

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD**

**FINANCIAL AUDIT
FOR THE YEAR ENDED JUNE 30, 2010
AND
COMPLIANCE EXAMINATION
FOR THE TWO YEARS ENDED JUNE 30, 2010**

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



E.C. ORTIZ & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
FINANCIAL AUDIT
FOR THE YEAR ENDED JUNE 30, 2010
AND
COMPLIANCE EXAMINATION
FOR THE TWO YEARS ENDED JUNE 30, 2010**

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**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD**

AGENCY OFFICIALS

Executive Director	(12/31/10 to present) (05/13/08 to 12/31/10)	Gevan Behnke* James Riemer
Deputy Director of Construction	(09/02/08 to present)	James Underwood
Deputy Director of Operations	(11/01/09 to present) (09/01/03 to 10/30/09)	Vacant Darryl Harris
Deputy Director of Professional Services**	(07/01/06 to 12/31/08)	Lisa Mattingly
Administrator of the Office of Fiscal Management		Gevan Behnke
Legal Counsel	(08/16/10 to present) (05/22/10 to 08/15/10) (07/01/88 to 05/21/10)	Chris Flynn Vacant Fredrick Hahn

* "Acting" official during the dates indicated.

** Starting January 1, 2009 the Professional Services Department has been under the supervision of the Deputy Director of Construction.

Agency Office is located at:

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

CAPITAL DEVELOPMENT BOARD



Gus Behnke, Acting Director

Board Members
Anthony R. Licata
Chairman

February 13, 2011

Mark J. Ladd
Glyn M. Ramage
Michael Y. Chin
Stewart A. Munoz
Stephen A. Toth

E. C. Ortiz & Co., LLP
333 S. Des Plaines Street, Suite 2-N
Chicago, Illinois 60661

Ladies and Gentlemen:

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 Capital Development Board (the "Board"). 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 Board's compliance with the following assertions during the two-years ended June 30, 2010. Based on this evaluation, we assert that during the years ended June 30, 2010 and June 30, 2009, the Board has materially complied with the assertions below.

- A. The 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 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 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 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. The money or negotiable securities or similar assets handled by the Board on behalf of the State or held in trust by the Board have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,

Capital Development Board

Handwritten signature of Gevan Behnke in black ink.

Gevan Behnke
Acting Executive Director and
Administrator of the Office of Fiscal Management

Handwritten signature of Chris Flynn in black ink.

Chris Flynn
Legal Counsel

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**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
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' REPORTS

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

Number of	Current Report	Prior Report
Findings	7	6
Repeated findings	3	3
Prior recommendations implemented or not repeated	3	5

Details of findings are included in a separate section of this report.

SCHEDULE OF FINDINGS

Item No.	Page	Description	Finding Type
<i>FINDING (GOVERNMENT AUDITING STANDARDS)</i>			
10-1	11	Reappropriated Projects' Accounts Payable Understated	Material Weakness and Noncompliance
<i>FINDINGS (STATE COMPLIANCE)</i>			
10-2	17	Failure to Publish Required Procurement Information	Significant Deficiency and Noncompliance
10-3	19	Performance Evaluations Not Completed	Significant Deficiency and Noncompliance
10-4	21	Failure to File Required Affidavits with the Auditor General	Significant Deficiency and Noncompliance
10-5	23	Noncompliance with the Capital Development Board Act	Significant Deficiency and Noncompliance
10-6	24	Inaccurate and Inadequate Property Records	Significant Deficiency and Noncompliance
10-7	27	Untimely Approval and Payment of Vouchers	Significant Deficiency and Noncompliance

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

SCHEDULE OF FINDINGS (Continued)

In addition, the following finding which is reported as a current finding relating to *Government Auditing Standards* also met the reporting requirements for State compliance.

Item No.	Page	Description	Finding Type
10-1	11	Reappropriated Projects' Accounts Payable Understated	Material Weakness and Noncompliance

PRIOR FINDINGS NOT REPEATED

A	29	Inadequate Internal Control for Uninsured and Uncollateralized Deposits
B	29	Inadequate Controls Over Personnel and Payroll Records
C	29	Art-in-Architecture Program Noncompliance

EXIT CONFERENCE

The Capital Development Board opted not to have an exit conference during the financial audit for the year ended June 30, 2010 and compliance examination for the two years ended June 30, 2010. Responses to the recommendations were provided by Douglas Tinch in a letter dated February 9, 2011.



**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

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, 2010. 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. 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.

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 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, 2010. 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 items 10-1, 10-2, 10-3, 10-4, 10-5, 10-6, and 10-7.

Internal Control

The 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 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 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over compliance that we consider to be a material weakness and other deficiencies that we consider to be significant deficiencies.

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 internal control over compliance* is a deficiency, or combination of deficiencies, in internal control 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. We consider the deficiency in internal control over compliance as described in the accompanying schedule of findings as item 10-1 to be a material weakness.

A *significant deficiency in internal control over compliance* 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as items 10-2, 10-3, 10-4, 10-5, 10-6, and 10-7 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.

Supplementary Information for State Compliance Purposes

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the 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, 2010, which collectively comprise the State of Illinois Capital Development Board's basic financial statements, and have issued our report thereon dated February 13, 2011. 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 and is not a required part of the basic financial statements of the State of Illinois Capital Development Board. The 2010 Supplementary Information for State Compliance Purposes, except for that portion marked "unaudited," on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2010 taken as a whole.

We have also previously audited, in accordance with auditing standards generally accepted in the United States, the State of Illinois Capital Development Board's basic financial statements for the year ended June 30, 2009. In our report dated May 7, 2010 on basic financial statements, we expressed an unqualified opinion on the respective financial statements of the governmental activities, the major fund, and the aggregate remaining fund information. In our opinion, the 2009 Supplementary Information for State Compliance Purposes, except for the portion marked

“unaudited” is fairly stated in all material respects in relation to the basic financial statements for the years ended June 30, 2010 and June 30, 2009, taken as a whole.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, Board management, and Board members and audit committee 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.

C. C. Gray & Co. LLP
Chicago, Illinois
February 13, 2011



**INDEPENDENT AUDITORS' 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 William G. Holland
Auditor General
State of Illinois

and

Board Members
Capital Development Board

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the 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, 2010, which collectively comprise the State of Illinois Capital Development Board's basic financial statements, and have issued our report thereon dated February 13, 2011. 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.

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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements and not for the purpose of expressing an opinion on the effectiveness of the State of Illinois Capital Development Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois Capital Development Board's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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. We consider the deficiency described in finding 10-1 in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of Illinois Capital Development Board's financial statements are free of 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 10-1.

The State of Illinois Capital Development Board's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the State of Illinois Capital Development Board's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, Board management, and Board members and audit committee 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.

C. C. G. L. J. & Co. LLP
Chicago, Illinois
February 13, 2011

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF FINDINGS
FOR THE TWO YEARS ENDED JUNE 30, 2010**

CURRENT FINDINGS - GOVERNMENT AUDITING STANDARDS

Finding No. 10-1 - Reappropriated Projects' Accounts Payable Understated

The Capital Development Board's (CDB) process for the estimation of reappropriated projects' accounts payable underestimated the amounts to be reported in their June 30, 2010 and 2009 financial statements.

CDB records reappropriated projects' accounts payable in its financial statements based on estimates derived from methodologies and historical analyses performed by CDB. Based on reviewing subsequent payments for expenditures incurred for FY 2010 through October 2010, and using a multiplier for future payments to be made applicable to FY 2010 liabilities, the auditors projected, the reappropriated projects' accounts payable were understated as follows (amounts expressed in thousands):

<u>Fund</u>	<u>Accounts Payable as of June 30, 2010</u>		
	<u>Accrued by CDB</u>	<u>Projected</u>	<u>Under (Over) Accrual</u>
Capital Development Fund # 141	\$ 5,949	\$ 8,634	\$ 2,685
CDB Contributory Trust Fund #617	7,870	7,693	(177)
Build Illinois Bond Fund #971	1,442	2,010	568
Total	<u>\$ 15,261</u>	<u>\$ 18,337</u>	<u>\$ 3,076</u>

Based on reviewing subsequent payments for expenditures incurred for FY 2009 the reappropriated projects' accounts payable were understated (overstated) as follows (amounts expressed in thousands):

<u>Fund</u>	<u>Accounts Payable as of June 30, 2009</u>		
	<u>Accrued by CDB</u>	<u>Actual</u>	<u>Under (Over) Accrual</u>
Capital Development Fund # 141	\$ 14,957	\$ 12,963	\$ (1,994)
CDB Contributory Trust Fund #617	5,671	5,384	(287)
Build Illinois Bond Fund #971	1,167	5,186	4,019
Total	<u>\$ 21,795</u>	<u>\$ 23,533</u>	<u>\$ 1,738</u>

The misstatements in estimating accounts payable balances for both June 30, 2010 and 2009 necessitated the auditor to propose adjustments to CDB's June 30, 2010 financial statements.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF FINDINGS
FOR THE TWO YEARS ENDED JUNE 30, 2010**

CURRENT FINDINGS - *GOVERNMENT AUDITING STANDARDS* (Continued)

Finding No. 10-1 - Reappropriated Projects' Accounts Payable Understated (Continued)

The preparation of financial statements in conformity with generally accepted accounting principles 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 due to complexity and subjectivity associated with the process, the availability and reliability of relevant data, the number and significance of assumptions that are made and the degree of uncertainty associated with the assumptions.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) notes State agencies shall establish and maintain a system of internal fiscal and administrative controls, which shall provide assurance that revenues, expenditures, and transfer 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.

According to CDB management, the criterion in evaluating the multiplier used in the estimation process was to maintain consistency in applying the multiplier each year in part by comparing multiplier averages for the past three to ten years. Other factors that may be relevant were not considered such as the amount of difference between actual and estimates and factors that may be unique to a particular project or accounting period. Also, additional information to evaluate the liability prior to submission of the fund financial information (GAAP package) to the Office of the Comptroller was not available.

Because of CDB's methodologies and analyses not adequately estimating reappropriated projects' accounts payable and the associated misstatement in CDB's financial statements, this is considered a material weakness in CDB's internal control. A material weakness is a deficiency, or 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.

When estimation is used to record financial statement amounts, a subsequent analysis should be performed to determine if the estimate should be updated or corrected to ensure reasonable amounts are being recorded in the financial statements. (Finding Code Nos. 10-1 and 09-1)

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF FINDINGS
FOR THE TWO YEARS ENDED JUNE 30, 2010**

CURRENT FINDINGS - *GOVERNMENT AUDITING STANDARDS* (Continued)

Finding No. 10-1 - Reappropriated Projects' Accounts Payable Understated (Continued)

Recommendation:

We recommend CDB evaluate the effectiveness of its internal control related to accounting estimates on reappropriated projects' accounts payable by:

- Reviewing relevant factors that may be unique to the accounting period and considering the changes in a previously established method to arrive at reasonable estimates.
- Comparing prior accounting estimates with subsequent results to assess the reliability of the process used in developing estimates.

Board Response:

We disagree with the recommendation. The Illinois Office of the Comptroller (IOC) required that CDB submit financial statements to their office for the fiscal year ended June 30, 2010 by September 10, 2010. These financial statements necessarily included estimates of accounts payable. These estimates were made by CDB based on the best information available as of August 31, 2010 on a multi-year estimation methodology (reflecting the multi-year nature of CDB projects) that had not been challenged by the external auditors until fiscal year 2009.

For fiscal year 2009, the external auditors proposed a finding and recommendations to make an adjustment to accounts payable based on a single year estimation methodology based on information as of November 2009, three months after final financial statements were submitted to the Comptroller. Due to time constraints and lack of access to professional accounting/auditing counsel, CDB acquiesced to the finding.

For fiscal year 2010, the external auditors proposed a similar finding and recommendations based on the same single year estimation methodology as proposed in 2009. On September 1, 2010, CDB appointed a new Chief Internal Auditor who is a licensed Certified Public Accountant and Certified Internal Auditor, who recommended that CDB disagree with this finding and recommendation for the following reasons:

- The auditors had the advantage of reviewing actual expenditures for a longer period than CDB analysts. CDB is required to submit final financial statements (including all estimates) to the IOC by August 31, 2010. These statements once submitted cannot be changed. The auditors had the advantage of reviewing actual expenditures through November 2010. Thus, their estimates were based on information not available to CDB.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF FINDINGS
FOR THE TWO YEARS ENDED JUNE 30, 2010**

CURRENT FINDINGS - GOVERNMENT AUDITING STANDARDS (Continued)

Finding No. 10-1 - Reappropriated Projects' Accounts Payable Understated (Continued)

Board Response (Continued):

- CDB, to compensate for the two-month reporting requirements of the IOC, has developed a methodology that considers the expenditures and related payables over a moving 10-year average. Because of the re-appropriated nature of our funds (the State Legislature routinely re-appropriates CDB project funds, as many projects cannot be completed within the artificial confines of a single fiscal year) it was management decision that this methodology more accurately reflected the true expenditure/payable relationship and the reporting requirements thereon. The auditors only utilized current year expenditures, using an extended lapse period where they obtained additional actual expenditures to determine payables. This has the effect of causing large fluctuations in year to year estimation of accounts payable based on the unpredictable behavior of the vendor. A 10-year moving average minimizes this fluctuation.
- The auditors stated that CDB had accepted a similar finding in the previous year and were surprised that we were expressing opposition in the current year audit. As noted above, due to time constraints and lack of access to professional accounting/auditing counsel, CDB acquiesced to the finding.
- The auditors offered as an alternative (for future years) that they would advise us of the cutoff date to determine payables for audit purposes. CDB then could recalculate accounts payable using the auditor's methodology, make the resulting adjustment and there would be no finding or adjustment. Because CDB has completed their financial statements for IOC submission (and IOC will not allow revision once submitted), it appears to be a waste of State resources to complete a second set of financial statements to satisfy a perceived audit need. The auditors contend that we would mislead the users of the financial statements if this adjustment of an *estimate* is not made. For fiscal year 2009, the IOC elected not to report the audit adjustment made by CDB for payables in the State of Illinois Comprehensive Annual Report (CAFR). If an astute user of financial statements compared the CDB section of the CAFR with the individual financial statements for CDB, the reader could be misled because of the conflict.
- Finally, Statement of Financial Accounting Standards (FAS) No. 154 states "A change in accounting estimate shall be accounted for in (a) the period of change if the change affects that period only or (b) the period of change and future periods if the change affects both. A change in accounting estimate shall not be accounted for by restating or retrospectively adjusting amounts reported in financial statements of prior periods or by

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF FINDINGS
FOR THE TWO YEARS ENDED JUNE 30, 2010**

CURRENT FINDINGS - *GOVERNMENT AUDITING STANDARDS* (Continued)

Finding No. 10-1 - Reappropriated Projects' Accounts Payable Understated (Continued)

Board Response (Continued):

reporting pro forma amounts for prior periods.” Therefore, even if CDB accepted the premise that the external auditors estimate of accounts payable was correct, restating of prior year financial statements would not be in compliance with generally accepted accounting principles.

Auditor's Comment:

Because of the nature of CDB's operations they do not have final data available to record the actual balance for reappropriated projects' accounts payable. It is acceptable in the preparation of an entity's financial statements to report amounts derived through an estimation process. As noted in the AICPA Statement on Auditing Standards section AU 342.05 management is responsible for establishing a process for preparing accounting estimates which would include accumulating relevant, sufficient, and reliable data on which to base the estimate.

In addition, as set forth in the AICPA Statements on Auditing Standards, section AU 342.11 "...auditors assess the reasonableness of an accounting estimate by performing procedures to test the process used by management to make the estimate." One procedure of testing management's estimation process is to test amounts reported in prior year financial statements based on estimates to actual (subsequent) information to determine if the estimation process used by management is generating data that is not materially different from actual amounts.

In performing testing at CDB for amounts reported at June 30, 2008 it was determined CDB under reported the liability related to reappropriated accounts payable by \$1.082 million. In addition, the auditors estimated the June 30, 2009 amount was understated by \$1.755 million. The June 30, 2008 and 2009 misstatements were considered material to CDB's financial statements by the auditors and the auditors proposed adjusting entries, which were made by CDB.

In performing the current audit, the auditors determined the amount for fiscal year 2009 was actually understated by an additional \$1.738 million. This demonstrates the unpredictability in trying to arrive at a reasonable amount. In addition, the auditors determined the FY10 reappropriated accounts payable were understated by \$3.076 million, again the misstatements were determined by the auditors to be material to CDB's financial statements.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF FINDINGS
FOR THE TWO YEARS ENDED JUNE 30, 2010**

CURRENT FINDINGS - *GOVERNMENT AUDITING STANDARDS* (Continued)

Finding No. 10-1 - Reappropriated Projects' Accounts Payable Understated (Continued)

Auditor's Comment (Continued):

The auditors proposed adjusting entries to CDB's management to address the differences between what was reported by CDB and what was computed by the auditors during the fiscal year 2010 engagement. CDB management declined to record the proposed adjustments. The auditors noted in their opinion on the financial statements that the financial statements as presented do not present fairly, in all material aspects, the respective financial position of the governmental activities and the aggregate remaining fund information of the State of Illinois Capital Development Board, as of June 30, 2010.

In performing an audit, auditors are tasked with testing information as reported by the auditee. In such a situation, auditors do have the benefit of subsequent information to test reported information thus the benefit of the audit process in determining that the information presented is not materially misstated.

