment schedule and payments are due as the Port District makes a profit from its certain specific operations. The Port District has not reported any profits from these operations and the entire loan receivable balance has been reserved as uncollectible.

Due from other State funds consists of receivables of federal funds for construction to be remitted to the CDB from other State agencies. This balance is a function of the volume of construction activity for other State agencies that is financed in part with federal funds. As such, these amounts are considered fully collectible.

Other receivables, consisting of contract administration fees, are a function of the volume of construction activity in progress at June 30. The fee is approximately three (3) percent of the contract amount for architect/engineer and construction contracts and is payable before the second payment is made under the contract. Contract administration fees are considered fully collectible.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2016
(UNAUDITED)**

AGENCY FUNCTIONS AND PLANNING PROGRAM

Functions

The Capital Development Board was created by the Illinois General Assembly in 1972 to serve as the non-road, construction management arm of the Illinois government. The Agency, which is responsible for overseeing the State-funded capital program, provides a central agency dedicated to the professional supervision of the State's building construction and renovation projects. The philosophy of the Capital Development Board is "...to serve as an effective, efficient, construction facilitator; ever mindful of the needs of our clients (the citizens of Illinois, other State agencies, the Illinois General Assembly and the Governor) and our private sector partners." This philosophy is the cornerstone of the Agency's mission "...to provide quality services and facilitate the timely and successful completion of each of the State's construction and renovation projects."

According to 20 ILCS 3105/4.01 through 4.05, the purposes of the Capital Development Board are as follows:

- To build or otherwise provide hospital, housing, penitentiary, administrative, recreational, educational, laboratory, parking, environmental equipment, and other capital improvements for which money has been appropriated or authorized by the General Assembly.
- To conduct continuous studies into the costs of building or otherwise providing the facilities described above.
- To conduct research on improvements in choice and use of materials, energy systems, including solar energy systems, and in construction methods for reducing construction costs and operating and maintenance costs of the facilities described above.
- To review and recommend periodic revisions in established building and construction codes to promote public safety, energy efficiency and economy, including the use of solar energy, and reduce construction costs and operating and maintenance costs of the facilities described above.
- To advise State agencies and units of local government, on request, on any matter related to the purpose of this Act and to assist State agencies in the preparation of their annual long-range capital expenditures plans.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2016
(UNAUDITED)**

AGENCY FUNCTIONS AND PLANNING PROGRAM (CONTINUED)

Functions (Continued)

It is the vision of the Capital Development Board "...to become the most respected and responsive agency in both the construction community and in State government; promoting quality service and the use of innovative technologies, recognizing and rewarding both individual and team accomplishments and fostering a harmonious environment." To achieve this vision, the Agency is committed to accomplishing several goals. These goals are as follows:

- provide for and enhance staff training and development
- improve internal and external communication
- better identification of customer needs
- improve project quality and delivery
- improve contractor quality
- improve architect/engineer quality
- expand and integrate electronic databases
- complete agency mandates

In addition to its obvious functions, the Capital Development Board is also responsible for the identification and removal of asbestos in State facilities, serves as a liaison between the State and Illinois' design and construction industries, and actively pursues recovery of assets through litigation of projects found to have design and construction defects. Other duties include serving as a forum to suggest resolution of conflicts between State agencies, or between a State agency and another entity that consents to the resolution forum, concerning State building requirements, and reviewing proposed State building requirement amendments and proposed legislation for conflicts with current State law or building requirements and makes recommendations concerning those amendments or laws to the proper authorities.

The Executive Director of the Capital Development Board is Jodi Golden. The Agency has offices located on the 3rd floor of the William G. Stratton Building at 401 South Spring Street in Springfield, on the 14th floor of the James R. Thompson Center at 100 West Randolph Street in Chicago, and field offices in Carbondale, East St. Louis, Ottawa, Loves Park, and Dixon.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2016
(UNAUDITED)**

AGENCY FUNCTIONS AND PLANNING PROGRAM (CONTINUED)

Agency Planning

Senior staff meets twice a month to discuss and refine procedures and improve processes. They make recommendations concerning changes in policy, hardware and software, new system implementation, legislation, protocol, and other areas. Top management uses these recommendations to plan activities, make headcount changes, initiate legislation, and other areas.

