

**STATE OF ILLINOIS
COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY
COMPLIANCE EXAMINATION**

For The Two Years Ended June 30, 2009

STATE OF ILLINOIS
COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2009

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AGENCY OFFICIALS

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

Executive Director

Mr. Daniel R. Long

Deputy Director

Mr. Trevor J. Clatfelter

Fiscal Officer

Ms. Victoria Copp

Agency office is located at:

703 Stratton Building
Springfield, Illinois 62706

SENATE
Jeffrey M. Schoenberg
Co-Chairman

Bill Brady
Michael Frerichs
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Donne Trotter

EXECUTIVE DIRECTOR
Dan R. Long



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HOUSE
Richard P. Myers
Co-Chairman

Patricia Bellock
Kevin McCarthy
Elaine Nekritz
Raymond Poe
Al Riley

DEPUTY DIRECTOR
Trevor J. Clatfelter

February 24, 2010

MANAGEMENT ASSERTION LETTER

Honorable William G. Holland
Auditor General
Iles Park Plaza
740 East Ash
Springfield, IL 62703-3154

Dear Mr. Holland:

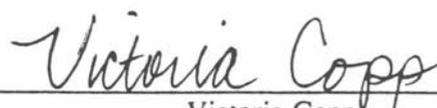
We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Commission of Government Forecasting and Accountability (Commission). We are responsible for and we have established and maintained an effective system of, internal controls over compliance requirements. We have performed an evaluation of the Commission's compliance with the following assertions during the two-year period ended June 30, 2009. Based on this evaluation, we assert that during the years ended June 30, 2009 and June 30, 2008, the Commission has materially complied with the assertions below.

- A. The Commission 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 Commission 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 Commission has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.



Dan R. Long
Executive Director

Sincerely,



Victoria Copp
Fiscal Officer

DRL:dkb

S198 Auditor General Management Assertion Letter

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.

ACCOUNTANTS' REPORT

The Independent Accountants' 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 Findings</u>	<u>Current Report</u>	<u>Prior Report</u>
Findings	2	3
Repeated findings	1	2
Prior recommendations implemented or not repeated	2	0

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)			
09-1 Deficiency	8	Property control weaknesses	Significant and Noncompliance
09-2	11	Inadequate expenditure records	Significant Deficiency and Noncompliance
PRIOR FINDINGS NOT REPEATED			
A	13	Reports not timely filed	
B	13	Failure to include required information on State Debt Impact Notes	

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Commission personnel at an exit conference on February 17, 2010. Attending were:

Commission on Government Forecasting and Accountability

Dan Long, Executive Director
Trevor Clatfelter, Deputy Director
Victoria Copp, Fiscal Officer
Lynnae Kapp, Network Administrator/Sr. Analyst
Brianna Jackson, Receptionist/Office Assistant

Office of the Auditor General

Jane Clark, Audit Manager
Adanna Nwodu, Audit Supervisor
Winnie Xu, Audit Staff
Meredith Dean, Audit Staff
Matt Ulmer, Audit Staff

Responses to the recommendations were provided by Dan Long, Executive Director, in a letter dated February 23, 2010.

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OFFICE OF THE AUDITOR GENERAL

WILLIAM G. HOLLAND

**INDEPENDENT ACCOUNTANTS' REPORT ON STATE COMPLIANCE, ON
INTERNAL CONTROL OVER COMPLIANCE, AND ON SUPPLEMENTARY
INFORMATION FOR STATE COMPLIANCE PURPOSES**

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have examined the State of Illinois, Commission on Government Forecasting and Accountability's (Commission) 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, 2009. The management of the Commission is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Commission's compliance based on our examination.

- A. The Commission 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 Commission 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 Commission has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

We conducted our examination 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 Commission'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 Commission's compliance with specified requirements.

In our opinion, the Commission complied, in all material respects, with the requirements listed in the first paragraph of this report during the two years ended June 30, 2009. However, the results of our procedures disclosed instances of noncompliance, 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 findings 09-1 and 09-2.