In addition, there is nothing in the accounting standards that states that liabilities should be a consistent amount from one period to the next. Fluctuations in accounts occur from year to year and the auditee should be in a position to report that information appropriately regardless if it is derived from an estimation process. The Board's current problem is caused by the unpredictable behavior of the vendor, as noted in their response, and provides a greater justification for the audit concern.

The last paragraph of CDB's response is incorrect as it relates to "a change in accounting estimate." The authoritative literature they cite relates to changes in accounting estimates that affect the consistency of application when the methodology changes from one accounting period to another. This citation does not apply when the estimation methodology does not generate reliable information which would be considered an error. Material errors in the financial statements of a prior period discovered after the financial statements have been issued would necessitate a prior period adjustment.

Furthermore, an entity's internal controls should include a comparison of prior accounting estimates with subsequent results to assess the reliability of the process used to develop estimates and what changes need to be made prospectively. The Board did not perform this retrospective review of the accounts payable estimate.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF FINDINGS
FOR THE TWO YEARS ENDED JUNE 30, 2010**

CURRENT FINDINGS - STATE COMPLIANCE

Finding No. 10-2 - Failure to Publish Required Procurement Information

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.

CDB is responsible for publishing its volumes of the Illinois Procurement Bulletin (the Bulletin), which is available electronically. The Bulletin contains 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). Based on our review of procurement information on CDB's website, the following were noted:

- Invitation for bids with revised bid dates and rebids did not include information about the responsible State purchasing officer, the method of source selection, and encouragement to prospective vendors to hire qualified veterans and Illinois residents discharged from any Illinois adult correctional center.
- Contracts let or awarded did not include information about the location where offers were submitted.
- Notices for 11 of 25 (44%) emergency purchases tested totaling \$5,374,612 were posted on the Bulletin from 4 to 103 days after the execution of the contract. Also, bid posting dates were not available for 5 of 25 (20%) emergency purchases tested totaling \$915,092. In these cases, determination of timely posting could not be made.

The Illinois Procurement Code (30 ILCS 500/15-25) states that the Bulletin's content will be as follows:

- Invitation for bids - Notice of each and every contract that is offered must be published in the Bulletin and must include the date first offered, the date submission of offers is due, the location to which offers are to be submitted, the purchasing State agency, the responsible State purchasing officer, the method of source selection, information on how to obtain a comprehensive purchase description and any disclosure and contract forms, and encouragement to prospective vendors to hire qualified veterans, as defined by Section 45-67 of the Code, and Illinois residents discharged from any Illinois adult correctional center.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF FINDINGS
FOR THE TWO YEARS ENDED JUNE 30, 2010**

CURRENT FINDINGS - STATE COMPLIANCE (CONTINUED)

Finding No. 10-2 - Failure to Publish Required Procurement Information (Continued)

- Contracts let or awarded - Notice of each and every contract that is let or awarded shall be published in the next available subsequent Bulletin and must include at least all of the information specified in the invitation for bids, as well as certain details related to the procurement and contract. This notice must be posted in the online electronic Bulletin prior to execution of the contract.
- Emergency purchase disclosure - Within 3 business days after contract execution, all emergency purchases must be published in the online electronic Bulletin, including a written description, reasons for emergency procurement, the total cost or estimate, responsible State officers, and the contracted entity.

CDB management thought that the information posted on the Bulletin for invitation for bids with revised bid dates and rebids was sufficient to meet statutory requirements. For contracts let or awarded, CDB did not deem it necessary to include information about the location where offers were submitted in the Bulletin since this information had been included in the invitation for bids. Generally, CDB posts the information on emergency purchases 7 to 10 days from notice of award. Also, the Information Systems division could not generate bid posting dates for some of the emergency purchases.

Failure to comply with the Illinois Procurement Code's procurement information provisions reduces accountability and transparency of government decisions and results in noncompliance with the statutory requirements. (Finding Code Nos. 10-2 and 08-2)

Recommendation:

We recommend that CDB implement controls to ensure complete and consistent compliance with Illinois Procurement Code requirements to publish procurement information to all invitation for bids including rebids.

Board Response:

We agree with the recommendation. CDB management will review current procurement information provisions and develop and enforce policies and procedures to insure publishing of procurement information for all invitation for bids and rebids.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF FINDINGS
FOR THE TWO YEARS ENDED JUNE 30, 2010**

CURRENT FINDINGS - STATE COMPLIANCE (CONTINUED)

Finding No. 10-3 - 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 26 (65%) performance evaluations were not current or timely, as follows:

- Four of 40 (10%) employees tested for FY 2009 and 21 of 40 (53%) employees tested for FY 2010 did not have a performance evaluation.
- One of 40 (2%) employees tested did not have a performance evaluation at the end of the probationary period nor within the previous twelve months.

In addition, performance evaluation forms for 10 of 40 (25%) employees were not signed by the required level of approvers.

CDB Personnel Policies and Procedures Manual IX.B.2 requires performance evaluations to be completed on an annual basis in order to evaluate the employee's performance within the last year and to set performance objectives for the upcoming year. It also states that new non-code employees serving a probationary period of six months or more will receive an appraisal at the end of the probationary period. Per CDB Personnel Policies and Procedures Manual I.A.3, non-code employees are employees who are exempt from all jurisdictions of the Personnel Code administered by the Department of Central Management Services and collective bargaining agreements. In addition, it is prudent business practice to complete performance evaluations on a regular and timely basis. CDB Personnel Policies and Procedures Manual IX.C.3 also states that the employee and the immediate supervisor are to sign and date the evaluation form.

CDB management stated that the delays were due to supervisors not responding timely to protocol reminder notices sent by CDB Human Resources department during the monitoring process. Some of the performance evaluation forms were not signed due to oversight.

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

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF FINDINGS
FOR THE TWO YEARS ENDED JUNE 30, 2010**

CURRENT FINDINGS - STATE COMPLIANCE (CONTINUED)

Finding No. 10-3 - Performance Evaluation Not Completed (Continued)

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, layoff, recall, or reinstatement decisions. The employee's signature is a confirmation that the employee read the appraisal form. (Finding Code Nos. 10-3, 08-3, and 06-6)

Recommendation:

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

Board Response:

We agree with the recommendation. CDB management will more closely monitor supervisors regarding their employee performance evaluation responsibilities. Progressive discipline will be administered for supervisors who fail to perform their employee performance evaluation responsibilities.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF FINDINGS
FOR THE TWO YEARS ENDED JUNE 30, 2010**

CURRENT FINDINGS - STATE COMPLIANCE (CONTINUED)

Finding No. 10-4 - Failure to File Required Affidavits with the Auditor General

The Capital Development Board did not comply with the Illinois Procurement Code.

The Capital Development Board (CDB) failed to provide the Auditor General affidavits that the waiver of the application of the requirements of Section 30-30 of the Illinois Procurement Code for two FY 2010 construction projects totaling \$103 million, is in the best interest of the State. Also, affidavits for 5 of 25 (20%) emergency purchases tested were not filed with the Auditor General within 10 days of awarding the contracts. These emergency purchases consisted of 4 projects for the Department of Central Management Services (DCMS) and 1 project for the Illinois Secretary of State (ISOS), totaling \$2.3 million.

The Illinois Procurement Code (the Code) states that with respect to construction projects for which the requirements of the Illinois Procurement Code Sec. 30-30 do not apply, the Board shall provide to the Auditor General an affidavit that the waiver of the application of requirements is in the best interest of the State (30 ILCS 500/30-30). In addition, the Emergency Purchases Section (c) Affidavits of the Code (30 ILCS 500/20-30) states that a purchasing agency shall file affidavits with the chief procurement officer and the Auditor General within 10 days after the procurement setting forth the amount expended, the name of the contractor involved, and the conditions and circumstances requiring the emergency procurement. When only an estimate of the cost is available within 10 days after the procurement, the actual cost shall be reported immediately after it is determined.

According to CDB Management, the Board was not able to appoint a specific staff member to complete and file the affidavits.

Failure to file affidavits to the Auditor General reduces accountability and transparency of government decision and constitutes noncompliance with the law. (Finding Code No. 10-4)

Recommendation:

We recommend that CDB implement controls to ensure compliance with the Code requirements to file necessary affidavits with the Auditor General.

Board Response:

We disagree with the recommendation. Provisions of 30 ILCS 500/20-30(c) require that affidavits be filed by the Chief Procurement Officer (CPO) for fiscal year 2011 forward. CDB

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF FINDINGS
FOR THE TWO YEARS ENDED JUNE 30, 2010**

CURRENT FINDINGS - STATE COMPLIANCE (CONTINUED)

Finding No. 10-4 - Failure to File Required Affidavits with the Auditor General (Continued)

Board Response (Continued):

management will provide all relevant documents so that the CPO may file timely and accurate affidavits.

Auditor's Comment:

The Illinois Procurement Code (30 ILCS 500/20-30) requires that a purchasing agency file affidavits with the chief procurement officer and the Auditor General within 10 days after the emergency procurement. This requirement has been in effect since July 1, 1998 and applied during the period under audit.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF FINDINGS
FOR THE TWO YEARS ENDED JUNE 30, 2010**

CURRENT FINDINGS - STATE COMPLIANCE (CONTINUED)

Finding No. 10-5 - Noncompliance with the Capital Development Board Act

The Capital Development Board (Board) did not have the mandated seven members.

The Board was composed of six members as of June 30, 2010. The vacancy was caused by the resignation of a member on December 17, 2009. The Office of the Governor has not appointed a new member to the Board.

The Capital Development Board Act (20 ILCS 3105/5) requires that the Board shall consist of seven members, all of whom shall be appointed by the Governor, by and with the consent of the Senate. Any vacancy occurring on the Board, whether by death, resignation or otherwise, shall be filled by appointment by the Governor in the same manner as original appointments. A member appointed to fill a vacancy shall serve for the remainder of the unexpired term or until his successor is qualified.

According to CDB Management, they have sent communications with the Office of the Governor in FY 2009 and FY 2010 informing and reminding them of the vacancy on the Board.

The vacancy on the Board limits the input provided to set policy for the Board, approve the awarding of contracts to professional design firms, consider major changes to construction contracts and operation and management of the Board. (Finding Code No. 10-5)

Recommendation:

We recommend that CDB management continue to communicate with the Governor to request the vacant position be filled.

Board Response:

We agree with the recommendation. CDB Management will continue to communicate the Board vacancy to the Office of the Governor.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF FINDINGS
FOR THE TWO YEARS ENDED JUNE 30, 2010**

CURRENT FINDINGS - STATE COMPLIANCE (CONTINUED)

Finding No. 10-6 - Inaccurate and Inadequate Property Records

The Capital Development Board (CDB) did not maintain accurate and adequate property records.

During our examination of CDB FY 2009 and FY 2010 property records, we noted the following:

- The Common System Inventory, CDB's property records, did not reflect missing property items noted during CDB's annual physical inventory totaling \$2,087 (4 items) and \$7,915 (3 items) in FY 2009 and FY 2010, respectively. The missing items were likewise not reported on the Agency Report of State Property (C-15 report) as such.
- Inaccuracies were noted on the FY 2008 and FY 2009 Annual Certification of Inventory submitted to Department of Central Management Services (DCMS). The FY 2008 certification included 1,982 items costing less than \$500 which are not required to be reported to DCMS. On the FY 2009 certification, 2 items (a laptop and CPU) totaling \$2,676 were incorrectly reported as missing. Also, 2 items, each costing less than \$500 and both highly susceptible to theft, were not included in the annual report. All equipment with acquisition costs of under \$500 and highly subject to theft were not identified and reported. The Agency Inventory Summary and Discrepancy Reports for both years were not signed by a responsible officer as required by DCMS.
- Two of 25 (8%) equipment items tested (binding machine and computer CPU) were not listed on the Common System Inventory.
- Two of 25 (8%) equipment items totaling \$5,583, could not be located. One of these items is still listed in the Common System Inventory as of June 30, 2010.
- One of 16 (6%) property additions reviewed for FY 2009 and FY 2010 revealed that shipping cost amounting to \$80 was not added to the value of property reported on the Common Inventory System and C-15 report.

State Property Control Act (30 ILCS 605/6.02) describes an agency's reporting responsibilities to the DCMS. Agencies must also maintain a permanent record of all property. A listing of the permanent record is required to be submitted to DCMS annually in a format prescribed by DCMS. The Illinois Administrative Code (Title 44, Subtitle D, Chapter 1, Part 5010.220) states that all items of equipment with an acquisition value of under \$500 are not required to be reported to DCMS, except for items subject to theft, which must be reported regardless of acquisition cost. The Illinois Administrative Code (Title 44, Subtitle D, Chapter 1, Part

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF FINDINGS
FOR THE TWO YEARS ENDED JUNE 30, 2010**

CURRENT FINDINGS - STATE COMPLIANCE (CONTINUED)

Finding No. 10-6 - Inaccurate and Inadequate Property Records (Continued)

5010.210) also requires agencies to mark (tag) each piece of State-owned equipment with a unique six digit identification number which is affixed to the equipment in an area easily located. Further, the Illinois Administrative Code (Title 44, Subtitle D, Chapter 1, Part 5010.400) requires agencies to adjust property records within 30 days of acquisition, change or deletion of equipment items. Statewide Accounting Management System Manual Procedure 03.30.20 - Valuation of Capital Assets state that capital assets should be reported at historical cost and should include ancillary costs to place the asset in service such as the cost of the freight. In addition, generally accepted accounting principles (GAAP) require that capital assets be reported based on the invoiced cost plus any applicable transportation and installation charges necessary to make the capital asset ready for its intended use.

According to CDB management, CDB generally reflects deletion of the missing property from the Common System Inventory two years after it was reported or discovered missing. CDB also believes that books are not high value and are not susceptible to theft.

Failure to maintain accurate property control records increases the potential for possible loss or theft of State property. In addition, inaccurate property reporting reduces the reliability of CDB capital asset information. (Finding Code No. 10-6)

Recommendation:

We recommend the CDB establish procedures to ensure equipment records are accurately maintained and updated in a timely manner. We also recommend the CDB review its process for ensuring that capital asset acquisitions are properly accounted for and reported in accordance with GAAP.

Board Response:

We partially agree with the recommendation.

- Common System Inventory did not reflect missing property items and not reported on C-15. – It has been CDB policy not to report missing items for two annual physical inventories. However, this policy has not been documented. CDB will document this to reflect current CDB policy.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF FINDINGS
FOR THE TWO YEARS ENDED JUNE 30, 2010**

CURRENT FINDINGS - STATE COMPLIANCE (CONTINUED)

Finding No. 10-6 - Inaccurate and Inadequate Property Records (Continued)

Board Response (Continued):

- CDB management was not advised of specific items missing or items that were not reported. As such we were unable to provide the needed information. Signature lines were not provided on the Agency Inventory Summary and Discrepancy Reports. CDB will supply those signatures in the future if required.
- For the two equipment items that were not listed on the Common System Inventory, CDB management was not advised of these items and as such cannot determine with certainty if they are not listed.
- For the two equipment items that could not be located, CDB management was not advised of these items and as such cannot determine with certainty if they are missing.
- CDB is in agreement that shipping costs had not been added to the value of the asset reported in the Common Inventory System and C-15 report. CDB will amend our procedures to insure inclusion of shipping cost in the value of capitalized assets in the future.

Auditor's Comment:

The Board's response stating they were not advised of the issues noted is incorrect. On October 20, 2010 the auditors had a meeting with the Chief Fiscal Officer (currently acting Executive Director) and the Chief Internal Auditor where a detailed summary was provided of the issues noted during the audit.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF FINDINGS
FOR THE TWO YEARS ENDED JUNE 30, 2010**

CURRENT FINDINGS - STATE COMPLIANCE (CONTINUED)

Finding No. 10-7 - Untimely Approval and Payment of Vouchers

The Capital Development Board (CDB) did not timely process vouchers and pay required interest.

We tested 348 vouchers totaling \$90,348,498 and noted the following:

- Forty-two of 348 (12%) vouchers tested totaling \$7,572,241 were approved for payment between 2 to 229 days late.
- Fifteen of 348 (4%) vouchers tested totaling \$59,657 were not stamped received by the requesting department. In these cases, invoice dates were considered the date invoices were received to compute timely approval and payment of vouchers.
- CDB did not approve for payment of vendor interest charges totaling \$391 on 13 of 14 (93%) vouchers tested in FY 2010, where interest charges were required to be automatically calculated and paid by the CDB. In these instances, the invoices were not paid by the Illinois Office of the Comptroller within 60 days of receipt.

The Illinois Administrative Code (74 Ill. Adm. Code 900.70) requires an agency to review a bill and either deny the bill in whole or in part, ask for more information necessary to review the bill; or approve the bill in whole or in part, within 30 days after physical receipt of the bill. The Code (74 Ill. Adm. Code 900.90) also states that agencies are responsible for calculating and paying interest and are to do so within a reasonable time frame. Interest amounting to \$5 but less than \$50 must be requested by the vendor. Starting August 18, 2009, Public Act 96-555 required that all interest for all amounts are to be paid to the vendor. In addition, the State Prompt Payment Act (30 ILCS 540/3-2) requires State agencies to determine whether interest is due and to automatically pay the interest to the appropriate vendor when payment is not issued within 60 days after receipt of a proper bill.