Employees Paid From Bond Proceeds

A portion of CDB's FY 2015 and FY 2016 operational expenditures for personal services were paid from the Capital Development Fund (141), which receives its funding from bond proceeds. In accordance with the FY 2015 and FY 2016 appropriation bill, 85 and 77 CDB employees assigned to work directly with construction projects were paid \$6,973,557 and \$6,693,394, respectively, from Fund 141.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
ANALYSIS OF OPERATIONS
For the Year Ended June 30, 2016
(UNAUDITED)**

BUDGET IMPASSE DISCLOSURES

Payment of Fiscal Year 2016 Costs in Future Fiscal Years

The Capital Development Board lacked sufficient expenditure authority, from either court-ordered expenditures or enacted appropriations, to cover its Fiscal Year 2016 costs. The Capital Development Board, as of the end of fieldwork, was holding 33 Fiscal Year 2016 construction-related invoices, totaling \$3,723,688.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
ANALYSIS OF OPERATIONS
For the Year Ended June 30, 2016
(UNAUDITED)**

**ALTERNATIVE FINANCING IN LIEU OF APPROPRIATIONS AND
PROGRAMS TO ADDRESS UNTIMELY PAYMENTS TO VENDORS**

Transactions Involving the Illinois Finance Authority

The Capital Development Board and its vendors did not participate in alternative financing in lieu of enacted appropriations involving the Illinois Finance Authority during Fiscal Year 2016.

Transactions Involving the Vendor Payment Program and Vendor Support Initiative Program

Vendor Payment Program (VPP)

In 2011, the State of Illinois (State) created the voluntary VPP in response to delays in payments for goods and services provided by the State’s vendors arising from the State’s cash flow deficit. The Department of Central Management Services (CMS) approved third party financing entities to act as “qualified purchasers” of accounts receivable from “participating vendors” who had submitted invoices which had not been paid by the State.

A participating vendor’s accounts receivable is eligible for the VPP if it is from an invoice unpaid by the State that is (1) not for medical assistance payments (2) where 90 days have passed since the proper bill date, which is (3) entitled to interest under the State Prompt Payment Act (Act) (30 ILCS 540) and (4) free of any liens or encumbrances. Under the terms of an agreement between a qualified purchaser and the participating vendor, the participating vendor receives payment for 90% of the receivable balance. The participating vendor, in turn, assigns its rights to the interest due under the Act to the qualified purchaser. When the State Comptroller ultimately pays the invoice, the participating vendor receives the remaining 10% due (less any offsets).

Notably, while CMS approved the qualified purchasers and provided information to vendors about VPP, neither CMS nor the State are parties to the assignment agreements.

The following chart shows the Capital Development Board’s VPP transactions:

VPP TRANSACTIONS

	Fiscal Year Ended June 30,	
	2016	2015
Dollar Value \$	-	\$ 653,689
Vendors	-	6
Invoices	-	6

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
ANALYSIS OF OPERATIONS
For the Year Ended June 30, 2016
(UNAUDITED)**

**ALTERNATIVE FINANCING IN LIEU OF APPROPRIATIONS AND
PROGRAMS TO ADDRESS UNTIMELY PAYMENTS TO VENDORS
(CONTINUED)**

Vendor Support Initiative Program (VSI)

During Fiscal Year 2016, the State created the voluntary VSI as an alternative to the VPP for cases where the Capital Development Board lacked an enacted appropriation or other legal expenditure authority to present invoices to the State Comptroller for payment. The VSI operated similarly to the VPP, although the Capital Development Board was required to determine a participating vendor's invoice (1) would have met the requirements of the VPP and (2) provided the proper bill date of invoice prior to the qualified purchaser and participating vendor entering into an agreement where the participating vendor received payment for 90% of the receivable balance. The participating vendor, in turn, assigned its rights to the interest due under the Act to the qualified purchaser. After the State Comptroller ultimately paid/pays the invoice after the Capital Development Board receives/received appropriations or other legal expenditure authority to pay the invoice, the participating vendor receives/received the remaining 10% due (less any offsets).