Internal Control

The management of the Commission 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 Commission's internal control over compliance with the requirements listed in the first paragraph of this report as a basis for designing our examination procedures 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 Commission's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

A *deficiency* in an entity's internal control over compliance 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 noncompliance with the requirements listed in the first paragraph of this report on a timely basis. A *material weakness* 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.

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 deficiencies, significant deficiencies or material weaknesses. 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 described in findings 09-1 and 09-2 in the accompanying schedule of findings that we consider to be significant deficiencies in internal control over compliance. A *significant deficiency* is a deficiency, or 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.

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

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

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information as listed in the table of contents as Supplementary Information for State Compliance Purposes is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the 2008 and 2009 Supplementary Information for State Compliance Purposes, except for Service Efforts and Accomplishments on which we did not perform any procedures. However, we do not express an opinion on the supplementary information.

We have not applied procedures to the 2007 Supplementary Information for State Compliance Purposes, and accordingly, we do not express an opinion thereon.

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



BRUCE L. BULLARD, CPA

Director of Financial and Compliance Audits

February 24, 2010

STATE OF ILLINOIS
COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY
SCHEDULE OF FINDINGS

For the Two Years Ended June 30, 2009

09-1. **FINDING** (Property control weaknesses)

The Commission on Government Forecasting and Accountability (Commission) did not maintain sufficient controls over the recording and reporting of its property. During testing, we noted the following:

- The Commission did not reconcile its property listing to the Quarterly Reports of State Property (C-15s) filed with the Illinois Office of the Comptroller (IOC). The June 30, 2009 amount reported on the C-15 did not agree to the Commission's property listing as of June 30, 2009. A difference of \$680 was not reconciled or explained. Additionally, the prior year report stated an ending balance of \$186,863 as of June 30, 2007 while the first quarter FY08 C-15 stated a beginning balance of \$193,961 as of June 30, 2007, for a difference of \$7,098.

Good business practices require detailed property records be maintained and reconciled to support various reporting requirements. The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires agencies establish internal fiscal and administrative controls to provide assurance revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

- The Commission's property and equipment expenditures processed by the IOC during FY08 and FY09 did not reconcile to additions recorded on the Quarterly C-15 reports. Property and equipment expenditures totaling \$415 during FY08 and \$697 during FY09 were never recorded on the property listing or C-15s. Additionally, the Commission listed an addition of \$1,286 for the reporting quarter ending December 31, 2007 which was not supported.

SAMS (Procedure 29.20.10) requires an agency to report all additions to each asset category that occurred during the quarter being reported. In, addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires that agencies establish internal fiscal and administrative controls to provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

STATE OF ILLINOIS
COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY
SCHEDULE OF FINDINGS

For the Two Years Ended June 30, 2009

- The Commission included computer software and licenses on its property control records. We noted 39 computer software and licensing items, totaling \$25,342, on the Commission's property listing as of June 30, 2009. Included in the total amount recorded in the Commission's property listing as of June 30, 2009 were items purchased during FY08 totaling \$3,033. None was purchased during FY09.

Current practice excludes software licenses from being reported on property records since software is not owned by the Commission; the Commission only has the right to use the software.

- The Commission filed the FY08 Annual Real Property Utilization Report (Report) 27 days late.

The State Property Control Act (30 ILCS 605/7.1(b)) states all responsible officers shall submit an Annual Real Property Utilization Report to the Administrator, or annual update of such report, on forms required by the Administrator, by October 30th of each year.

- Three of 3 (100%) deletions tested, totaling \$419, were not recorded on the Commission's C-15 during the proper quarter. The deletions should have been reported on the C-15 for the quarter ending December 31, 2007, but were not reported on the C-15 until the quarter ending June 30, 2008.

SAMS (Procedure 29.20.10) requires an agency to report all deletions to each asset category that occurred during the quarter being reported.

- The Commission did not file a surplus furniture affidavit with the State Surplus Administrator prior to purchasing a new furniture item with a unit price of \$853.