The Illinois Administrative Code (74 Ill. Adm. Code 900.30) requires the 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 delays in payment were due to lack of available funding at the time of receipt of invoices and vouchers.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF FINDINGS
FOR THE TWO YEARS ENDED JUNE 30, 2010**

CURRENT FINDINGS - STATE COMPLIANCE (CONTINUED)

Finding No. 10-7 - Untimely Approval and Payment of Vouchers (Continued)

Failure to date stamp invoices and approve vouchers timely could subject the State to unnecessary interest charges. Failure to pay the required interest on vouchers is noncompliance with the State Prompt Payment Act. (Finding Code No. 10-7)

Recommendation:

We recommend the CDB strengthen its controls over voucher processing to ensure documentation of invoice receipt and voucher payment date and timely approval of vouchers, including interest as required.

Board Response:

We agree with the recommendation. CDB will develop, implement and enforce policies and procedures to insure timely approval and payment of vouchers.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF PRIOR FINDINGS NOT REPEATED
FOR THE TWO YEARS ENDED JUNE 30, 2010**

A. Inadequate Internal Control for Uninsured and Uncollateralized Deposits

In the FY 2009 financial audit, bank balances for two construction retention trust accounts totaling \$1.167 million exceeded Federal Deposit Insurance Corporation coverage by \$919,669 with no other collateral pledged.

As of June 30, 2010, bank balances held in local funds as retainage on open construction projects for 21 accounts with 14 banks totaling \$1.424 million were fully secured and collateralized adequately. (Finding Code Nos. 09-2, 08-1, 07-1, 06-1 and 05-1)

B. Inadequate Controls Over Personnel and Payroll Records

In the prior examination, the CDB used Personal Action Forms (PAFs) to record all personnel actions which affect an employee's status or pay and noted the following:

- PAFs for 2 employees hired in FY 2008 were not on file.
- PAFs for FY 2008 salary increases for 2 employees were not signed.
- PAFs for FY 2007 anniversary and cost of living allowance increases for CDB employees were not signed or approval was not evident on the forms.
- Salary deduction authorization forms for FY 2008 union dues for 10 employees were not on file.
- Record of employee hours submitted to the Ethics Officer and leave balances maintained by the Personnel Department were not reconciled.

During the current examination, no significant exceptions were noted in relation to personnel actions. In addition, starting FY 2009, employee timesheets were required to be submitted to the Personnel Department which reconciles employee hours and leave balances. (Finding Code No. 08-4)

C. Art-in-Architecture Program Noncompliance

In the prior examination, the CDB did not comply with all the requirements set forth by the Art-in-Architecture Program.

During the current examination, we noted that all Art-in-Architecture projects have proof of installment insurance for artists used in the projects. Also, minutes from the meetings of the Fine Arts Review Committee were filed for all Art-in-Architecture projects in FY 2009 and FY 2010. (Finding Code Nos. 08-5 and 06-7)

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
FINANCIAL STATEMENT REPORT**

SUMMARY

The audit of the accompanying financial statements of the Capital Development Board was performed by E. C. Ortiz & Co., LLP.

Based on their audit, the auditors expressed a qualified opinion on the Capital Development Board's basic financial statements. The opinion was qualified because management did not consider significant subsequent payment information in estimating accounts payable for reappropriated projects and has understated the unexpended appropriation by \$3,253, capital assets, not being depreciated by \$1,728, liabilities by \$3,076, and net assets by \$1,905 (amounts expressed in thousands) in the financial statements of the governmental activities and understated the unexpended appropriation by \$3,253, accounts payable by \$3,076, other sources by \$3,253, expenditures by \$1,338, and overstated the beginning fund balance by \$1,738 (amounts expressed in thousands) in the financial statements of the aggregate remaining fund information.

SUMMARY OF FINDING

The auditors identified a matter involving Agency's internal control over financial reporting that they considered to be a material weakness. The material weakness is described in the accompanying Schedule of Findings 10-1, *Reappropriated Projects' Accounts Payable Understated*.

EXIT CONFERENCE

The Capital Development Board opted not to have an exit conference during the financial audit for the year ended June 30, 2010 and compliance examination for the two years ended June 30, 2010. Responses to the recommendations were provided by Douglas Tinch in a letter dated February 9, 2011.



E.C. ORTIZ & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland
Auditor General
State of Illinois

and

Board Members
Capital Development Board

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the 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, 2010, which collectively comprise the State of Illinois Capital Development Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State of Illinois Capital Development Board's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the financial statements of the State of Illinois Capital Development Board are intended to present the financial position and changes in financial position of only that portion of the governmental activities, the 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, 2010, 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.

Management did not consider significant subsequent payment information in estimating accounts payable for reappropriated projects and has understated the unexpended appropriation by \$3,253, capital assets, not being depreciated by \$1,728, liabilities by \$3,076, and net assets by \$1,905 (amounts expressed in thousands) in the financial statements of the governmental activities and understated the unexpended appropriation by \$3,253, accounts payable by \$3,076, other sources by \$3,253, expenditures by \$1,338, and overstated the beginning fund balance by \$1,738

(amounts expressed in thousands) in the financial statements of the aggregate remaining fund information. Accounting principles generally accepted in the United States of America require that estimates be reasonable and such assets and obligations be included in financial statements.

In our opinion, except for the effects of not recording the additional assets, liabilities and expenses related to reappropriated projects of the governmental activities and the aggregate remaining fund information as discussed in the preceding paragraph, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate remaining fund information of the State of Illinois Capital Development Board, as of June 30, 2010, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the major fund of the State of Illinois Capital Development Board, as of June 30, 2010, and the respective changes in the financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 13, 2011 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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The State of Illinois Capital Development Board has not presented a 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 have determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit 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 combining nonmajor governmental fund, special revenue fund, and capital projects fund financial statements listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor governmental fund, special revenue fund, and capital projects fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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, Board management, and Board members and audit committee 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.

C. C. G. L. y 9 Co-LCP
Chicago, Illinois
February 13, 2011

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
STATEMENT OF NET ASSETS
JUNE 30, 2010
(Expressed in Thousands)**

	Governmental Activities
ASSETS	
Unexpended appropriations	\$ 50,871
Cash equity with State Treasurer	7,705
Cash and cash equivalents	1,423
Intergovernmental receivables	3,599
Due from other State funds	5,856
Other receivables	2,572
Capital assets not being depreciated	27,712
Capital assets being depreciated, net	140
TOTAL ASSETS	99,878
LIABILITIES	
Accounts payable and accrued expenses	24,202
Intergovernmental payables	2,920
Due to other State funds	35,560
Deferred revenues	164
Compensated absences, short-term	119
Compensated absences, long-term	1,073
TOTAL LIABILITIES	64,038
NET ASSETS	
Invested in capital assets, net of related debt	27,852
Unrestricted	7,988
TOTAL NET ASSETS	\$ 35,840

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

STATE OF ILLINOIS
 CAPITAL DEVELOPMENT BOARD
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2010
 (Expressed in Thousands)

	Program Revenues		Net (Expense)
	Charges	Capital	Revenue and
	for	Grants and	Change in
	Services	Contributions	Net Assets
Expenses			
FUNCTIONS/PROGRAMS			
GOVERNMENTAL ACTIVITIES			
Education	\$ 154,290	\$ 35,568	\$ 34,293
General government	16,791	-	-
Environment and business regulation	(9)	-	-
Total governmental activities	<u>\$ 171,072</u>	<u>\$ 35,568</u>	<u>\$ 34,293</u>
GENERAL REVENUES			
Appropriations from State resources			4,900,952
Reappropriation to future year(s)			(4,746,571)
Lapsed appropriations			(8,093)
Net change in liabilities for reappropriated accounts			28,512
TRANSFERS			
Receipts collected and transmitted to State Treasury			(16)
Capital transfers to other State agencies			(86,622)
Operating transfers to other State agencies			<u>(425)</u>
Total general revenues and transfers			<u>87,737</u>
CHANGE IN NET ASSETS			(13,474)
NET ASSETS, JULY 1, 2009			<u>49,314</u>
NET ASSETS, JUNE 30, 2010			<u>\$ 35,840</u>

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

STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2010
(Expressed in Thousands)

	General Revenue Fund	Nonmajor Funds	Total Governmental Funds
ASSETS			
Unexpended appropriations	\$ -	\$ 50,871	\$ 50,871
Cash equity with State Treasurer	-	7,705	7,705
Cash and cash equivalents	-	1,423	1,423
Intergovernmental receivables	-	3,599	3,599
Due from other State funds	-	5,856	5,856
Other receivables	-	2,572	2,572
TOTAL ASSETS	-	72,026	72,026
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued expenses	-	24,202	24,202
Intergovernmental payables	-	2,920	2,920
Due to other State funds	-	35,560	35,560
Unavailable revenues	-	255	255
Deferred revenues	-	164	164
Total liabilities	-	63,101	63,101
FUND BALANCES			
Reserved for encumbrances	-	2	2
Unreserved, unrestricted:			
Special revenue funds	-	8,722	8,722
Capital project funds	-	201	201
Total fund balances	-	8,925	8,925
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 72,026	\$ 72,026

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

STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
GOVERNMENTAL FUNDS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010
(Expressed in Thousands)

Total fund balances - governmental funds	\$	8,925
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds.		27,852
Revenues in the Statement of Activities that do not provide current financial resources are deferred in the governmental funds.		255
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 activities consist of compensated absences.		<u>(1,192)</u>
Net assets of governmental activities	\$	<u><u>35,840</u></u>

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

STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2010
(Expressed in Thousands)

	General Revenue Fund	Nonmajor Funds	Total Governmental Funds
REVENUES			
Federal capital grants	\$ -	\$ 34,293	\$ 34,293
Licenses and fees	-	6,741	6,741
Other charges for services	-	29,572	29,572
Total revenues	-	70,606	70,606
EXPENDITURES			
Education	-	154,290	154,290
General government	-	16,613	16,613
Environment and business regulation	-	(9)	(9)
Capital outlays	-	66,398	66,398
Total expenditures	-	237,292	237,292
DEFICIENCY OF REVENUES OVER EXPENDITURES	-	(166,686)	(166,686)
OTHER SOURCES (USES)			
Appropriations from State resources	-	4,900,952	4,900,952
Reappropriations to future year(s)	-	(4,746,571)	(4,746,571)
Lapsed appropriations	-	(8,093)	(8,093)
Receipts collected and transmitted to State Treasury	-	(16)	(16)
Net change in liabilities for reappropriated accounts	-	28,512	28,512
Operating transfers out	-	(425)	(425)
Total other sources	-	174,359	174,359
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER SOURCES	-	7,673	7,673
FUND DEFICITS, JULY 1, 2009	-	1,252	1,252
FUND BALANCES, JUNE 30, 2010	\$ -	\$ 8,925	\$ 8,925

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

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010
(Expressed in Thousands)**

Net change in fund balances \$ 7,673

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 66,398	
Depreciation expense	<u>(36)</u>	66,362

Some capital assets were transferred out to other State agencies and, therefore, were removed from fund balance without any corresponding proceeds. (86,622)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. This amount represents the increase in unavailable revenue over the prior year. (745)

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. These activities consist of compensated absences.

Increase in compensated absences	<u>(142)</u>	
----------------------------------	--------------	--

Change in net assets of governmental activities \$ (13,474)

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

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

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 facilities.
- 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 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

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Governmental Accounting Standards Board (GASB). To facilitate the understanding of data included in the financial statements, summarized below are the more significant accounting policies.

A. Financial Reporting Entity

As defined by GAAP, the financial reporting entity consists of a primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

- (1) Appointment of a voting majority of the component unit's board and either (a) the primary government's ability to impose its will, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- (2) Fiscal dependency on the primary government.

Based upon the required criteria, the 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 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 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, 2010, 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 Department's government-wide and fund financial statements is as follows:

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Government-Wide Statements

The government-wide Statement of Net Assets 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 Assets presents the assets and liabilities of the CDB's governmental activities with the difference being reported as net assets. 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 this Agency's financial statements, is the portion of the State of Illinois General Revenue Fund financial resources obtained and used by the Agency and is included only to present the financial position and operations of the Agency in its entirety.

Nonmajor funds consist of Special Revenue and Capital Projects Funds.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

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 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.

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.

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.

Tobacco Settlement Recovery Fund (733) is a shared fund that is governed by an amendment to the State Finance Act and is appropriated to CDB for capital or other projects relating to health care issues.

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 which are held in local bank accounts as retainage due to contractors. Capital expenditures from the capital projects funds, except Fund 617 CDB Contributory

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

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.

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.

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.

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.

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 (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 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.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB.

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, Tobacco Settlement Recovery 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.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Lapsed Appropriations

Lapsed appropriations are the legally adopted appropriations less net warrants issued for the 14 month period from July to December 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 Assets 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 Assets.

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:

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

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 Assets.

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 Agency 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 Assets 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

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

currently are eligible to receive termination payments and other employees who are expected 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. Fund Balances

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for specific purposes. Designations of fund balances represent tentative State plans that are subject to change.

L. Net Assets

In the governmental-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 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, 2010.

Restricted - This consists of net assets that are 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 State's policy to use restricted resources first, then unrestricted resources when they are needed. There were no restricted net assets as of June 30, 2010.

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

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

M. 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.

N. Future Adoption of GASB Statement No. 54

Effective for the year ending June 30, 2011, the CDB will adopt GASB Statement No. 54, *Fund Balance and Governmental Fund Type Definitions*, which establishes fund balance classifications and clarifies the definitions of fund types. The CDB has not yet determined the impact on the financial statements as a result of adopting this statement.

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 corporations 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 \$1.423 million at June 30, 2010. 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, \$363 thousand was exposed to custodial credit risk as uninsured with collateral held by the pledging financial institutions in the State's name, and \$258 thousand 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.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Deposits in the custody of the State Treasurer, or in transit, totaled \$7.705 million at June 30, 2010. 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 ACTIVITY

A. Due From Other State Funds

The following balance (amount expressed in thousands) at June 30, 2010 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	\$ 5,856	Due from nonmajor governmental funds for capital project grants and contracts.

B. Due to Other State Funds

The following balance (amount expressed in thousands) at June 30, 2010 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	\$ 35,560	Due to internal service funds of the State for purchases of services and goods, reimbursements of costs incurred, and overpayment of construction costs.

C. Transfers To Other Funds

Interfund transfers out (amount expressed in thousands) for the year ended June 30, 2010 were as follows:

<u>Fund</u>	<u>Transfer Out to Other State Funds</u>	<u>Description/Purpose</u>
Nonmajor governmental funds	\$ 425	Transfers to assist State budget shortfalls and for debt service payments.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

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 agreements. As to the status of collections, the Illinois International 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 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, 2010.

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, 2010 were as follows:

	Balance July 1, 2009	Additions	Deletions	Net Transfers	Balance June 30, 2010
Governmental activities:					
Capital assets not being depreciated:					
Construction in progress	\$ 47,936	\$ 66,398	\$ -	\$ (86,622)	\$ 27,712
Capital assets being depreciated:					
Equipment	942	-	-	(42)	900
Less accumulated depreciation	766	36	-	(42)	760
Capital assets being depreciated, net	176	(36)	-	-	140
Governmental activities capital assets, net	<u>\$ 48,112</u>	<u>\$ 66,362</u>	<u>\$ -</u>	<u>\$ (86,622)</u>	<u>\$ 27,852</u>

Depreciation expense charged to governmental activities - general government totaled \$36 (amount expressed in thousands) for the year.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 7 - LONG-TERM OBLIGATIONS

Changes in long-term obligations (amounts expressed in thousands) for the year ended June 30, 2010 were as follows:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010	Amount Due Within One Year
Governmental activities:					
Compensated absences	\$ 1,050	\$ 697	\$ 555	\$ 1,192	\$ 119

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

NOTE 8 - PENSION PLAN

Substantially all of the CDB's full-time employees who are not eligible for participation in another State-sponsored retirement plan participate in the SERS, which is a pension trust fund in the State of Illinois reporting entity. The SERS is a single-employer defined benefit Public Employee Retirement System (PERS) in which State employees participate, except those covered by the State Universities, Teachers', General Assembly, and Judges' Retirement Systems. The financial position and results of operations of the SERS for fiscal year 2010 are included in the CAFR for the year ended June 30, 2010. The SERS issues a separate CAFR that may be obtained by writing to the SERS, 2101 South Veterans Parkway, Springfield Illinois 62794-9255.

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

The CDB pays employer retirement contributions based upon an actuarially determined percentage of their payrolls. For fiscal year 2010, the employer contribution rate was 28.377%. Effective for pay periods beginning after December 31, 1991, the State opted to pay the employee portion retirement for most State agencies (including the CDB) with employees covered by the State Employees' and Teachers' Retirement Systems. However, effective with the fiscal year 2004 budget, the State opted to stop paying the portion or a part of the portion of retirement for many State agencies (including the CDB) for certain classes of employees covered by the State Employees' and Teachers' Retirement Systems. The pickup, when applicable, is subject to sufficient annual appropriations and those employees covered may vary across employee groups and State agencies.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

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 Healthcare and Family Services along with 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, 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 who retired prior to January 1, 1998, and who are vested in the SERS do not contribute towards health, dental, and vision benefits. For annuitants who retired on or after January 1, 1998, the annuitant's contribution amount is reduced five percent for each year of credited service with the State allowing those annuitants with twenty or more years of credited service to not have to contribute towards health, dental, and vision benefits. 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 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 Healthcare and Family Services. A copy of the financial statements of the Department of Healthcare and Family Services may be obtained by writing to the Department of Healthcare and Family Services, 201 South Grand Ave., Springfield, Illinois, 62763-3838.