During Fiscal Year 2016, the Capital Development Board had 5 vendors participate in VSI for 55 invoices, totaling \$36,493. A summary of the amount of transactions by qualified purchaser follows:

**TRANSACTIONS BY
QUALIFIED PURCHASER**

Qualified Purchaser	Total
A	\$ 36,493
	<u>\$ 36,493</u>

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
ANALYSIS OF OPERATIONS
For the Year Ended June 30, 2016
(UNAUDITED)**

INTEREST COSTS ON FISCAL YEAR 2016 INVOICES

Prompt Payment Interest Costs

The Capital Development Board has calculated and paid, or plans to pay, prompt payment interest due to vendors under the State Prompt Payment Act (Act) (30 ILCS 540) using the vendor's proper bill date through the date the State Comptroller issues a warrant to the vendor, regardless of when and if an enacted appropriation existed during Fiscal Year 2016. The Act (30 ILCS 540/3-2) and the Illinois Administrative Code (74 Ill. Admin. Code 900.100) require interest to be paid under a daily simple interest rate of .033% (1% over a 30-day period) for every day elapsed following the 90th day after a vendor submits an eligible proper bill to the Capital Development Board. The following chart shows the Capital Development Board's prompt payment interest incurred related to Fiscal Year 2016 invoices, calculated on the accrual basis of accounting, through June 30, 2016, by fund:

PROMPT PAYMENT INTEREST INCURRED

Year Ended June 30, 2016

Fund #	Fund Name	Invoices	Vendors	Dollar Value
141	Capital Development Fund	14	5	\$ 617
215	CDB Revolving Fund	249	69	12,404
		263	74	\$ 13,021

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2016
(UNAUDITED)**

AVERAGE NUMBER OF EMPLOYEES

The following schedule presents the average number of Agency personnel by section on a comparative basis.

The following summary is an average based on the full year for fiscal years 2016, 2015, and 2014.

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Executive:			
Staff	7	8	9
Administrative Services	2	2	2
Art-in Architecture	-	-	1
Capital Programs	5	5	5
Fair Employment Practices Division	8	7	5
Fiscal	4	5	6
Information Systems	10	12	11
Legislative Affairs	2	2	2
Personnel	2	2	2
Quality Based Selection	6	6	5
Total Executive	<u>46</u>	<u>49</u>	<u>48</u>
Contract Administration - Staff	<u>13</u>	<u>13</u>	<u>14</u>
Construction Administration:			
Staff	4	4	4
Professional Services	18	20	19
Regions (3)	37	39	41
Total Construction Administration	<u>59</u>	<u>63</u>	<u>64</u>
Legal Counsel - Staff	<u>8</u>	<u>7</u>	<u>7</u>
Auditing	<u>2</u>	<u>2</u>	<u>2</u>
Agency Total	<u><u>128</u></u>	<u><u>134</u></u>	<u><u>135</u></u>

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2016
(UNAUDITED)**

EMERGENCY PURCHASES

CDB reported the following emergency purchases to the Office of the Auditor General during fiscal years 2016 and 2015:

Description	Estimated Amount	Actual Amount
Fiscal Year 2016		
<i>4th Quarter – None to report</i>		
<i>3rd Quarter</i>		
Repair of the cooling system at the James R. Thompson Center to prevent a building-wide shut down as well as damage to IT systems.	\$418,500	-
<i>2nd Quarter</i>		
Upgrade the domestic water system at the Illinois Veteran’s Home in Quincy to alleviate the outbreak of Legionella, to further protect against the threat to public health and safety and to prevent or minimize serious disruption in critical State services.	\$4,415,309	-
Replacement of the Coal Bunker rail delivery system at the Warren G Murray Development Center to prevent steam loss for its residents.	\$279,792	\$314,539
<i>1st Quarter</i>		
Water remediation services and electrical repairs of the roofing system at the University of Illinois School of Dentistry in Chicago to protect against further flood loss and damage to the facility.	\$191,000	\$109,668