The State Property Control Act (30 ILCS 605/7a) requires agencies desiring to purchase new furniture shall first check with the administrator if any of the surplus furniture under the administrator's control can be used in place of new furniture. If the agency finds it is unable to use the surplus property, the agency must file an affidavit with the administrator prior to purchasing new furniture over \$500.

- The Commission did not submit its C-15s by the reporting deadlines. One of 8 (13%) reports submitted during the examination period was filed 3 days late.

Statewide Accounting Management System (SAMS) (Procedure 29.20.10) requires the C-15s to be filed on a quarterly basis no later than the last day of the month following the last day of the quarter.

STATE OF ILLINOIS
COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY
SCHEDULE OF FINDINGS

For the Two Years Ended June 30, 2009

As a result of these errors, the FY08 additions reported to the IOC on the C-15s were overstated by \$3,904 and FY09 additions were understated by \$697.

Commission personnel stated the errors were due to competing priorities by staff assigned to equipment functions.

Failure to maintain accurate property control records increases the likelihood of inaccurate inventory records and the potential for fraud and possible loss or theft of State property and reduces the reliability of statewide property information. In addition, failure to file surplus furniture affidavits could result in the Department making purchases of new furniture when comparable items may be available through State surplus. (Finding Code No. 09-1, 07-1, 05-1)

RECOMMENDATION

We recommend the Commission strengthen internal controls over the recording and reporting of its equipment. Specifically, the Commission should ensure all equipment is accurately and timely recorded on the Commission's property records and reconcile its property reports and records to the C-15s and IOC expenditure reports for property on a quarterly basis to ensure completeness and accuracy of its property records. The Commission should also submit its Annual Real Property Utilization Report by October 30th of each year and follow Statewide Accounting Management System procedures for completing accounting reports pertaining to Quarterly Reports of State Property. Lastly, the Commission should ensure surplus property affidavits are filed before purchasing new furniture over \$500 and submit its Quarterly Reports of State Property by the reporting deadlines.

COMMISSION RESPONSE

We agree.

STATE OF ILLINOIS
COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY
SCHEDULE OF FINDINGS

For the Two Years Ended June 30, 2009

09-2. **FINDING** (Inadequate expenditure records)

The Commission on Government Forecasting and Accountability (Commission) did not maintain accurate expenditure records. The Commission's expenditure record did not agree with the Illinois Office of the Comptroller's records for one of 13 (8%) and four of 13 (31%) appropriation line items in FY08 and FY09 respectively. We noted differences totaling \$59,874. In addition, the Commission did not make necessary corrections for errors in their agency records.

Statewide Accounting Management System (SAMS) (Procedures 11.40.20) requires each agency reconcile appropriation expenditures monthly and notify the Comptroller of irreconcilable differences. In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) states all State agencies shall establish and maintain a system, or systems, of internal fiscal and administrative controls, which shall provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

Commission personnel stated the differences were attributable to the legislature appropriating dollars in FY08 and FY09 from the General Revenue Fund to the Commission "for the purpose of making contributions to the State Employees' Retirement System of Illinois in accordance with sub section (c) of Section 14.1 of the State Finance Act, for affected legislative staff employees". Commission personnel further stated the four legislative caucuses are supposed to process their payroll from the appropriation for their operations and then submit an Expenditure Transfer Request to the Commission. However, in certain instances, adjustments were made by the four caucuses after the expenditure transfer line was processed and the four caucuses did not inform the Commission of these changes. Commission personnel stated they did not change their records to reflect these changes due to oversight.

Failure to maintain accurate Commission records impairs the agency to identify possible errors and reduces the usefulness and reliability of financial information. (Finding Code No. 09-2)

RECOMMENDATION

We recommend the Commission correct errors in records to ensure accurate accounting records are maintained.

STATE OF ILLINOIS
COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2009

COMMISSION RESPONSE

We agree.