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).

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

The CDB's risk management activities for 2010 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, 2010. 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 \$173 (amount expressed in thousands) for the year ended June 30, 2010.

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 State's component units was \$215.9 million at June 30, 2010.

Components of Construction in Progress

Project	As of June 30, 2010 (Amount Expressed in Thousands)			
	Project Authorization	Expended Through June 30	Committed at June 30	Available Authorization
Menard Correction Center - Administration Building	\$ 13,224	\$ 1,876	\$ 513	\$ 10,835
Metro East Forensic Laboratory - Belleville	41,693	1,345	110	40,238
Construct Armed Forces Reserve Center - Jackson County	11,967	7,251	4,665	51
Capital Complex Master Plan/Stratton Building - Springfield	261,057	4,390	690	255,977
Others (less than \$10,000)	492,008	12,850	33,634	445,524
Total	\$ 819,949	\$ 27,712	\$ 39,612	\$ 752,625

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

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.

STATE OF ILLINOIS
 CAPITAL DEVELOPMENT BOARD
 NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEETS
 JUNE 30, 2010
 (Expressed in Thousands)

	Special Revenue	Capital Projects	Total (Memorandum Only)
ASSETS			
Unexpended appropriations	\$ 3	\$ 50,868	\$ 50,871
Cash equity with State Treasurer	6,510	1,195	7,705
Cash and cash equivalents	-	1,423	1,423
Intergovernmental receivables	-	3,599	3,599
Due from other State funds	-	5,856	5,856
Other receivables	2,572	-	2,572
TOTAL ASSETS	<u>9,085</u>	<u>62,941</u>	<u>72,026</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued expenses	-	24,202	24,202
Intergovernmental payables	-	2,920	2,920
Due to other State funds	108	35,452	35,560
Unavailable revenues	255	-	255
Deferred revenues	-	164	164
Total liabilities	<u>363</u>	<u>62,738</u>	<u>63,101</u>
FUND BALANCES			
Reserved for encumbrances	-	2	2
Unreserved, unrestricted	8,722	201	8,923
Total fund balances	<u>8,722</u>	<u>203</u>	<u>8,925</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 9,085</u>	<u>\$ 62,941</u>	<u>\$ 72,026</u>

STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2010
(Expressed in Thousands)

	Special Revenue	Capital Projects	Total (Memorandum Only)
REVENUES			
Federal capital grants	\$ -	\$ 34,293	\$ 34,293
Licenses and fees	6,741	-	6,741
Other charges for services	-	29,572	29,572
Total revenues	6,741	63,865	70,606
EXPENDITURES			
Education	230	154,060	154,290
General government	557	16,056	16,613
Environment and business regulation	(9)	-	(9)
Capital outlays	168	66,230	66,398
Total expenditures	946	236,346	237,292
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,795	(172,481)	(166,686)
OTHER SOURCES (USES)			
Appropriations from State resources	1,297	4,899,655	4,900,952
Reappropriations to future year(s)	(358)	(4,746,213)	(4,746,571)
Lapsed appropriations	(1)	(8,092)	(8,093)
Receipts collected and transmitted to State Treasury	(2)	(14)	(16)
Net change in liabilities for reappropriated accounts	(50)	28,562	28,512
Operating transfers out	(346)	(79)	(425)
Total other sources	540	173,819	174,359
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER SOURCES	6,335	1,338	7,673
FUND BALANCES (DEFICITS), JULY 1, 2009	2,387	(1,135)	1,252
FUND BALANCES, JUNE 30, 2010	\$ 8,722	\$ 203	\$ 8,925

STATE OF ILLINOIS
 CAPITAL DEVELOPMENT BOARD
 SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEETS
 JUNE 30, 2010
 (Expressed in Thousands)

	CDB Special Projects 170	CDB Revolving 215	Asbestos Abatement 224	School Infrastructure 568	Tobacco Settlement Recovery 733	Total (Memorandum Only)
ASSETS						
Unexpended appropriations	\$ -	\$ -	\$ -	\$ 3	\$ -	\$ 3
Cash equity with State Treasurer	92	6,418	-	-	-	6,510
Other receivables	13	2,559	-	-	-	2,572
TOTAL ASSETS	105	8,977	-	3	-	9,085
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Due to other State funds	105	-	-	3	-	108
Unavailable revenues	-	255	-	-	-	255
Total liabilities	105	255	-	3	-	363
FUND BALANCES						
Unreserved, unrestricted	-	8,722	-	-	-	8,722
TOTAL LIABILITIES AND FUND BALANCES	\$ 105	\$ 8,977	\$ -	\$ 3	\$ -	\$ 9,085

STATE OF ILLINOIS
 CAPITAL DEVELOPMENT BOARD
 SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2010
 (Expressed in Thousands)

	CDB Special Projects 170	CDB Revolving 215	Asbestos Abatement 224	School Infrastructure 568	Tobacco Settlement Recovery 733	Total (Memorandum Only)
REVENUES						
Licenses and fees	\$ -	\$ 6,741	\$ -	\$ -	\$ -	\$ 6,741
EXPENDITURES						
Education	-	-	230	-	-	230
General government	-	58	-	499	-	557
Environment and business regulation	(9)	-	-	-	-	(9)
Capital outlays	9	-	159	-	-	168
Total expenditures	-	58	389	499	-	946
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	6,683	(389)	(499)	-	5,795
OTHER SOURCES (USES)						
Appropriations from State resources	-	-	797	500	-	1,297
Reappropriations to future year(s)	-	-	(358)	-	-	(358)
Lapsed appropriations	-	-	-	(1)	-	(1)
Receipts collected and transmitted to State Treasury	-	-	-	(2)	-	(2)
Net change in liabilities for reappropriated accounts	-	-	(50)	-	-	(50)
Operating transfers out	-	(346)	-	-	-	(346)
Total other sources (uses)	-	(346)	389	497	-	540
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER SOURCES (USES)	-	6,337	-	(2)	-	6,335
FUND BALANCES, JULY 1, 2009	-	2,385	-	2	-	2,387
FUND BALANCES, JUNE 30, 2010	\$ -	\$ 8,722	\$ -	\$ -	\$ -	\$ 8,722

STATE OF ILLINOIS
 CAPITAL DEVELOPMENT BOARD
 CAPITAL PROJECTS FUNDS
 COMBINING BALANCE SHEETS
 JUNE 30, 2010
 (Expressed in Thousands)

	Capital Development 141	School Construction 143	CDB Contributory Trust 617	Build Illinois Bond 971	Total (Memorandum Only)
ASSETS					
Unexpended appropriations	\$ 11,221	\$ 2,920	\$ -	\$ 36,727	\$ 50,868
Cash equity with State Treasurer	-	-	1,195	-	1,195
Cash and cash equivalents	1,413	-	-	10	1,423
Intergovernmental receivables	-	-	3,599	-	3,599
Due from other State funds	-	-	5,856	-	5,856
TOTAL ASSETS	12,634	2,920	10,650	36,737	62,941
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued expenses	12,482	-	9,983	1,737	24,202
Intergovernmental payables	-	2,920	-	-	2,920
Due to other State funds	150	-	302	35,000	35,452
Deferred revenues	-	-	164	-	164
Total liabilities	12,632	2,920	10,449	36,737	62,738
FUND BALANCES					
Reserved for encumbrances	2	-	-	-	2
Unreserved, unrestricted	-	-	201	-	201
Total fund balances	2	-	201	-	203
TOTAL LIABILITIES AND FUND BALANCES	\$ 12,634	\$ 2,920	\$ 10,650	\$ 36,737	\$ 62,941

STATE OF ILLINOIS
 CAPITAL DEVELOPMENT BOARD
 CAPITAL PROJECTS FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2010
 (Expressed in Thousands)

	Capital Development 141	School Construction 143	CDB Contributory Trust 617	Build Illinois Bond 971	Total (Memorandum Only)
REVENUES					
Federal capital grants	\$ -	\$ -	\$ 34,293	\$ -	\$ 34,293
Other charges for services	-	-	29,572	-	29,572
Total revenues	-	-	63,865	-	63,865
EXPENDITURES					
Education	58,512	21,374	28,296	45,878	154,060
General government	15,589	-	-	467	16,056
Capital outlays	31,145	-	34,686	399	66,230
Total expenditures	105,246	21,374	62,982	46,744	236,346
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(105,246)	(21,374)	883	(46,744)	(172,481)
OTHER SOURCES (USES)					
Appropriations from State resources	2,872,890	1,532,225	-	494,540	4,899,655
Reappropriations to future year(s)	(2,750,011)	(1,513,759)	-	(482,443)	(4,746,213)
Lapsed appropriations	(8,092)	-	-	-	(8,092)
Receipts collected and transmitted to State Treasury	(14)	-	-	-	(14)
Net change in liabilities for reappropriated accounts	(8,846)	2,908	-	34,500	28,562
Operating transfers out	-	-	(79)	-	(79)
Total other sources (uses)	105,927	21,374	(79)	46,597	173,819
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER SOURCES (USES)	681	-	804	(147)	1,338
FUND BALANCES (DEFICITS), JULY 1, 2009	(679)	-	(603)	147	(1,135)
FUND BALANCES, JUNE 30, 2010	\$ 2	\$ -	\$ 201	\$ -	\$ 203

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
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 by Detail Source
- Reconciliation of Cash Receipts to Deposits Remitted to the State 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
- Analysis of Change Orders

- Analysis of Operations

- Agency Functions and Planning Program
- Average Number of Employees
- Emergency Purchases
- Illinois First Projects/Awards (Unaudited)
- Member Initiatives Projects/Awards (Unaudited)
- Change Orders by Reason (Unaudited)
- Performance Indicators (Unaudited)
- Service Efforts and Accomplishments (Unaudited)

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES**

SUMMARY (CONTINUED)

The accountants' report that covers the Supplementary Information for State Compliance Purposes 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, except for that portion marked "unaudited," on which they express no opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
ADMINISTRATIVE ACTIVITIES - CAPITAL DEVELOPMENT FUND - 141 (b)
FISCAL YEAR ENDED JUNE 30, 2010**

	Appropriations Net of Transfers (a)	Expenditures Through June 30, 2010 (d)	Approximate Lapse Period Expenditures July 1, 2010 Through August 31, 2010 (e)	Approximate Total Expenditures 14 Months Ended August 31, 2010 (e)	Approximate Balance Lapsed August 31, 2010 (e)
PUBLIC ACT 96-0046 and PUBLIC ACT 96-0039					
For general office operations:					
Personal services	\$ 7,948,600	\$ 7,937,122	\$ 1,979	\$ 7,939,101	\$ 9,499
Employee retirement contributions	2,260,600	2,255,739	585	2,256,324	4,276
State contribution to Social Security	586,100	584,391	151	584,542	1,558
Group insurance	1,618,000	1,559,315	-	1,559,315	58,685
Contractual services	535,000	440,352	84,967	525,319	9,681
Travel	180,000	78,279	10,767	89,046	90,954
Commodities	35,900	22,627	1,567	24,194	11,706
Printing	14,500	13,896	-	13,896	604
Equipment	10,000	3,769	1,251	5,020	4,980
Electronic data processing	185,200	136,721	30,626	167,347	17,853
Telecommunications	191,000	126,390	58,263	184,653	6,347
Operation of auto equipment	24,100	23,112	-	23,112	988
Operational expenses	342,200	315,813	19,998	335,811	6,389
TOTAL ADMINISTRATIVE ACTIVITIES (c)	\$ 13,931,200	\$ 13,497,526	\$ 210,154	\$ 13,707,680	\$ 223,520

Notes:

- (a) Appropriation transfers were approved by the Governor and the Comptroller.
- (b) The information reflected in this schedule was taken from the CDB's records and reconciled to the State Comptroller's records.
- (c) 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.
- (d) Expenditure amounts are vouchers approved for payment by CDB and submitted to the State Comptroller for payment to vendor.
- (e) Approximate lapse period expenditures do not include interest payments approved for payment by CDB and submitted to the Comptroller for payment after August.

STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
ADMINISTRATIVE ACTIVITIES - CAPITAL DEVELOPMENT FUND - 141 (b)
FISCAL YEAR ENDED JUNE 30, 2009

	Appropriations Net of Transfers (a)	Expenditures Through June 30, 2009	Lapse Period Expenditures July 1, 2009 Through August 31, 2009	Total Expenditures 14 Months Ended August 31, 2009	Balance Lapsed August 31, 2009
PUBLIC ACT 95-0733 and PUBLIC AT 95-1017					
For general office operations:					
Personal services	\$ 5,898,300	\$ 5,881,272	\$ -	\$ 5,881,272	\$ 17,028
Employee retirement contributions	1,242,476	1,239,296	-	1,239,296	3,180
State contribution to Social Security	439,000	435,485	-	435,485	3,515
Group insurance	1,336,800	1,165,808	-	1,165,808	170,992
Contractual services	267,000	216,637	-	216,637	50,363
Travel	32,200	2,041	-	2,041	30,159
Commodities	34,500	19,053	2,451	21,504	12,996
Equipment	10,000	8,541	-	8,541	1,459
Telecommunications	108,800	108,334	252	108,586	214
Operation of auto equipment	24,100	23,309	392	23,701	399
Operational expenses	532,716	280,654	28,200	308,854	223,862
TOTAL ADMINISTRATIVE ACTIVITIES (c)	\$ 9,925,892	\$ 9,380,430	\$ 31,295	\$ 9,411,725	\$ 514,167

Notes:

- (a) Appropriation transfers were approved by the Governor and the Comptroller.
- (b) The information reflected in this schedule was taken from the CDB's records and reconciled to the State Comptroller's records.
- (c) 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 (b)
FISCAL YEAR ENDED JUNE 30, 2010**

	Appropriations Net of Transfers (a)	Expenditures Through June 30, 2010 (d)	Approximate Lapse Period Expenditures July 1, 2010 Through August 31, 2010 (e)	Approximate Total Expenditures 14 Months Ended August 31, 2010 (e)	Approximate Balance Lapsed August 31, 2010 (e)
PUBLIC ACT 96-0046 and PUBLIC ACT 96-0039					
For general office operations:					
Personal services	\$ -	\$ -	\$ -	\$ -	\$ -
Employee retirement contributions	-	-	-	-	-
State contribution to Social Security	-	-	-	-	-
Group insurance	-	-	-	-	-
Contractual services	-	-	-	-	-
Travel	-	-	-	-	-
Commodities	-	-	-	-	-
Printing	-	-	-	-	-
Electronic data processing	-	-	-	-	-
Telecommunications	-	-	-	-	-
TOTAL ADMINISTRATIVE ACTIVITIES (c)	\$ -	\$ -	\$ -	\$ -	\$ -

Notes:

- (a) Appropriation transfers were approved by the Governor and the Comptroller.
- (b) The information reflected in this schedule was taken from the CDB's records and reconciled to the State Comptroller's records.
- (c) 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.
- (d) Expenditure amounts are vouchers approved for payment by CDB and submitted to the State Comptroller for payment to vendor.
- (e) Approximate lapse period expenditures do not include interest payments approved for payment by CDB and submitted to the Comptroller for payment after August.

STATE OF ILLINOIS
 CAPITAL DEVELOPMENT BOARD
 SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
 ADMINISTRATIVE ACTIVITIES - CAPITAL DEVELOPMENT BOARD REVOLVING FUND - 215 (b)
 FISCAL YEAR ENDED JUNE 30, 2009

	Appropriations Net of Transfers (a)	Expenditures Through June 30, 2009	Lapse Period Expenditures July 1, 2009 Through August 31, 2009	Total Expenditures 14 Months Ended August 31, 2009	Balance Lapsed August 31, 2009
PUBLIC ACT 95-0733 and PUBLIC AT 95-1017					
For general office operations:					
Personal services	\$ 2,050,300	\$ 1,846,444	\$ -	\$ 1,846,444	\$ 203,856
Employee retirement contributions	431,789	388,898	-	388,898	42,891
State contribution to Social Security	149,300	134,696	-	134,696	14,604
Group insurance	587,200	418,316	-	418,316	168,884
Contractual services	298,100	234,345	27,638	261,983	36,117
Travel	210,600	102,651	16,329	118,980	91,620
Commodities	11,400	1,050	-	1,050	10,350
Printing	17,200	5,914	2,352	8,266	8,934
Electronic data processing	185,200	105,899	60,244	166,143	19,057
Telecommunications	119,500	50,356	29,221	79,577	39,923
TOTAL ADMINISTRATIVE ACTIVITIES (c)	\$ 4,060,589	\$ 3,288,569	\$ 135,784	\$ 3,424,353	\$ 636,236

Notes:

- (a) Appropriation transfers were approved by the Governor and the Comptroller.
- (b) The information reflected in this schedule was taken from the CDB's records and reconciled to the State Comptroller's records.
- (c) 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 - SCHOOL INFRASTRUCTURE FUND - 568 (b)
 FISCAL YEAR ENDED JUNE 30, 2010

	Appropriations Net of Transfers (a)	Expenditures Through June 30, 2010 (d)	Approximate Lapse Period Expenditures July 1, 2010 Through August 31, 2010 (e)	Approximate Total Expenditures 14 Months Ended August 31, 2010 (e)	Approximate Balance Lapsed August 31, 2010 (e)
PUBLIC ACT 96-0046 and PUBLIC ACT 96-0039					
For general office operations:					
School infrastructure purposes	\$ 500,000	\$ 495,502	\$ 3,178	\$ 498,680	\$ 1,320
TOTAL ADMINISTRATIVE ACTIVITIES (c)	\$ 500,000	\$ 495,502	\$ 3,178	\$ 498,680	\$ 1,320

Notes:

- (a) Appropriation transfers were approved by the Governor and the Comptroller.
- (b) The information reflected in this schedule was taken from the CDB's records and reconciled to the State Comptroller's records.
- (c) 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.
- (d) Expenditure amounts are vouchers approved for payment by CDB and submitted to the State Comptroller for payment to vendor.
- (e) Approximate lapse period expenditures do not include interest payments approved for payment by CDB and submitted to the Comptroller for payment after August.