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2016
(UNAUDITED)**

EMERGENCY PURCHASES (CONTINUED)

Description	Estimated Amount	Actual Amount
Fiscal Year 2015		
<i>4th Quarter</i>		
Tear down and demolish the ash silo at the Elgin Mental Health Center to prevent damage to the power plant and gas line and potentially harming staff.	\$88,500	\$84,243
<i>3rd Quarter</i>		
Repairs, including the rental of a generator to restore power to the Department of Human Services' File Transfer Protocol building (FTP) while a replacement transformer can be purchased and installed, to ensure proper functioning of the power and heating system within the FTP building to prevent further damage to the feeder loop and building.	\$150,000	\$72,159
<i>2nd Quarter</i>		
Roof replacement for the Illinois State Police Facilities Building in Springfield.	-	\$255,600
<i>1st Quarter</i>		
Roof patching for the Executive Mansion and Carriage House to protect against further loss or damage, until permanent roof replacement can take place.	\$40,000	\$19,248

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
CHANGE ORDERS BY REASON
FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

Reason	Total Amount	Dollar Percentage	No. Issued	Count Percentage
Architect/Engineer error	\$ 410,317	5.67%	61	15.80%
Architect/Engineer omission	542,235	7.50%	54	13.99%
User request	1,137,793	15.73%	72	18.65%
Phase construction	819,205	11.32%	7	1.81%
Undisclosed condition	2,743,841	37.93%	120	31.09%
User funded	8,704	0.12%	1	0.26%
Time Extension	-	0.00%	2	0.52%
Assignment fee	759	0.01%	1	0.26%
Substitution	320,028	4.42%	5	1.30%
Reimbursable	1,000	0.01%	1	0.26%
Soil condition	549,756	7.60%	2	0.52%
Credit change	(625,717)	-8.65%	41	10.62%
Code change	1,325,742	18.34%	19	4.92%
TOTALS	\$ 7,233,663	100.00%	386	100.00%

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
CHANGE ORDERS BY REASON
FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

Reason	Total Amount	Dollar Percentage	No. Issued	Count Percentage
Architect/Engineer error	\$ 1,290,578	9.55%	117	11.57%
Architect/Engineer omission	2,502,755	18.52%	241	23.84%
User request	4,161,918	30.79%	226	22.35%
Phase construction	735,595	5.44%	18	1.78%
Undisclosed condition	4,855,979	35.93%	307	30.37%
Time extension	-	0.00%	2	0.20%
Assignment fee	64,805	0.48%	5	0.50%
Substitution	22,716	0.17%	8	0.79%
Reimbursable	51,812	0.38%	5	0.50%
Alternate accepted	301,300	2.23%	6	0.59%
Credit change	(565,015)	-4.18%	69	6.82%
Code change	93,892	0.69%	7	0.69%
TOTALS	\$ 13,516,335	100.00%	1,011	100.00%

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
PERFORMANCE INDICATORS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016, 2015, AND 2014
(UNAUDITED)**

The following is a listing of various performance indicators and other statistics:

	2016	2015	2014
Construction expenditures	\$ 102,370,432	\$ 692,968,887	\$ 685,710,577
Personnel expenditures	9,939,548	10,757,324	10,548,310
Administrative expenditures	9,717,464	10,109,590	9,796,182
TOTAL EXPENDITURES	\$ 122,027,444	\$ 713,835,801	\$ 706,055,069
Disbursement of federal funds received from agency grants	\$ 35,278,852	\$ 15,794,326	\$ 20,668,731
Total receipts	\$ 70,057,526	\$ 49,316,411	\$ 58,308,771
Construction appropriations and reappropriations*	\$ 91,730,051	\$ 2,933,724,841	\$ 3,552,301,422
Total number of projects	1,105	1,196	1,309
Average appropriation per project	\$ 83,014	\$ 2,452,947	\$ 2,713,752
Average expenditures per project	\$ 92,643	\$ 579,405	\$ 523,843
Number of project managers	27	26	27
Average projects per manager	41	46	48
Average number of employees	128	134	135
Average personnel cost	\$ 77,653	\$ 80,279	\$ 78,136
Number of construction vouchers processed	1,359	3,797	3,282
Average construction voucher amount	\$ 75,328	\$ 182,504	\$ 208,931
Number of receipts processed	378	858	806
Average receipt amount	\$ 185,337	\$ 57,478	\$ 72,343
Number of projects awarded	66	213	279
Professional contracts awarded	23	70	92
Contractor contracts awarded	102	354	400
Administrative costs per project	\$ 8,794	\$ 8,453	\$ 7,484
Personnel costs per project	\$ 8,995	\$ 8,994	\$ 8,058

* Included in the amounts are contributions from local sources and other agencies not appropriated to CDB, but CDB includes for project budget purposes.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SERVICE EFFORTS AND ACCOMPLISHMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016, 2015, AND 2014
(UNAUDITED)**

CONSTRUCTION ADMINISTRATION

Mission Statement: CDB's mission is to manage the design and construction of capital projects for the State in a timely, effective, and fiscally responsible manner, while spreading opportunities among qualified industry partners.

Program Goals:

Objectives:

1. Develop cost saving initiatives:
 - a. Reduce spending on changes that are proposed after all parties have agreed to the budget and the solution.
2. Deliver projects on schedule:
 - a. Implement steps to increase compliance with the design schedule.
 - b. Implement steps to increase compliance with the construction schedule.
3. Provide accountable project management:
 - a. Ensure that poor industry performance leads to meaningful actions.
4. Support the State's Economic Development Plan:
 - a. Monitor the number of jobs created for construction
5. Provide work opportunities for varied industry partners:
 - a. Provide opportunities for minorities and females to obtain work.

Funds: Capital Development Fund, Capital Development Board Revolving Fund, Build Illinois Bond Fund (Statutory Authority: 20 ILCS 3105)

	<u>Actual</u>		FY 2016	FY 2016	FY 2017
	FY 2014	FY 2015	Target		Target
	FY 2014	FY 2015	(Projected)	Actual	(Projected)
Input Indicators:					
Total expenditures - all sources (in thousands)	\$ 19,773.4	\$ 20,286.6	\$ 26,826.9	\$ 19,043.6	\$ 26,819.2
Total expenditures - State appropriated funds (in thousands)	\$ 19,773.4	\$ 20,286.6	\$ 26,826.9	\$ 19,043.6	\$ 26,819.2
Average monthly full-time equivalents	120.2	132.0	145.0	115.0	120.0

(CONTINUED)

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SERVICE EFFORTS AND ACCOMPLISHMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016, 2015, AND 2014
(UNAUDITED)**

CONSTRUCTION ADMINISTRATION

	<u>Actual</u>		<u>FY 2016</u>	<u>FY 2016</u>	<u>FY 2017</u>
	<u>FY 2014</u>	<u>FY 2015</u>	<u>Target</u>	<u>Actual</u>	<u>Target</u>
Outcome Indicators:			(Projected)		(Projected)
Average variation from planned schedule for construction phase (a)	16.90%	35.20%	15.00%	79.00%	15.00%
Percent of labor hours that are minority or female (b)	16.09%	21.80%	15.00%	14.40%	15.00%
Percent of total dollars contracted to MBE/FBE firms (c)	23.80%	14.50%	20.00%	25.00%	20.00%

Footnotes:

- (a) Final acceptance for a handful of projects was substantially delayed due to claims, thus making the overall percentage noticeably larger.
- (b) In Fiscal year 2015, large projects in the Chicago metro area led to increased usage of minority and female labor.
- (c) MBE/FBE is Minority Business Enterprise/Female Business Enterprise.