STATE OF ILLINOIS
COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY
PRIOR FINDINGS NOT REPEATED
For the Two Years Ended June 30, 2009

A. **FINDING** (Reports not timely filed)

During the prior period, the Commission did not file its 2006 or 2007 Fiscal Control and Internal Auditing Act (FCIAA) Certifications and did not timely file its FY08 “Legislative Capital Plan,” report on the State’s long-term debt capital needs.

During the current period, the Commission filed its FCIAA Certifications and its FY09 and FY10 “Legislative Capital Plan,” reports. (Finding Code No. 07-2)

B. **FINDING** (Failure to include required information on State Debt Impact Notes)

During the prior period, the Commission did not include the required assessment of current outstanding, unissued, retired bond authorization levels nor did it include the total principal on all other then-outstanding bonds of the State for three of three (100%) State Debt Impact Notes reviewed.

During the current period, the Commission included the required assessment of current outstanding, unissued, retired bond authorization levels and the total principal on all other then-outstanding bonds of the State in the State Debt Impact Notes reviewed during our sample testing. (Finding Code No. 07-3)

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
- Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
- Schedule of Changes in State Property
- Analysis of Significant Variations in Expenditures
- Analysis of Significant Lapse Period Spending

- Analysis of Operations:

- Agency Functions and Planning Program
- Average Number of Employees
- Service Efforts and Accomplishments (Not Examined)

The accountants' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the auditors have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General, except for information on the Service Efforts and Accomplishments on which they did not perform any procedures. However, the accountants do not express an opinion on the supplementary information.

STATE OF ILLINOIS
 COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
 For the Fiscal Year Ended June 30, 2009

P.A. 95-0731 FISCAL YEAR 2009	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
General Revenue Fund - 001					
Personal Services	\$ 796,602	\$ 791,228	\$ 0	\$ 791,228	\$ 5,374
Employee Retirement					
Contributions Paid by Employer	31,872	28,816	1,231	30,047	1,825
State Contributions to State					
Employees' Retirement System	5,832,240	5,379,089	-	5,379,089	453,151
State Contributions to Social Security	60,942	58,597	-	58,597	2,345
Contractual Services	117,585	95,267	2,007	97,274	20,311
Travel	6,944	6,666	123	6,789	155
Commodities	2,741	2,734	-	2,734	7
Printing	4,693	4,593	-	4,593	100
Equipment	884	780	-	780	104
Electronic Data Processing	2,460	2,405	-	2,405	55
Telecommunications	8,612	5,585	1,115	6,700	1,912
Lump Sums - Costs associated with the assumption of duties of the Pension Laws Commission	194,750	172,084	10,940	183,024	11,726
Lump Sums - Costs associated with ordinary expenses and operations of the Compensation Review Board	4,750	-	-	-	4,750
Total Fiscal Year 2009	\$ 7,065,075	\$ 6,547,844	\$ 15,416	\$ 6,563,260	\$ 501,815

Note: Appropriations, expenditures, and lapsed balances were obtained from Agency records and have been reconciled to records of the State Comptroller.

STATE OF ILLINOIS
 COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
 For the Fiscal Year Ended June 30, 2008

P.A. 95-0348 FISCAL YEAR 2008	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
General Revenue Fund - 001					
Personal Services	\$ 838,530	\$ 770,119	\$ -	\$ 770,119	\$ 68,411
Employee Retirement					
Contributions Paid by Employer	33,550	29,561	-	29,561	3,989
State Contribution to State					
Employees' Retirement System	6,139,200	4,220,624	-	4,220,624	1,918,576
State Contributions to Social Security	64,150	57,147	-	57,147	7,003
Contractual Services	123,700	61,067	2,465	63,532	60,168
Travel	7,310	7,218	31	7,249	61
Commodities	2,885	2,525	181	2,706	179
Printing	4,940	4,518	-	4,518	422
Equipment	930	927	-	927	3
Electronic Data Processing	2,590	1,575	423	1,998	592
Telecommunications	9,065	6,781	575	7,356	1,709
Lump Sums - Costs associated with the assumption of duties of the Pension Laws Commission	205,000	48,793	22,904	71,697	133,303
Lump Sums - Costs associated with ordinary expenses and operations of the Compensation Review Board	5,000	-	5,000	5,000	-
Total Fiscal Year 2008	\$ 7,436,850	\$ 5,210,855	\$ 31,579	\$ 5,242,434	\$ 2,194,416

Note: Appropriations, expenditures, and lapsed balances were obtained from Agency records and have been reconciled to records of the State Comptroller.