STATE OF ILLINOIS
 CAPITAL DEVELOPMENT BOARD
 SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
 ADMINISTRATIVE ACTIVITIES - SCHOOL INFRASTRUCTURE FUND - 568 (b)
 FISCAL YEAR ENDED JUNE 30, 2009

	Appropriations Net of Transfers (a)	Expenditures Through June 30, 2009	Lapse Period Expenditures July 1, 2009 Through August 31, 2009	Total Expenditures 14 Months Ended August 31, 2009	Balance Lapsed August 31, 2009
PUBLIC ACT 95-0733 and PUBLIC ACT 95-1017					
For general office operations:					
School infrastructure purposes	\$ 550,000	\$ 455,002	\$ 19,840	\$ 474,842	\$ 75,158
TOTAL ADMINISTRATIVE ACTIVITIES (c)	<u>\$ 550,000</u>	<u>\$ 455,002</u>	<u>\$ 19,840</u>	<u>\$ 474,842</u>	<u>\$ 75,158</u>

Notes:

- (a) Appropriation transfers were approved by the Governor and the Comptroller.
- (b) The information reflected in this schedule was taken from the CDB's records and reconciled to the State Comptroller's records.
- (c) 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 (a)
FISCAL YEAR ENDED JUNE 30, 2010**

	Appropriations Net of Transfers	Expenditures Through June 30, 2010 (c)	Approximate Lapse Period Expenditures July 1, 2010 Through August 31, 2010 (d)	Approximate Total Expenditures 14 Months Ended August 31, 2010 (d)	Balance Reappropriated July 1, 2010	Approximate Balance Lapsed August 31, 2010 (b)
PUBLIC ACT 96-0046 and PUBLIC ACT 96-0039						
Administration - Appropriated Funds						
Capital Development Fund - 141	\$ 13,931,200	\$ 13,497,526	\$ 210,154	\$ 13,707,680	\$ -	\$ 223,520
Capital Development Board Revolving Fund - 215	-	-	-	-	-	-
School Infrastructure Fund - 568	500,000	495,502	3,178	498,680	-	1,320
Total Administration - Appropriated Funds	14,431,200	13,993,028	213,332	14,206,360	-	224,840
Construction - Appropriated Funds						
Capital Development Fund - 141	2,858,958,994	101,073,125	6,663	101,079,788	2,750,011,278	7,867,928
School Construction Fund - 143	1,532,225,368	18,465,769	-	18,465,769	1,513,759,599	-
Asbestos Abatement Fund - 224	797,238	438,778	-	438,778	358,460	-
Tobacco Settlement Recovery Fund - 733	-	-	-	-	-	-
Build Illinois Bond Fund - 971	494,540,064	12,097,326	-	12,097,326	482,442,738	-
Total Construction - Appropriated Funds	4,886,521,664	132,074,998	6,663	132,081,661	4,746,572,075	7,867,928
TOTAL - ALL APPROPRIATED FUNDS	\$ 4,900,952,864	\$ 146,068,026	\$ 219,995	\$ 146,288,021	\$ 4,746,572,075	\$ 8,092,768

Notes:

- (a) The information reflected in this schedule was taken from the CDB's records and reconciled to the State Comptroller's records.
- (b) This column represents lapsed appropriations less reappropriations to subsequent fiscal years for the CDB.
- (c) Expenditure amounts are vouchers approved for payment by CDB and submitted to the State Comptroller for payment to vendor.
- (d) Approximate lapse period expenditures do not include interest payments approved for payment by CDB and submitted to the Comptroller for payment after August.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF APPROPRIATIONS, REAPPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
TOTAL ACTIVITY BY FUND (a)
FISCAL YEAR ENDED JUNE 30, 2009**

	Appropriations Net of Transfers	Expenditures Through June 30, 2009	Lapse Period Expenditures July 1, 2009 Through August 31, 2009	Total Expenditures 14 Months Ended August 31, 2009	Balance Reappropriated July 1, 2009	Balance Lapsed August 31, 2009 (b)
PUBLIC ACT 95-0733 and PUBLIC ACT 95-1017						
Administration - Appropriated Funds						
Capital Development Fund - 141	\$ 9,925,892	\$ 9,380,430	\$ 31,295	\$ 9,411,725	\$ -	\$ 514,167
Capital Development Board						
Revolving Fund - 215	4,060,589	3,288,569	135,784	3,424,353	-	636,236
School Infrastructure Fund - 568	550,000	455,002	19,840	474,842	-	75,158
Total Administration - Appropriated Funds	14,536,481	13,124,001	186,919	13,310,920	-	1,225,561
Construction - Appropriated Funds						
Capital Development Fund - 141	957,475,859	61,174,263	(43,756)	61,130,507	896,329,690	15,662
School Construction Fund - 143	35,619,999	3,394,633	-	3,394,633	32,225,366	-
Asbestos Abatement Fund - 224	1,398,434	601,198	-	601,198	797,236	-
Build Illinois Bond Fund - 971	168,962,366	20,171,363	(1,000,000)	19,171,363	149,791,003	-
Total Construction - Appropriated Funds	1,163,456,658	85,341,457	(1,043,756)	84,297,701	1,079,143,295	15,662
TOTAL - ALL APPROPRIATED FUNDS	\$ 1,177,993,139	\$ 98,465,458	\$ (856,837)	\$ 97,608,621	\$ 1,079,143,295	\$ 1,241,223

Notes:

- (a) The information reflected in this schedule was taken from the CDB's records and reconciled to the State Comptroller's records.
(b) This column 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
FISCAL YEAR ENDED JUNE 30, 2010 (a)**

	Appropriations (d)	Reappropriations (d)	Expenditures Through June 30, 2010 (e)	Approximate Lapse Period Expenditures July 1, 2010 Through August 31, 2010 (f)	Total Expenditures 14 Months Ended August 31, 2010 (c)	Balances Reappropriated July 1, 2010	Approximate Balance Lapsed August 31, 2010 (b)
PUBLIC ACT 96-0046 and PUBLIC ACT 96-0039							
Office of the Architect of the Capital	\$ 43,761,500	\$ 4,182,600	\$ 1,443,773	\$ -	\$ 1,443,773	\$ 46,500,327	\$ -
Supreme Court	14,400,000	1,748,754	-	-	-	16,148,754	-
Appellate Courts	-	227,990	167,472	-	167,472	60,518	-
Department of Agriculture	6,647,472	1,992,214	1,896,840	-	1,896,840	6,742,846	-
Department of Veteran's Affairs	72,866,000	8,673,882	1,807,140	-	1,807,140	79,732,742	-
Department of Natural Resources	8,816,360	16,786,555	1,981,477	-	1,981,477	23,621,438	-
Historic Preservation	2,035,600	11,970,302	1,118,180	6,663	1,124,843	12,877,546	3,513
Department of Corrections	29,433,874	192,858,458	10,369,506	-	10,369,506	206,062,747	5,860,079
Department of Juvenile	7,327,000	371,504	314,537	-	314,537	7,383,967	-
Department of Central Management Services	16,575,900	16,876,701	5,697,705	-	5,697,705	27,754,896	-
Department of State Police	43,250,000	3,717,422	905,014	-	905,014	46,062,408	-
Department of Human Services	32,857,832	50,622,990	5,909,662	-	5,909,662	77,570,105	1,055
Department of Military Affairs	44,792,000	62,923,897	36,998,280	-	36,998,280	70,717,617	-
Department of Public Health	50,000,000	100,193	90,770	-	90,770	50,009,423	-
Department of Revenue	2,911,000	10,313,770	1,610,926	-	1,610,926	11,613,844	-
Department of Transportation	-	85,250	44,057	-	44,057	41,193	-
Capital Development Board	61,905,264	370,390,557	2,247,778	-	2,247,778	430,048,043	-
Emergency Management	-	336,054	122,264	-	122,264	213,790	-
Medical Center Comm. Complex	-	877,438	13,400	-	13,400	864,038	-
Governor's Office	-	10,317	10,317	-	10,317	-	-
Attorney General	1,527,000	88,876	22,760	-	22,760	1,593,116	-
Secretary of State	263,084,736	11,118,260	1,671,666	-	1,671,666	272,528,049	3,281
School Construction Program	643,518,304	32,225,350	18,465,770	-	18,465,770	657,277,884	-
Illinois State Board of Education	50,000,000	-	-	-	-	50,000,000	-
Early Childhood (ISBE)	45,000,000	-	-	-	-	45,000,000	-
Board of Higher Education	309,860,000	340,473	6,978	-	6,978	310,193,495	-
Illinois Community College Board	399,708,115	173,365,694	47,298,092	-	47,298,092	525,775,717	-
Chicago State University	49,449,300	28,071,780	802,826	-	802,826	76,718,254	-
Eastern Illinois University	8,925,000	5,443,143	1,464,274	-	1,464,274	12,903,869	-
Governor's State University	10,881,800	14,821,145	-	-	-	25,702,945	-
Northeastern Illinois University	76,203,700	9,904,176	52,772	-	52,772	86,055,104	-
Western Illinois University	129,263,788	13,515,560	6,525,615	-	6,525,615	136,253,733	-
Illinois State University	58,846,100	13,224,345	7,583,880	-	7,583,880	64,486,565	-

STATE OF ILLINOIS
 CAPITAL DEVELOPMENT BOARD
 SCHEDULE OF APPROPRIATIONS, REAPPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
 CONSTRUCTION ACTIVITIES BY AGENCY
 FISCAL YEAR ENDED JUNE 30, 2010 (a)

	Appropriations (d)	Reappropriations (d)	Expenditures Through June 30, 2010 (e)	Approximate Lapse Period Expenditures July 1, 2010 Through August 31, 2010 (f)	Total Expenditures 14 Months Ended August 31, 2010 (c)	Balances Reappropriated July 1, 2010	Approximate Balance Lapsed August 31, 2010 (b)
PUBLIC ACT 96-0046 and PUBLIC ACT 96-0039							
Northern Illinois University	38,528,500	12,388,277	3,843,214	-	3,843,214	47,073,563	-
Southern Illinois University	150,587,792	11,199,400	3,077,958	-	3,077,958	158,709,234	-
University of Illinois	193,683,000	99,531,703	21,667,907	-	21,667,907	269,546,796	2,000,000
Local Government Facilities	19,500,000	10,965,000	6,020,000	-	6,020,000	24,445,000	-
Asbestos Abatement	-	72,350	14,350	-	14,350	58,000	-
Total activity by agency	2,886,146,937	1,191,342,380	191,267,160	6,663	191,273,823	3,878,347,566	7,867,928
Reconciliation:							
Transfer	(2,886,146,937)	2,886,146,937	-	-	-	-	-
CDB Special Project - Fund 143	-	931,482,525	-	-	-	931,482,525	-
Nonappropriated funds:							
CDB Contributory Trust							
Fund 170	-	(293,164)	(187,649)	-	(187,649)	(105,515)	-
Fund 617	-	(122,157,014)	(59,004,513)	-	(59,004,513)	(63,152,501)	-
TOTAL ACTIVITY BY FUND	\$ -	\$ 4,886,521,664	\$ 132,074,998	\$ 6,663	\$ 132,081,661	\$4,746,572,075	\$ 7,867,928

Notes:

- (a) This schedule includes amounts for appropriated and nonappropriated projects. Reappropriations include budgeted amounts for nonappropriated projects. Expenditures include both appropriated and nonappropriated projects.
- (b) This column represents lapsed appropriations less reappropriations not originally appropriated for the CDB.
- (c) The information reflected in this schedule was taken from the CDB's records and reconciled to the State Comptroller's records.
- (d) Included in the appropriation and reappropriation columns are amounts contributed from local sources that CDB includes for budgetary purposes.
- (e) Expenditure amounts are vouchers approved for payment by CDB and submitted to the State Comptroller for payment to vendor.
- (f) Approximate lapse period expenditures do not include interest payments approved for payment by CDB and submitted to the Comptroller for payment after August.

STATE OF ILLINOIS
 CAPITAL DEVELOPMENT BOARD
 SCHEDULE OF APPROPRIATIONS, REAPPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
 CONSTRUCTION ACTIVITIES BY AGENCY
 FISCAL YEAR ENDED JUNE 30, 2009 (a)

	Appropriations (d)	Reappropriations (d)	Expenditures Through June 30, 2009	Lapse Period Expenditures July 1, 2009 Through August 31, 2009	Total Expenditures 14 Months Ended August 31, 2009 (c)	Balances Reappropriated July 1, 2009	Balance Lapsed August 31, 2009 (b)
PUBLIC ACT 95-0733 and PUBLIC ACT 95-1017							
Office of the Architect of the Capital	\$ -	\$ 4,970,546	\$ 787,945	\$ -	\$ 787,945	\$ 4,182,600	\$ 1
Supreme Court	-	1,757,750	8,480	-	8,480	1,748,755	515
Appellate Courts	50,215	60,520	23,730	-	23,730	87,005	-
Department of Agriculture	1,164,624	434,987	928,027	-	928,027	671,584	-
Department of Veteran's Affairs	2,438,677	6,357,404	903,000	-	903,000	7,892,685	396
Department of Natural Resources	4,085,104	14,038,522	1,493,510	-	1,493,510	16,629,206	910
Historic Preservation	4,506,210	8,741,748	1,588,423	-	1,588,423	11,659,535	-
Department of Corrections	13,663,954	188,499,086	10,763,837	-	10,763,837	191,399,203	-
Department of Juvenile	427,567	-	139,050	-	139,050	288,517	-
Department of Central Management Services	9,152,936	12,629,341	5,569,370	-	5,569,370	16,212,907	-
Department of State Police	4,060,390	3,084,562	3,563,294	-	3,563,294	3,579,754	1,904
Department of Human Services	8,286,213	48,581,690	6,233,021	-	6,233,021	50,632,444	2,438
Department of Military Affairs	-	64,325,143	26,929,480	-	26,929,480	37,393,262	2,401
Department of Public Health	-	661,804	561,685	-	561,685	100,119	-
Department of Revenue	37,380	11,990,750	1,940,707	-	1,940,707	10,087,423	-
Department of Transportation	-	85,250	-	-	-	85,250	-
Capital Development Board	6,535,954	380,481,428	9,739,848	-	9,739,848	377,277,534	-
Emergency Management	-	350,304	14,250	-	14,250	336,054	-
Medical Center Comm. Complex	-	979,743	102,307	-	102,307	877,436	-
Governor's Office	-	52,247	47,370	-	47,370	1,677	3,200
Attorney General	104,000	8,497	23,620	-	23,620	88,877	-
Secretary of State	1,946,054	11,433,998	2,868,640	-	2,868,640	10,509,652	1,760
School Construction Program	-	35,619,980	3,394,632	-	3,394,632	32,225,348	-
Board of Higher Education	-	912,682	572,205	-	572,205	340,477	-
Illinois Community College Board	-	185,067,851	22,300,992	-	22,300,992	162,766,859	-
Chicago State University	-	29,161,552	869,820	-	869,820	28,291,732	-
Eastern Illinois University	-	6,890,635	1,446,958	-	1,446,958	5,443,143	534
Governor's State University	-	14,821,145	-	-	-	14,821,145	-
Northeastern Illinois University	-	11,741,720	1,837,543	-	1,837,543	9,904,177	-
Western Illinois University	-	15,410,293	1,894,732	-	1,894,732	13,515,561	-
Illinois State University	-	18,993,788	5,769,785	-	5,769,785	13,224,003	-
Northern Illinois University	-	16,100,153	3,616,254	-	3,616,254	12,483,899	-
Southern Illinois University	-	13,909,064	2,743,134	-	2,743,134	11,165,710	220
University of Illinois	-	102,301,797	2,775,202	-	2,775,202	99,526,595	-

STATE OF ILLINOIS
 CAPITAL DEVELOPMENT BOARD
 SCHEDULE OF APPROPRIATIONS, REAPPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
 CONSTRUCTION ACTIVITIES BY AGENCY
 FISCAL YEAR ENDED JUNE 30, 2009 (a)

	Appropriations (d)	Reappropriations (d)	Expenditures Through June 30, 2009	Lapse Period Expenditures July 1, 2009 Through August 31, 2009	Total Expenditures 14 Months Ended August 31, 2009 (c)	Balances Reappropriated July 1, 2009	Balance Lapsed August 31, 2009 (b)
PUBLIC ACT 95-0733 and PUBLIC ACT 95-1017							
Local government facilities	-	18,108,370	7,143,370	(1,000,000)	6,143,370	11,965,000	-
Asbestos abatement	-	231,527	9,622	-	9,622	221,555	350
Total activity by agency	56,459,278	1,228,795,877	128,603,843	(1,000,000)	127,603,843	1,157,636,683	14,629
Reconciliation:							
Transfer	(56,459,278)	56,459,278	-	-	-	-	-
Nonappropriated funds:							
CDB Contributory Trust							
Fund - 170	-	(1,534,034)	(487,999)	-	(487,999)	(1,046,035)	-
Fund - 617	-	(120,264,463)	(42,773,354)	(43,756)	(42,817,110)	(77,447,353)	-
Prior year refund - Fund 141	-	-	(1,033)	-	(1,033)	-	1,033
TOTAL ACTIVITY BY FUND	\$ -	\$ 1,163,456,658	\$ 85,341,457	\$ (1,043,756)	\$ 84,297,701	\$ 1,079,143,295	\$ 15,662

Notes:

- (a) This schedule includes amounts for appropriated and nonappropriated projects. Reappropriations include budgeted amounts for nonappropriated projects. Expenditures include both appropriated and nonappropriated projects.
- (b) This column represents lapsed appropriations less reappropriations not originally appropriated for the CDB.
- (c) The information reflected in this schedule was taken from the CDB's records and reconciled to the State Comptroller's records.
- (d) Included in the appropriation and reappropriation columns are amounts contributed from local sources that CDB includes for budgetary purposes.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES, AND LAPSED BALANCES
ADMINISTRATIVE ACTIVITIES - CAPITAL DEVELOPMENT FUND - 141 (a)
FISCAL YEARS ENDED JUNE 30, 2010, 2009, AND 2008**

	Fiscal Year		
	2010 PA 96-0046 and PA 96-0039 (b)	2009 PA 95-0733 and PA 95-1017	2008 PA 95-0348
APPROPRIATIONS	\$ 13,931,200	\$ 9,925,892	\$ 8,280,016
EXPENDITURES			
Personal services	7,939,101	5,881,272	4,910,106
Employee retirement contributions	2,256,324	1,239,296	813,971
State contribution to Social Security	584,542	435,485	363,887
Group insurance	1,559,315	1,165,808	1,018,657
Contractual services	525,319	216,637	259,113
Travel	89,046	2,041	32,190
Commodities	24,194	21,504	25,453
Printing	13,896	-	-
Equipment	5,020	8,541	9,706
Electronic data processing	167,347	-	-
Telecommunications	184,653	108,586	108,342
Operation of auto equipment	23,112	23,701	24,039
Operational expenses	335,811	308,854	457,960
Total expenditures	13,707,680	9,411,725	8,023,424
LAPSED BALANCES	\$ 223,520	\$ 514,167	\$ 256,592

Notes:

- (a) The information reflected in this schedule was taken from the CDB's records and reconciled to the State Comptroller's records.
- (b) Expenditures and related lapsed balances do not reflect any interest payments approved for payment by CDB and submitted to the Comptroller for payment after August.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES, AND LAPSED BALANCES
ADMINISTRATIVE ACTIVITIES - CAPITAL DEVELOPMENT BOARD REVOLVING FUND - 215 (a)
FISCAL YEARS ENDED JUNE 30, 2010, 2009, AND 2008**

	Fiscal Year		
	2010	2009	2008
	PA 96-0046 and PA 96-0039 (b)	PA 95-0733 and PA 95-1017	PA 95-0348
APPROPRIATIONS	\$ -	\$ 4,060,589	\$ 5,351,700
EXPENDITURES			
Personal services	-	1,846,444	2,753,109
Employee retirement contributions	-	388,898	453,915
State contribution to Social Security	-	134,696	199,307
Group insurance	-	418,316	630,911
Contractual services	-	261,983	294,096
Travel	-	118,980	158,852
Commodities	-	1,050	551
Printing	-	8,266	14,164
Electronic data processing	-	166,143	147,661
Telecommunications	-	79,577	84,899
Total expenditures	-	3,424,353	4,737,465
LAPSED BALANCES	<u>\$ -</u>	<u>\$ 636,236</u>	<u>\$ 614,235</u>

Notes:

- (a) The information reflected in this schedule was taken from the CDB's records and reconciled to the State Comptroller's records.
- (b) Expenditures and related lapsed balances do not reflect any interest payments approved for payment by CDB and submitted to the Comptroller for payment after August.

STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES, AND LAPSED BALANCES
ADMINISTRATIVE ACTIVITIES - SCHOOL INFRASTRUCTURE FUND - 568 (a)
FISCAL YEARS ENDED JUNE 30, 2010, 2009, AND 2008

	Fiscal Year		
	2010 PA 96-0046 and PA 96-0039 (b)	2009 PA 95-0733 and PA 95-1017	2008 PA 95-0348
APPROPRIATIONS	\$ 500,000	\$ 550,000	\$ 550,000
EXPENDITURES			
School infrastructure purposes	498,680	474,842	547,892
LAPSED BALANCES	\$ 1,320	\$ 75,158	\$ 2,108

Notes:

- (a) The information reflected in this schedule was taken from the CDB's records and reconciled to the State Comptroller's records.
- (b) Expenditures and related lapsed balances do not reflect any interest payments approved for payment by CDB and submitted to the Comptroller for payment after August.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
REAPPROPRIATIONS, AND EXPENDITURES
CONSTRUCTION ACTIVITIES BY FUND (a) (b)
FISCAL YEARS ENDED JUNE 30, 2010, 2009, AND 2008**

	Fiscal Year		
	2010	2009	2008
	PA 96-0046 and PA 96-0039 (c)	PA 95-0733 and PA 95-1017	PA 95-0348
CAPITAL DEVELOPMENT FUND - 141			
Appropriations and Reappropriations	\$ 2,858,958,994	\$ 957,475,859	\$ 1,022,773,730
Expenditures	101,079,788	61,130,507	121,005,087
SCHOOL CONSTRUCTION FUND - 143			
Appropriations and Reappropriations	1,532,225,368	35,619,999	65,635,841
Expenditures	18,465,769	3,394,633	30,015,861
SPECIAL PROJECT FUND - 170			
Appropriations and Reappropriations	-	-	-
Expenditures	187,649	487,999	50,000
ASBESTOS ABATEMENT FUND - 224			
Appropriations and Reappropriations	797,238	1,398,434	1,406,301
Expenditures	438,778	601,198	7,872
CDB CONTRIBUTORY TRUST FUND - 617			
Appropriations and Reappropriations	-	-	-
Expenditures	59,004,513	42,817,110	28,830,670
TOBACCO SETTLEMENT RECOVERY FUND - 733			
Appropriations and Reappropriations	-	-	-
Expenditures	-	-	187,584
BUILD ILLINOIS BOND FUND - 971			
Appropriations and Reappropriations	494,540,064	168,962,366	197,850,586
Expenditures	12,097,326	19,171,363	28,679,302
TOTAL			
Appropriations and Reappropriations	4,886,521,664	1,163,456,658	1,287,666,458
Expenditures	191,273,823	127,602,810	208,776,376

Notes:

- (a) The information reflected in this schedule was taken from the CDB's records and reconciled to the State Comptroller's records.
- (b) The data in this schedule represents appropriations, reappropriations, and expenditures for ongoing capital projects and are presented for informational purposes only. Because these projects require continuing appropriation and reappropriation of funds to be expended over several years, a comparison of amounts from year to year is not meaningful.
- (c) Expenditures and related lapsed balances do not reflect any interest payments approved for payment by CDB and submitted to the Comptroller for payment after August.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF CHANGES IN STATE PROPERTY AND EQUIPMENT
FISCAL YEARS ENDED JUNE 30, 2010, 2009, AND 2008**

	<u>Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
BALANCE, JULY 1, 2008	\$ 2,024,847	\$ 18,045,024	\$ 20,069,871
Additions	29,901	66,752,577	66,782,478
Deletions and transfers	(1,592)	(53,372,712)	(53,374,304)
BALANCE, JUNE 30, 2009	2,053,156	31,424,889	33,478,045
Additions	21,501	72,182,347	72,203,848
Deletions and transfers	(159,407)	(86,621,770)	(86,781,177)
BALANCE, JUNE 30, 2010	<u>\$ 1,915,250</u>	<u>\$ 16,985,466</u>	<u>\$ 18,900,716</u>

Notes:

- (1) The information reflected in this schedule was taken from the CDB's records and reconciled to property reports (C-15 Agency Report of State Property) submitted to the Office of the Comptroller.
- (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.
- (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 Office of the Comptroller for financial reporting in accordance with generally accepted accounting principles.
- (4) The Statement of Net Assets reflects reporting differences for equipment and construction in progress of \$1.775 million and \$12.214 million, respectively. These differences represent capital assets not subject to the same capitalization policy and basis of accounting established by the Office of the Comptroller for financial reporting in accordance with generally accepted accounting principles.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
COMPARATIVE SCHEDULE OF CASH RECEIPTS BY DETAIL SOURCE (a)
FISCAL YEARS ENDED JUNE 30, 2010, 2009, AND 2008**

Fund/Receipt Source	2010	2009	2008
GENERAL REVENUE FUND - 001			
Repayment to State pursuant to law (Port District)	\$ -	\$ -	\$ -
Miscellaneous	340	212	809
Total General Revenue Fund	<u>340</u>	<u>212</u>	<u>809</u>
GENERAL OBLIGATION BOND RETIREMENT AND INTEREST FUND - 101			
Federal utility deposits	-	-	4,383,464
Total General Obligation Bond Retirement and Interest Fund	<u>-</u>	<u>-</u>	<u>4,383,464</u>
CDB SPECIAL PROJECTS FUND - 170			
Commerce and Economic Opportunity	-	400,000	-
IEPA	165,400	39,053	-
Veteran's Affairs	114,424	-	-
Total CDB Special Projects Fund	<u>279,824</u>	<u>439,053</u>	<u>-</u>
CAPITAL DEVELOPMENT BOARD REVOLVING FUND - 215			
Copying fees	-	103	105
Prior year refund	-	-	3,074
Contract administration fees	6,092,080	3,148,601	4,356,318
Total Capital Development Board Revolving Fund	<u>6,092,080</u>	<u>3,148,704</u>	<u>4,359,497</u>
CDB CONTRIBUTORY TRUST FUND - 617			
Junior colleges	25,792,353	6,860,491	6,483,432
Federal monies via other Illinois State agencies	29,620,193	25,798,390	17,255,419
Damage claim recovery	104,687	153,016	631,018
Federal stimulus package	1,543,315	-	-
Miscellaneous	50,179	299,602	292,551
Total Capital Development Board Contributory Trust Fund	<u>57,110,727</u>	<u>33,111,499</u>	<u>24,662,420</u>
TOTAL ALL FUNDS	<u>\$ 63,482,971</u>	<u>\$ 36,699,468</u>	<u>\$ 33,406,190</u>

Note:

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

STATE OF ILLINOIS
 CAPITAL DEVELOPMENT BOARD
 RECONCILIATION OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE STATE COMPTROLLER
 FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

	General Revenue 001	Capital Development 141	CDB Special Projects 170	CDB Revolving 215	School Infrastructure 568	CDB Contributory Trust 617	Total
TOTAL RECEIPTS PER AGENCY RECORDS, FY 2009	\$ 212	\$ -	\$ 439,053	\$ 3,148,704	\$ -	\$ 33,111,499	\$ 36,699,468
Add:							
Deposits in transit at June 30, 2008	-	-	-	348,550	-	540,396	888,946
Other reconciling items (a)	-	5,599	49,769	50	-	-	55,418
Less:							
Deposits in transit at June 30, 2009	-	-	-	82,101	-	750,000	832,101
TOTAL RECEIPTS PER THE COMPTROLLER, FY 2009	<u>\$ 212</u>	<u>\$ 5,599</u>	<u>\$ 488,822</u>	<u>\$ 3,415,203</u>	<u>\$ -</u>	<u>\$ 32,901,895</u>	<u>\$ 36,811,731</u>
TOTAL RECEIPTS PER AGENCY RECORDS, FY 2010	\$ 340	\$ -	\$ 279,824	\$ 6,092,080	\$ -	\$ 57,110,727	\$ 63,482,971
Add:							
Deposits in transit at June 30, 2009	-	-	-	82,101	-	750,000	832,101
Other reconciling items (a)	-	14,124	-	-	1,416	-	15,540
Less:							
Deposits in transit at June 30, 2010	-	-	-	1,414,700	-	464,638	1,879,338
TOTAL RECEIPTS PER THE COMPTROLLER, FY 2010	<u>\$ 340</u>	<u>\$ 14,124</u>	<u>\$ 279,824</u>	<u>\$ 4,759,481</u>	<u>\$ 1,416</u>	<u>\$ 57,396,089</u>	<u>\$ 62,451,274</u>

Note:

(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, 2010**

SUMMARY OF OPERATIONS

The General Assembly appropriated \$4,900,952,864 in fiscal year (FY) 2010 and \$1,177,993,139 in FY 2009 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 1,059 projects in FY 2010 and 917 projects in FY 2009. Approximately 98% and 90% percent of the funds for these projects were appropriated directly to CDB for FY 2010 and 2009, respectively. Of these projects in process, 159 were brought to completion during FY 2010 and 159 were brought to completion in FY 2009.

CDB awarded 277 contractor contracts and 67 professional contracts in FY 2010. In FY 2009, 325 contractor contracts and 80 professional contracts were awarded. Total funds obligated by these awards were \$266,817,904 and \$266,574,573 in FY 2010 and FY 2009, respectively.

Overall, projects activity resulted in the processing of 2,592 project vouchers in FY 2010 and 2,905 project vouchers in FY 2009, for a total of \$191,273,823 and \$127,602,810, respectively. Included are nonappropriated construction project expenditures of \$59,192,162 and \$43,305,109 in FY 2010 and 2009, respectively. This includes user agency funds of \$20,411,585 and \$24,026,716 that were expended in FY 2010 and 2009, respectively.

ADMINISTRATIVE EXPENDITURES

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

	<u>2010</u>		<u>2009</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Appropriated:				
Administrative	\$ 14,206	7	\$ 13,311	9
Project	<u>132,082</u>	64	<u>84,298</u>	60
Total appropriated expenditures	146,288		97,609	
Nonappropriated:				
Project	<u>59,192</u>	<u>29</u>	<u>43,305</u>	<u>31</u>
Total expenditures	<u><u>\$ 205,480</u></u>	<u><u>100</u></u>	<u><u>\$ 140,914</u></u>	<u><u>100</u></u>

Administrative expenditures increased by \$895 in FY 2010. The increase in both years was due to increase in union salaries and retirement rate.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
FOR THE TWO YEARS ENDED JUNE 30, 2010**

EXPLANATION OF SIGNIFICANT VARIATIONS IN EXPENDITURES

Pages 76 through 78 present comparative schedules of appropriations, expenditures, and lapsed balances for administrative activities in the Capital Development, Capital Development Board Revolving, and School Infrastructure Funds. Page 79 presents a comparative schedule of appropriations and expenditures for construction activities by fund. The CDB's explanation for significant fluctuations (greater than or equal to 20 percent and \$200,000) in expenditures is as follows:

Capital Development Fund - 141

Expenditures for personal services increased \$2,057,829 and \$971,166 in FY 2010 and FY 2009, respectively, due to no funds being appropriated to Fund 215 during FY 2010 which resulted in an increase in expenditures in Fund 141. In FY 2009, the increase was due to bargaining unit contract increases.

Expenditures for employee retirement contribution increased \$1,017,028 and \$425,325 in FY 2010 and FY 2009, respectively, because of an increase in the calculated contribution rate from 21.049% in FY 2009 to 28.377% in FY 2010.

Expenditures for group insurance increased \$393,507 in FY 2010 due to no funds being appropriated to Fund 215 during FY 2010 which resulted in an increase in expenditures in Fund 141.

Expenditures for contractual services increased \$308,682 in FY 2010 due to no funds being appropriated to Fund 215 during FY 2010 which resulted in an increase in expenditures in Fund 141.

Capital Development Board Revolving Fund - 215

There were no appropriations and expenditures made out of the Capital Development Board Revolving Fund - 215 during FY 2010.

Expenditures for personal services decreased \$906,665 in FY 2009 because a higher percentage was paid out of Fund 141 in FY 2009 versus FY 2008.

Expenditures for group insurance decreased \$212,595 in FY 2009 because a higher percentage was paid from Fund 141 in FY 2009 versus FY 2008.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
FOR THE TWO YEARS ENDED JUNE 30, 2010**

EXPLANATION OF SIGNIFICANT VARIATIONS IN EXPENDITURES (CONTINUED)

Construction Activities by Fund

Expenditures for the Capital Development Fund - 141 increased \$39,949,281 from FY 2009 to FY 2010 and decreased \$59,874,580 from FY 2008 to FY 2009 due to fluctuations on level of funding and number of construction projects.

Expenditures for the School Construction Fund - 143 increased \$15,071,136 from FY 2009 to FY 2010 and decreased \$26,621,228 from FY 2008 to FY 2009 due to a fluctuation in funding of school construction projects from State resources.

Expenditures for the Special Project Fund - 170 decreased \$300,350 from FY 2009 to FY 2010 and increased \$437,999 from FY 2008 to FY 2009 due to availability of grant funds to other State agencies.