STATE OF ILLINOIS
COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND
LAPSED BALANCES

For the Two Years Ended June 30,

	Fiscal Year		
	2009	2008	2007
General Revenue Fund - 001	P.A. 95-0731	P.A. 95-0348	P.A. 94-0798
Appropriations (Net of Transfers)	\$ 7,065,075	\$ 7,436,850	\$ 1,368,143
<u>Expenditures</u>			
Personal Services	\$ 791,228	\$ 770,119	\$ 710,510
Employee Retirement			
Contributions Paid by Employer	30,047	29,561	26,707
State Contribution to State			
Employees' Retirement System	5,379,089	4,220,624	81,930
State Contributions to Social Security	58,597	57,147	52,699
Contractual Services	97,274	63,532	55,335
Travel	6,789	7,249	7,032
Commodities	2,734	2,706	2,785
Printing	4,593	4,518	4,738
Equipment	780	927	897
Electronic Data Processing	2,405	1,998	2,481
Telecommunications	6,700	7,356	7,187
Lump Sums - Costs associated with the assumption of duties of the Pension Laws Commission	183,024	71,697	165,105
Lump Sums - Costs associated with ordinary expenses and operations of the Compensation Review Board	-	5,000	-
Total Expenditures	<u>\$ 6,563,260</u>	<u>\$ 5,242,434</u>	<u>\$ 1,117,406</u>
Lapsed Balances	<u>\$ 501,815</u>	<u>\$ 2,194,416</u>	<u>\$ 250,737</u>

STATE OF ILLINOIS
 COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY
SCHEDULE OF CHANGES IN STATE PROPERTY
 For the Two Years Ended June 30, 2009

Balance at July 1, 2007	\$	186,863
Additions		25,942
Deletions		(419)
Net Transfers		-
		<hr/>
Balance at June 30, 2008	\$	<u>212,386</u>
Balance at July 1, 2008	\$	212,386
Additions		5,675
Deletions		-
Net Transfers		-
		<hr/>
Balance at June 30, 2009	\$	<u>218,061</u>

Note: The above schedule has been derived from Agency records which have been reconciled to property reports submitted to the Office of the Comptroller.

STATE OF ILLINOIS
COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2009

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2008 AND 2009

General Revenue Fund - 001

State Contribution to State Employees' Retirement System

The increase in state contributions to state employees' retirement system expenditures was due to the overall state employee retirement rate increasing from 16.561% in Fiscal Year 2008 to 21.049% in Fiscal Year 2009.

Contractual Services

The increase in contractual service expenditures was due to contracting with a vendor to perform the study of the proposed merger of the state retirement systems in FY09. In addition, the increase was due to several facility closure meetings held in FY09.

Lump Sums – Costs Associated with the Assumption of the Duties of the Pension Laws Commission

The increase in costs associated with the assumption of duties of the Pension Laws Commission was due to contracting with a vendor to perform the study of the proposed merger of the state retirement systems and contracting with another vendor to perform actuarial projects regarding the Governor's budget proposal. In addition, the increase was due to reports published and distributed in FY09.

Lump Sum – Costs Associated with Ordinary Expenses and Operations of the Compensation Review Board

The decrease in costs associated with ordinary expenses and operations of the Compensation Review Board was due to the Compensation Review Board meetings being held every other year. The Compensation Review Board members met in FY08.

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2008 AND 2007

General Revenue Fund - 001

State Contribution to State Employees' Retirement System

The increase in state contributions to state employees' retirement system expenditures was due to FY08 being the first year the Commission was given an appropriation for Legislative staff employees contributions to state retirement system.

STATE OF ILLINOIS
COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2009

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2008 AND 2007 (CONTINUED)

General Revenue Fund – 001 (continued)

Lump Sums – Costs Associated with the Assumption of the Duties of the Pension Laws Commission

The decrease in costs associated with the assumption of duties of the Pension Laws Commission was primarily due to contracting with a vendor to conduct a comprehensive evaluation of the Illinois Health Facilities Planning Act in FY07.

Lump Sum – Costs Associated with Ordinary Expenses and Operations of the Compensation Review Board

The increase in costs associated with ordinary expenses and operations of the Compensation Review Board was due to the Compensation Review Board meeting being held every other year. The Compensation Review Board members met in FY08.

STATE OF ILLINOIS
COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2009

FISCAL YEAR 2009

There was no significant lapse period spending noted during FY09.

FISCAL YEAR 2008

General Revenue Fund - 001

Lump Sums – Costs Associated with the Assumption of the Duties of the Pension Laws Commission

Costs associated with the assumption of the duties of the Pension Laws Commission totaling \$22,904 during the lapse period was primarily due to payments for electronic data processing (EDP) equipment and supplies necessary to upgrade the Commission's EDP equipment, furniture purchases, actuarial services for funding projections for the five State retirement systems and cost estimates for proposed benefit changes pertaining to the various Illinois public retirement systems.

Lump Sum – Costs Associated with Ordinary Expenses and Operations of the Compensation Review Board

Costs associated with ordinary expenses and operations of the Compensation Review Board totaling \$5,000 during the lapse period was due to the Compensation Review Board meetings being held every other year. The Compensation Review Board members met late in FY08.

STATE OF ILLINOIS
COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2009

AGENCY FUNCTIONS AND PLANNING PROGRAM

Commission Functions

The Commission on Government Forecasting and Accountability (Commission) was created under the Commission on Government Forecasting and Accountability Act (25 ILCS 155/1 et seq.) as a legislative support agency. The Commission is a bipartisan, joint legislative commission that provides the General Assembly with information relevant to the Illinois economy, taxes, and other sources of revenue and debt obligations of the State.

The Commission's statutory requirements include:

- Preparation of annual revenue estimates with periodic updates
- Analysis of the fiscal impact of revenue bills
- Preparation of "State Debt Impact Notes" on legislation which would appropriate bond funds or increase bond authorization
- Periodic assessment of capital facility plans
- Annual estimates of public pension funding requirements and preparation of pension impact notes
- Annual estimates of the liabilities of the State's group health insurance program and approval of contract renewals promulgated by DCMS
- Administration of the State Facility Closure Act
- Report to the General Assembly on economic trends in relation to long-range planning and budgeting; and to study and make such recommendations as it deems appropriate on local and regional economic and fiscal policies and on federal fiscal policy as it may affect Illinois.

The Commission is co-chaired by Senator Jeffrey M. Schoenberg and Representative Richard P. Myers. The Commission members at June 30, 2009 were:

Senate

Bill Brady
Michael Frerichs
Matt Murphy
Dave Syverson
Donne Trotter

House

Patricia Bellock
Kevin McCarthy
Elaine Nekritz
Raymond Poe
Kathy Ryg

Commission Planning

The Commission's objectives are defined by statute and their main activity is to study information relevant to the Illinois economy, taxes, and other sources of revenue and debt obligations of the State. The Commission reports its findings to the General Assembly by publishing various reports each year. The Director and Deputy Director meet regularly with the Revenue Unit Chief and the Pension Unit Chief to discuss State revenue projections, pension funding, and other economic issues they are required to address in their statutory functions. Commission meetings are held to discuss and review issues the Commission is required to report on along with other issues that have or could have an economic impact on the State.

STATE OF ILLINOIS
 COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY
AVERAGE NUMBER OF EMPLOYEES
 For the Two Years Ended June 30,

AVERAGE NUMBER OF EMPLOYEES

The following table, prepared from Agency records, presents the average number of employees, by function, for the Fiscal Years ended June 30,

<u>Function</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Executive Director	1	1	1
Deputy Director	1	1	1
Administrative & Clerical	3	3	3
Revenue Analysts	5	5	4
Bond Analyst/Network Administrator	0	0	1
Pension Analysts	3	3	3
Total average full-time employees	<u>13</u>	<u>13</u>	<u>13</u>

STATE OF ILLINOIS
 COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY
SERVICE EFFORTS AND ACCOMPLISHMENTS

For the Two Years Ended June 30, 2009
 (Not Examined)

The Commission on Government Forecasting and Accountability (Commission) is mandated per 25 ILCS 155/et seq. to report to the General Assembly information necessary for the State's long-range planning and budgeting. This results in several reports on various economic issues throughout the year. The Commission also publishes special topic reports that have or could have an impact on the economic well being of Illinois. Below is a list of all reports published during the examination period and the corresponding publication date:

<u>Report/Publication Name</u>	<u>Date Published</u>
Monthly Revenue Briefing	Monthly
FY 2009 Capital Plan Analysis	February 2008
FY 2010 Capital Plan Analysis	May 2009
2007 Bonded Indebtedness Report	January 2008
2008 Bonded Indebtedness Report	January 2009
FY 2009 Report of Liabilities of State Employees Group Insurance	March 2008
FY 2010 Report of Liabilities of State Employees Group Insurance	March 2009
FY 2009 Revenue Forecast & Updated FY 2008 Revenue Estimate	March 2008
FY 2010 Economic & Revenue Forecast & Updated FY 2009 Revenue Estimate	April 2009
Wagering in Illinois (Update)	October 2007
Wagering in Illinois (Update)	September 2008
GAAP Report (FY 2009)	March 2008
GAAP Report (FY 2010)	April 2009
Illinois National Rankings in State Government Financing 2008 Edition	September 2008
Higher Education	December 2008
Education Funding: Elementary and Secondary	November 2008
The Ethanol Industry in Illinois	February 2008
FY 2008 Budget Summary	December 2007
Addendum to FY 2008 Budget Summary	January 2008
FY 2009 Budget Summary	October 2008
State of Illinois Forecast	February 2008
State of Illinois Forecast	February 2009
A Comparative Study of the Illinois Economy	September 2007
A Report on Wind Energy	June 2008
AON Investment Consulting Analysis of Potential Consolidation into IL Public Employees Retirement System	May 2009
Report on the 2006 SERS Alternative Retirement Cancellation Payment Option (PA 94-0109)	January 2008

Directory of the Illinois Public Retirement System/Pension Funds	August 2008
Report on the Financial Condition of the IL Public Employee Retirement System	July 2007
Report on the Financial Condition of the IL Public Employee Retirement System	February 2008
The Handbook of Illinois Pension Case Law	January 2008
Report on the 2006 SERS Alternative Retirement Cancellation Payment Option	January 2008
Rpt. on the Financial Condition of Chicago, Cook County Area, and IMRF Retirement Systems	November 2008
Financial Condition of the State of IL Retirement Systems as of June 30, 2008	February 2009

The Commission prepares a written State Debt Impact Note in relation to any new legislative bill which proposes to increase or add new long-term debt authorization, or would require, through appropriation, the use of bond financed funds. The Commission prepared 27 and 62 Debt Impact Notes during FY08 and FY09, respectively.

The Commission prepares Pension Impact Notes (PIN's) on any legislative bill pertaining to pensions and related retirement and disability benefits. The Commission reviews and makes recommendations on proposed changes to those laws and practices and reports the results to the General Assembly. Below is a summary of the number of PIN's prepared for the fiscal years under examination and the number of bills that have become law.

Fiscal Year	Number of PIN's Prepared	Number of Bills that became Law
2008	173	19
2009	306	16