Expenditures for the Asbestos Abatement Fund - 224 increased \$593,326 from FY 2008 to FY 2009 due to a large abatement project at Northern Illinois University.

Expenditures for the CDB Contributory Fund - 617 increased \$16,187,403 from FY 2009 to FY 2010 due to increased Military Affairs and American Recovery and Reinvestment Act (ARRA) spending and increased \$13,986,440 from FY 2008 to FY 2009 due to increased Military Affairs spending.

Expenditures for Build Illinois Fund - 971 decreased \$7,074,037 from FY 2009 to FY 2010 and \$9,507,939 from FY 2008 to FY 2009 due to no new appropriations.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
FOR THE TWO YEARS ENDED JUNE 30, 2010**

EXPLANATION OF SIGNIFICANT VARIATIONS IN RECEIPTS

Page 81 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:

General Obligation Bond Retirement and Interest Fund - 101

Receipts amounted to \$4,383,464 in FY 2008 and none in FY 2009 and FY 2010 due to receipt of a federal reimbursement for a Veteran's Affairs project in FY 2008.

CDB Special Projects Fund - 170

Receipts from Illinois Department of Commerce and Economic Opportunity amounted to \$400,000 in FY 2009 and none in FY 2010 due to a grant received for a construction project in FY 2010.

Capital Development Board Revolving Fund - 215

Receipts from contract administration fees increased \$2,943,479 from FY 2009 to FY 2010 and decreased \$1,207,717 from FY 2008 to FY 2009. The increase in FY 2010 was due to new large projects administered in FY 2010 than FY 2009 which included \$1.5 million Lincoln Hall project at the University of Illinois at Urbana-Champaign and \$1.5 million Transportation project at Southern Illinois University. The decrease in FY 2009 was due to a decrease in construction activities, which led to lower project costs administered in FY 2009.

Capital Development Board Contributory Trust Fund - 617

Receipts from Junior Colleges increased \$18,931,862 in FY 2010 due to more construction projects involving Junior College funds. The fluctuations were dependent on the number of projects awarded.

Receipts from Federal monies via other Illinois State agencies increased \$3,821,803 and \$8,542,971 in FY 2010 and FY 2009, respectively. This was due to funding decisions made by the funding sources.

Receipts related to damage claim recovery decreased \$478,002 from FY 2008 to FY 2009 due to damage claim recovery revenue being highly dependent on the volume and severity of claims and can vary greatly from year to year.

Receipts for project funded by the American Recovery and Reinvestment Act of 2009 - Federal Stimulus Package amounted to \$1,543,315 in FY 2010.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
FOR THE TWO YEARS ENDED JUNE 30, 2010**

EXPLANATION OF SIGNIFICANT VARIATIONS IN RECEIPTS (CONTINUED)

Capital Development Board Contributory Trust Fund - 617 (Continued)

Miscellaneous receipts decreased \$249,423 from FY 2009 to FY 2010 due to smaller receipts from governmental bodies which were neither federal nor state funds.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
FOR THE TWO YEARS ENDED JUNE 30, 2010**

ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING

Pages 64 through 69 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 June 30 and \$200,000) lapse period expenditures during FY 2010 and FY 2009.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
FOR THE TWO YEARS ENDED JUNE 30, 2010**

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 significant accounts with fluctuations greater than \$2,000 are cash equity with the State Treasurer, cash and cash equivalents, intergovernmental receivables, due from other State funds, capital assets not being depreciated, intergovernmental payables and due to other State funds.

Cash equity with the State Treasurer increased by \$3,722 in FY 2010. This is due to the increase in construction activities in FY 2010, which resulted in increase in amount of construction administration fees.

Cash and cash equivalents decreased by \$2,090 from FY 2009 to FY 2010. In FY 2010, several projects reached completion and retention trusts held were released to contractors. Projects with retention trust accounts consist of 33 accounts in FY 2009 and 21 accounts in FY 2010.

Intergovernmental receivables increased by \$3,314 from FY 2009 to FY 2010 due to higher amounts and number of projects with reimbursable construction project costs due from other government units. As of June 30, 2010, there were receivables due from Truman Community College amounting to \$1,976 and Joliet Community College amounting to \$897.

Due from other State Funds increased \$1,908 from FY 2009 to FY 2010 due to higher amounts and number of projects with reimbursable construction project costs from other State funds.

Capital assets not being depreciated decreased by \$20,224 from FY 2009 to FY 2010. This account is the construction in progress amount at June 30, 2010. In the current year, construction in progress totaling \$86,622 were completed.

Accounts payable and accrued expenses decreased \$7,574 from FY 2009 to FY 2010 due to lower amount of estimated reappropriated projects' accounts payable in FY 2010 compared to FY 2009. As discussed in Note 7 to the financial statements, CDB did not consider significant subsequent payment information in estimating accounts payable for reappropriated projects as of June 30, 2010.

Intergovernmental payables increased by \$2,767 from FY 2009 to FY 2010. Intergovernmental payables consist of payments due to local school districts from the School Construction Fund. At the end of FY 2010, there were insufficient funds in the School Construction Fund causing payments to be held until FY 2011.

Due to other State funds increased by \$35,446 from FY 2009 to FY 2010. This is mainly due to a grant agreement with the Illinois Board of Higher Education (IBHE) to fund the cost associated with the Private Colleges and Universities Capital Distribution Formula Act (30 ILCS 769/25-10). As of June 30, 2010, \$35,000 is due to IBHE.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
FOR THE TWO YEARS ENDED JUNE 30, 2010**

ANALYSIS OF LOANS AND VARIOUS ACCOUNTS RECEIVABLE

The 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, 2010 and 2009, respectively, and an aging of "other receivables":

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Loans receivable	\$ 14,968	\$ 14,968
Less allowance for uncollectible	<u>(14,968)</u>	<u>(14,968)</u>
Net loans receivable	-	-
Intergovernmental receivables	3,599	285
Due from other State funds	5,856	3,948
Other receivables	<u>2,572</u>	<u>2,655</u>
Total receivables	<u>\$ 12,027</u>	<u>\$ 6,888</u>
Aging of other receivables:		
Receivables - current	\$ 2,533	\$ 1,913
1 - 30 days past due	39	742
31 - 90 days past due	<u>-</u>	<u>-</u>
Total other receivables	<u>\$ 2,572</u>	<u>\$ 2,655</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
FOR THE TWO YEARS ENDED JUNE 30, 2010**

ANALYSIS OF CHANGE ORDERS

Changes in certain capital project specifications are awarded in the form of change orders. An analysis of the change orders awarded during the fiscal years ended June 30, 2010 and 2009 (unaudited) is found on pages 102 and 103, respectively.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
ANALYSIS OF OPERATIONS
FOR THE TWO YEARS ENDED JUNE 30, 2010**

AGENCY FUNCTIONS AND PLANNING PROGRAM

Functions

The Capital Development Board was created by the Illinois General Assembly in 1972 to serve as the nonroad, 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.

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

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
ANALYSIS OF OPERATIONS
FOR THE TWO YEARS ENDED JUNE 30, 2010**

AGENCY FUNCTIONS AND PLANNING PROGRAM (CONTINUED)

Functions (Continued)

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 the 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 James Riemer. 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 at Office #258 in Carbondale at 150 Pleasant Hill Road.

Agency Planning

The CDB operated a program called the Quality Management Program. This program allowed for a Quality Steering Committee, which identified areas of weakness within the Agency. When a weakness was identified, the Steering Committee defined a mission statement to address the area. The mission statement was then passed on to a Quality Review Team, who investigated the weakness and made recommendations to address those weaknesses.

Standing committees have been established to develop strategies to encourage better performance. Those areas are Information Technology, Hazardous Materials, Document Review, and Industry Relations. In addition, staff have met repeatedly to discuss and refine procedures and improve processes related to each performance measure. Detailed notes are taken, kept on file, and used for reports. All these committees make recommendations concerning changes in policy, hardware and software, new system implementation, legislation, protocol, and other

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
ANALYSIS OF OPERATIONS
FOR THE TWO YEARS ENDED JUNE 30, 2010**

AGENCY FUNCTIONS AND PLANNING PROGRAM (CONTINUED)

Agency Planning (Continued)

areas. 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 2009 and FY 2010 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 2009 and FY 2010 appropriation bill, 84 and 114 CDB employees assigned to work directly with construction projects were paid \$5,881,272 and \$7,939,101, respectively, from Fund 141.

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
ANALYSIS OF OPERATIONS
FOR THE TWO YEARS ENDED JUNE 30, 2010**

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 2010, 2009, and 2008.

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Executive:			
Staff	8	9	10
Administrative Services	2	2	2
Art-in Architecture	1	2	2
Capital Programs	15	15	16
Fair Employment Practices Division	5	5	5
Fiscal	5	5	5
Information Systems	9	9	9
Legislative Affairs	1	1	-
Personnel	2	2	2
Quality Based Selection	2	2	2
School Construction	1	1	2
Training and Quality Management	-	-	1
Total Executive	<u>51</u>	<u>53</u>	<u>56</u>
Contract Administration - Staff	<u>6</u>	<u>6</u>	<u>6</u>
Construction Administration:			
Staff	4	4	4
Professional Services	17	18	20
Regions (3)	39	39	40
Total Construction Administration	<u>60</u>	<u>61</u>	<u>64</u>
Legal Counsel - Staff	<u>5</u>	<u>5</u>	<u>4</u>
Agency Total	<u><u>122</u></u>	<u><u>125</u></u>	<u><u>130</u></u>

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
EMERGENCY PURCHASES
FISCAL YEAR ENDED JUNE 30, 2010**

The initial affidavit for an emergency purchase is filed by the user agency unless it pertains to an open CDB project. CDB determines whether the purchase meets emergency purchase guidelines and, if so, awards and administers the contract(s) and the project.

The Agency reported the following emergency purchases to the Office of the Auditor General during FY 2010:

<u>Project Number</u>	<u>Contract Number</u>	<u>Facility/Agency</u>	<u>Award</u>	<u>Expenditures</u>	<u>Total Estimated Costs</u>	<u>Explanation of Emergency</u>
250-045-003	10EM0281	EJ Zeke Giorgi Center - Rockford	\$ 94,950	\$ 94,950	\$ 113,550	Rehabilitate Front Entry Steps
125-300-003	10EM0385	Illinois Youth Center - Kewanee	26,000	26,000	26,000	Emergency Repair of High Mast & Perimeter Lighting
825-052-003	10EM0481	Southern Illinois University - East St. Louis	48,640	48,640	175,000	Exterior/Interior Enhancement
120-050-050	10EM0581	East Moline - Cook County	211,000	217,188	715,000	Upgrade Roofing/04
120-085-716	10EM0688	Dwight Correctional Center -Livingston County	17,000	31,213	20,000	Emergency Boiler Replacement/Asbestos Abatement
750-020-013	10EM0783	W.G. Stratton Building - Springfield	592,000	606,872	611,034	Emergency Replacement of the Air Handling Units
104-212-012	10EM0885	Pullman Factory Historic Site - Cook County	64,400	99,358	60,000	Emergency Power and Lighting Repairs
120-085-076	10EM0983	Dwight Correctional Center - Livingston County	182,708	289,328	344,112	Emergency Boiler Replacement and Evaluation
040-050-022	10EM1083	Illinois Veterans Home - LaSalle County	85,000	85,000	85,000	Emergency Repair of Boiler and Compressors
250-188-012	10EM1183	Research and Collection Center - Springfield	138,769	139,503	169,006	Emergency Chiller Replacement
291-110-010	10EM1281	School District 14 - Macomb	138,639	141,004	165,704	Replace Roof - District 14 Headquarters (Macomb)
120-255-022	10EM1381	Shawnee Correctional Center - Vienna	18,295	18,295	18,295	Emergency Administration Roof Repairs
321-015-091	10EM1481	Choate Mental Health & Development Center - Anna	35,800	35,800	48,950	Emergency Roof Replacement Administration Building
250-025-024	10EM1581	J. R. Thompson Center - Chicago	719,734	558,099	1,251,800	Emergency Repairs to Exterior Facade
104-210-005	10EM1681	Pierre Menard Home Historic Site - Ellis Grove	40,000	40,000	8,700	Emergency Chimney Repairs
546-045-022	10EM1781	Midway Armory - Chicago	794,013	799,429	794,013	Emergency Hangar Door Repairs
321-030-152	10EM1984	Read Mental Health Care - Chicago	28,888	28,888	65,000	Emergency HVAC Repairs
120-040-020	10EM2083	Danville Correctional Center - Vermilion	319,222	318,222	359,522	Emergency Dietary Boiler Replacement
120-050-711	10EM2188	East Moline - Cook County	27,600	27,600	30,000	Emergency Asbestos Abatement of Power Plant
120-175-122	10EM2283	Menard Correctional Center - Chester	156,400	162,867	187,817	Emergency Hot Water Piping Repair
040-010-098	10EM2385	Quincy Veterans Home - Adams County	33,370	33,370	33,370	Emergency Door Control Replacement
750-005-005	10EM2681	State Library - Springfield	78,943	611,666	528,000	Emergency Roof Repairs
104-170-005	59EM4181	Historic Preservation Agency - Metamora Courthouse	156,000	171,605	59,883	Emergency Chimney and Water Infiltration Repairs
291-101-009	59EM4281	Joliet Crime Laboratory - Will County	167,530	163,515	167,530	Emergency Roof Replacement
321-055-121	59EM4381	Elgin Mental Health Care - Kane County	2,482,525	2,277,094	2,624,115	Emergency Roof Repairs
040-020-060	60EM0183	Manteno Veterans Home - Veteran's Affairs	65,559	65,559	65,559	Emergency Boiler Replacement
TOTALS			\$ 6,722,985	\$ 7,091,065	\$ 8,726,960	

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
EMERGENCY PURCHASES
FISCAL YEAR ENDED JUNE 30, 2009**

The initial affidavit for an emergency purchase is filed by the user agency unless it pertains to an open CDB project.
CDB determines whether the purchase meets emergency purchase guidelines and, if so, awards and administers the contract(s) and the project.

The Agency reported the following emergency purchases to the Office of the Auditor General during FY 2009:

<u>Project Number</u>	<u>Contract Number</u>	<u>Facility/Agency</u>	<u>Award</u>	<u>Expenditures</u>	<u>Total Estimated Costs</u>	<u>Explanation of Emergency</u>
750-040-010	58EM1081	Capitol Building - Springfield	\$ 55,501	\$ 55,501	\$ 191,516	Emergency Sprinkler Line Repairs
120-175-119	59EM0181	Menard Correctional Center - Chester	195,090	197,803	272,000	Emergency Masonry Repairs
291-030-005	59EM0281	District #22 - Ullin	162,500	162,500	209,000	Emergency Roof/Exterior and Interior Repairs
291-030-005	59EM0381	District #22 - Ullin	9,123	8,554	100,000	Emergency Roof/Exterior and Interior Repairs
039-060-040	59EM0481	Du Quoin - Illinois State Fairgrounds	78,000	82,972	90,000	Emergency Roof Replacement - Exhibition Hall
120-200-116	59EM0582	Pontiac Correctional Center - Livingston County	125,800	125,800	125,800	Emergency Pipe Insulation Replacement
735-020-033	59EM0683	Executive Mansion - Springfield	9,433	9,433	10,300	Emergency Replace HVAC Compressor
120-178-009	59EM0781	Big Muddy Correctional Center - Jefferson County	338,300	419,746	456,003	Emergency Freezer Repair
321-190-045	59EM0881	Kiley Developmental Center - Waukegan	666,100	666,100	1,481,000	Roof Replacement
120-135-057	59EM0985	Logan Correctional Center - Lincoln	76,940	76,940	76,940	Emergency Repair Emergency Generator
250-196-003	59EM1181	Elgin State Garage - Kane County	224,500	223,920	320,000	Emergency Roof Replacement
825-052-003	59EM1281	East St. Louis - Southern Illinois University	12,800	12,800	12,000	Exterior/Interior Enhancement
120-040-019	59EM1383	Danville Correctional Center - Vermilion County	479,942	467,518	10,306	Emergency Replace Underground Piping
125-195-001	59EM1481	Illinois Youth Center - Pere Marquette	36,300	36,300	46,900	Emergency Replace Roofing Systems
321-135-072	59EM1581	Murray Developmental Center - Centralia	795,000	939,063	881,136	Emergency Renovations for Tinley-Howe Closure (719)
321-135-719	59EM1688	Murray Developmental Center - Centralia	52,100	81,730	52,100	Emergency Asbestos Abatement (072)
104-031-006	59EM1781	David Davis Home - Bloomington	37,306	37,306	9,170	Emergency Roof Repairs
321-100-119	59EM1881	Shapiro Developmental Center - Kankakee	183,200	183,200	11,702	Emergency Roof Replacement Trades Building
039-150-156	59EM1981	Administration Building - Illinois State Fairgrounds	283,910	302,616	459,486	Emergency Roof Replacement - Admin. Building and Fire House
120-040-019	59EM2083	Danville Correctional Center - Vermilion	1,893,000	2,095,616	2,771,558	Emergency Replace Underground Piping
120-255-021	59EM2183	Shawnee Correctional Center - Vienna	51,466	51,466	61,272	Emergency Dietary Boiler Replacement
120-085-715	59EM2288	Dwight Correctional Center - Livingston County	14,400	14,100	24,100	Emergency Asbestos Abatement
250-025-021	59EM2383	James R. Thomson Center - Cook County	535,399	552,902	110,900	Emergency Cooling Tower Repairs
120-305-006	59EM2481	Thomson Correctional Center - Carroll County	306,900	311,021	306,900	Emergency Ceiling Repair
039-150-159	59EM2581	Illinois State Fairgrounds - Springfield	123,500	127,393	126,293	Emergency Grandstand Roof Repairs
039-150-159	59EM2681	Illinois State Fairgrounds - Springfield	18,900	18,900	20,000	Emergency Grandstand Roof Repairs
125-300-002	59EM2785	Illinois Youth Center - Kewanee	306,739	310,117	290,304	Emergency Replacement of Emergency Generator
120-085-075	59EM2885	Dwight Correctional Center - Livingston County	20,256	20,256	21,000	Emergency Boiler Replacement
120-305-006	59EM2981	Thomson Correctional Center - Carroll County	525,682	643,897	600,000	Emergency Ceiling Repair
120-085-075	59EM3083	Dwight Correctional Center - Livingston County	91,350	144,896	168,283	Emergency Boiler Replacement
120-265-009	59EM3181	Work Camp - Hardin County	239,440	281,311	335,685	Emergency Kitchen Repairs
250-025-021	59EM3283	James R. Thomson Center - Cook County	275,470	275,470	110,900	Emergency Cooling Tower Repairs
546-115-032	59EM3381	East St. Louis Armory - St. Clair County	61,000	64,476	136,000	Emergency Repairs to the Vehicle Storage Bay
040-060-011	59EM3485	Anna Veteran's Home - Union County	118,395	152,908	173,088	Emergency Security System Replacement
102-263-003	59EM3584	World Shooting and Recreational Complex - Randolph County	108,700	125,645	150,585	Emergency A/C Repair in Vendor Building #5
104-141-010	59EM3781	Lincoln Log Cabin - Coles County	191,203	179,117	407,000	Replace Water Distribution System
750-010-005	59EM3881	Michael J. Howlett Building - Springfield	159,336	167,814	207,562	Emergency Repairs to Auditorium Roof
546-260-014	59EM3981	Peoria Armory - Peoria County	203,943	203,943	217,703	Emergency Cooling Systems Upgrades - Server Room
120-305-006	59EM4081	Thomson Correctional Center - Carroll County	638,151	63,815	65,000	Emergency Ceiling Repair
TOTALS			\$ 9,705,075	\$ 9,894,865	\$ 11,119,492	

STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
ILLINOIS FIRST PROJECTS/AWARDS INITIATED IN
FISCAL YEARS ENDED JUNE 30, 2002 AND 2001
(UNAUDITED)

Project ID.	Project Location	Project Description	Award/Grant Amount	Prior Year Expenditures	FY 2009 Expenditures	FY 2010 Expenditures	Lapsed	Reappropriated
772-163-014	East St. Louis School District 189	School Construction Grant	\$ 62,358,649	\$ -	\$ -	\$ -	\$ 62,358,649	\$ -
810-020-006	Richard J. Daley College - Cook County	Industrial Technology Center	413,000	-	-	-	-	413,000
810-050-018	Kankakee Community College	Construct fine art and applied technology facility at Kankakee	3,947,537	3,847,934	20,571	489	-	78,543
810-052-011	Kaskaskia Community College - Centralia	Workforce Development Center and Child Care Center for Kaskaskia	400,000	395,857	4,143	-	-	-
810-054-020	Kishwaukee College - Malta	Replacement of Early Childhood Center	60,000	32,534	-	-	-	27,466
810-056-017	Lake County	Plan and construct technology building at College of Lake County	23,991,116	18,150,164	1,480,052	1,172,233	-	3,188,667
810-063-001	Lincoln Land Community College at Taylorville	Expand Regional Center at Taylorville	150,000	-	-	-	-	150,000
810-072-009	City of Morton Grove	Plan an addition to Ray Harstein at Oakton	7,307,546	7,341,516	236,569	2,915	-	(273,454)
810-080-010	Rock Valley College - Rockford	New instructional building	800,000	351,854	-	107,900	-	340,246
900-010-153	City of Normal	Demolition of the powerplant at City of Normal	2,230,000	36,692	-	-	2,193,308	-
900-010-156	City of Centreville	For infrastructure improvements at City of Centreville	800,000	360,000	-	-	440,000	-
900-010-160	City of Chicago	For conservation and restoration of Frederick C Robbi Plan Constl Resident Treatment and Education Lawrence	2,000,000	1,800,000	-	-	200,000	-
900-010-161	City of Chicago	Hall Youth Services	3,500,000	3,150,000	-	-	350,000	-
900-010-164	Village of Rantoul	Grant to Village of Rantoul	1,700,000	765,000	-	-	935,000	-
900-010-171	Village of Coalton	Grant to Village of Coalton	30,000	-	-	-	30,000	-
900-010-172	Calhoun County	Grant to Calhoun County	100,000	-	-	-	100,000	-
900-010-173	Village of Donnellson	Grant to Village of Donnellson	25,000	-	-	-	25,000	-
900-010-174	Bunker Hill	Grant to Bunker Hill Com. Unit #8 School Board	150,000	-	-	-	150,000	-
900-010-176	Village of Broadview	Grant to Village of Broadview	300,000	-	-	-	300,000	-
900-010-178	Village of Keensburg	Grant to Village of Keensburg	150,000	-	-	-	150,000	-
900-010-179	City of Benton, Franklin County	Grant to Rend Lake Conservancy District	200,000	-	-	-	200,000	-
900-010-182	White County	Grant to White County Highway Department	100,000	-	-	-	100,000	-
900-010-193	City of Johnsonville, Wayne County	Grant to Sam Dale Lake Conservation Area	180,000	-	-	-	180,000	-
900-010-194	City of Ottawa	Grant to City of Ottawa	200,000	-	-	-	200,000	-
900-010-195	City of Ottawa	Grant to City of Ottawa	50,000	-	-	-	50,000	-
900-010-196	City of Uttin, Pulaski County	Grant to Shawnee Community College	25,000	-	-	-	25,000	-
900-097-002	City of North Chicago	Grant to Foss Park District	500,000	225,000	-	-	-	275,000
Total Illinois First Grants			\$ 111,667,848	\$ 36,456,551	\$ 1,741,335	\$ 1,283,537	\$ 67,986,957	\$ 4,199,468

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STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
ILLINOIS FIRST PROJECTS/AWARDS INITIATED IN
FISCAL YEAR ENDED JUNE 30, 2000
(UNAUDITED)

Project I.D.	Project Location	Project Description	Award/Grant Amount	Prior Year Expenditures	FY 2009 Expenditures	FY 2010 Expenditures	Lapsed	Reappropriated
Illinois First Projects - Other								
102-000-017	Statewide - DNR	Rehabilitate/replace playground equipment	\$ 200,000	\$ 156,109	\$ -	\$ -	\$ 43,891	\$ -
102-704-043	Carlyle SF & WA	For infrastructure and site improvements	3,000,000	792,149	-	-	2,207,851	-
102-704-044	Carlyle SF & WA	For road improvements	1,500,000	22,576	-	-	1,477,424	-
102-779-011	Eldon Hazlet SP-Carlyle	For cabin construction Phase 11	1,500,000	1,334,348	-	-	165,652	-
104-212-007	Historic Preservation Agency	Restoration/stabilization of Pullman site	7,870,783	7,127,629	615,329	127,825	-	-
291-170-010	Pontiac - Dist 6	Plan construction replacement of HQ facilities	4,600,000	4,559,322	-	-	40,678	-
321-207-001	DHS Detention Fae Joliet	To convert and expand annex to treatment detention center	1,900,000	1,899,914	-	-	86	-
651-000-001	Statewide - CDB	Repair minor problems and emergencies	3,474,200	1,200,100	-	-	2,274,100	-
651-050-005	Statewide - CDB	Survey of abate asbestos-containing materials	1,000,000	-	-	-	1,000,000	-
651-050-012	Statewide - CDB	Demolish buildings	2,500,000	527,099	-	-	1,972,901	-
805-000-000 (a)	Board of Higher Education (Capital Renewal)	Miscellaneous capital improvements	4,000,000	2,294,245	-	-	1,705,755	-
810-002-013	Belleville Area College	Construct into collision repair center	870,000	868,591	-	-	1,409	-
810-012-006 (b)	Kennedy King College	Demolish and replace buildings	4,000,000	-	-	-	4,000,000	-
810-028-019	Glen Ellyn - C of Dupage	Upgrade instructional center HVAC system	2,228,000	2,137,065	-	-	90,935	-
810-064-014	Carterville - Logan CC	Plan and construct work development and community education facility	8,382,000	8,381,223	-	-	777	-
810-096-027	Triton College	Renovate library	125,000	23,575	-	-	101,425	-
810-098-012	Waubensee C. C.	Upgrade information technology system	895,600	876,017	-	-	19,583	-
814-010-050	Chicago State University	Construct convocation center	10,000,000	9,959,136	39,548	1,000	316	-
816-010-032	Governor's State University	Upgrade fire and security systems	900,000	887,874	-	-	12,126	-
817-010-046	NEIU - Chic	Remodel buildings A, B, and E	8,127,500	5,650,495	1,757,836	52,773	666,396	-
817-010-047	NEIU - Chic	For upgrade science building HVAC systems	2,021,400	-	-	-	-	2,021,400
821-010-086	ISU - Normal	Plan and construct facility for college of business	18,912,000	18,911,199	801	-	-	-
822-010-060	NIU-DeKalb	For completion of Engineering building	4,998,000	4,950,907	-	-	47,093	-
825-052-001	East St. College Center	For development of East St. Louis college center	25,473,000	23,250,018	84,403	57,712	2,080,867	-
651-000-000 (c)	Statewide Grants (102-777-008)	CDB Build II bond capital improvements	10,000,000	9,983,263	-	-	16,737	-
900-010-076	Toulon	Construct new community center	125,000	-	-	-	125,000	-
900-010-085	Illiopolis	Construct new village hall	150,000	-	-	-	150,000	-
900-010-087 (d)	Winnetka Park District	Construct recreation center and ice arena	400,000	-	-	-	400,000	-
900-010-111	Village of Bridgeview	Infrastructure improvements	2,400,000	2,160,000	-	-	240,000	-
900-010-122	Clinton Cty Proj for Older Amer.	Plan new senior center	100,000	-	-	-	100,000	-
900-010-128	National Latinos with Disabilities	Purchase building with ADA compliance for office space	100,000	-	-	-	100,000	-
900-010-142	National Italian Am Sports Hall	Various improvements	2,000,000	1,800,000	-	-	200,000	-
900-010-144	Carbondale	Design teen center	110,000	-	-	-	110,000	-
Total Illinois First Grants			\$ 133,862,483	\$ 109,752,854	\$ 2,497,917	\$ 239,310	\$ 19,351,002	\$ 2,021,400

The Agency determined that projects not funded by their initial budget proposal but subsequently approved and funded were designated as Illinois First projects. In addition, some projects received additional funding through the Illinois First programs. According to the information provided by the Agency, the following is a description of the Illinois First portion of those projects which had expenditures, lapsed balances or reappropriations in FY 2009 or FY 2010.

- (a) Added capital renewal money for capital improvements at various Higher Education facilities
- (b) Original \$4,000,000 grant lapsed and a new \$4,000,000 appropriation was given directly to the Illinois Community College Board during the Spring 2000 Legislative Session
- (c) Listed in 2000 report incorrectly as Project I.D. 851-000-000, actually 651-000-000. Later broken into 2 Project I.D.'s
651-000-000- \$5,000,000 and 102-777-008- \$5,000,000. Also, incorrectly listed as State facilities instead of statewide grants.
- (d) Grant was originally for \$500,000 and was reduced to \$400,000 as a legislative change during the FY01 supplemental session

STATE OF ILLINOIS
 CAPITAL DEVELOPMENT BOARD
 MEMBER INITIATIVE PROJECTS/AWARDS INITIATED IN
 FISCAL YEARS ENDED JUNE 30, 2008 AND 2007
 (UNAUDITED)

Project I.D.	Project Description	Fiscal Year	Award Amount	Prior Year Expenditures	FY 2009 Expenditures	FY 2010 Expenditures	Lapse	Reappropriation
900-010-248	Community Support Services, Inc.	2007	\$ 500,000	\$ 225,000	\$ 225,000	\$ 50,000	\$ -	\$ -
900-010-251	Grant to Holy Cross Hospital	2007	7,700,000	6,930,000	770,000	-	-	-
900-010-260	Grant to Roseland Community Hospital Association	2007	1,200,000	1,080,000	-	120,000	-	-
900-010-273	Grant to Hillsboro Area Health System	2008	750,000	337,500	412,500	-	-	-
900-010-277	Grant to Loyola University Chicago	2007	8,000,000	7,200,000	800,000	-	-	-
900-010-278	Grant to Northwestern University	2007	8,000,000	7,200,000	-	800,000	-	-
900-010-285	Grant to Triton College	2007	1,240,000	558,000	-	682,000	-	-
900-010-286	Grant to Teddy Beary Nursery School, Inc.	2007	386,000	347,400	38,600	-	-	-
900-010-287	Grant to Alexian Brothers	2008	1,000,000	450,000	-	-	-	550,000
900-010-288	Grant to Community College Dist 536/Lewis and Clark	2007	6,800,000	6,120,000	-	680,000	-	-
900-010-289	Grant to Southwestern Illinois College	2007	3,360,000	1,512,000	-	1,848,000	-	-
900-010-290	Grant to Chicago State University	2007	5,000,000	2,250,000	2,250,000	500,000	-	-
900-010-292	Grant to Kiddy Kare Pre School Inc	2008	300,000	135,000	165,000	-	-	-
900-010-297	Grant to District Jacksonville 117	2008	450,000	202,500	247,500	-	-	-
Total			\$ 44,686,000	\$ 34,547,400	\$ 4,908,600	\$ 4,680,000	\$ -	\$ 550,000

STATE OF ILLINOIS
 CAPITAL DEVELOPMENT BOARD
 MEMBER INITIATIVE PROJECTS/AWARDS INITIATED IN
 FISCAL YEARS ENDED JUNE 30, 2006 AND 2005
 (UNAUDITED)

Project I.D.	Project Description	Fiscal Year	Award Amount	Prior Year Expenditures	FY 2009 Expenditures	FY 2010 Expenditures	Lapse	Reappropriation
900-10-231	Grant to the City of Springfield for Capital Ave. Improvement	2005	\$ 1,500,000	\$ 675,000	\$ 825,000	\$ -	\$ -	\$ -

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
CHANGE ORDERS BY REASON
FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

Reason	Total Amount	Dollar Percentage	No. Issued	Count Percentage
Architect/Engineer error	\$ 167,457	1.75%	38	3.51%
Architect/Engineer omission	929,915	9.70%	127	11.74%
User request	3,244,705	33.85%	157	14.51%
Phase construction	205,391	2.14%	14	1.29%
Undisclosed condition	4,185,089	43.67%	338	31.24%
User funded	735,130	7.67%	44	4.07%
Time extension	-	0.00%	270	24.95%
Assignment fee	50,620	0.53%	6	0.55%
Substitution	74,217	0.77%	7	0.65%
Reimbursable	91,495	0.95%	13	1.20%
Soil condition	122,648	1.28%	9	0.83%
Construction Manager error	58,900	0.61%	1	0.09%
Credit	(555,095)	-5.79%	40	3.70%
Code change	275,498	2.87%	18	1.67%
TOTALS	\$ 9,585,970	100.00%	1,082	100.00%

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
CHANGE ORDERS BY REASON
FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)**

Reason	Total Amount	Dollar Percentage	No. Issued	Count Percentage
Architect/Engineer error	\$ 371,785	5.53%	57	4.82%
Architect/Engineer omission	911,784	13.56%	140	11.83%
User request	2,465,887	36.66%	196	16.57%
Phase construction	198,426	2.95%	25	2.11%
Undisclosed condition	2,639,267	39.24%	349	29.50%
User funded	316,742	4.71%	14	1.18%
Time extension	-	0.00%	283	23.92%
Assignment fee	84,716	1.26%	5	0.43%
Substitution	114,972	1.71%	7	0.59%
Reimbursable	292,750	4.35%	11	0.93%
Soil condition	222,535	3.31%	8	0.68%
Construction Manager error	242,969	3.61%	4	0.34%
Credit	(1,324,042)	-19.69%	73	6.17%
Code change	188,499	2.80%	11	0.93%
TOTALS	\$ 6,726,290	100.00%	1,183	100.00%

**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
PERFORMANCE INDICATORS
FISCAL YEARS ENDED JUNE 30, 2010, 2009, AND 2008
(UNAUDITED)**

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Construction expenditures	\$ 191,273,823	\$ 127,602,810	\$ 208,776,376
Personnel expenditures	7,939,101	7,727,716	7,663,215
Administrative expenditures	6,267,259	5,583,204	5,645,566
TOTAL EXPENDITURES	\$ 205,480,183	\$ 140,913,730	\$ 222,085,157
Disbursement of federal funds received from agency grants	\$ 30,820,967	\$ 32,100,661	\$ 19,439,908
Total receipts	\$ 63,482,971	\$ 36,699,468	\$ 33,406,190
Construction appropriations and reappropriations*	\$ 5,028,521,664	\$ 1,313,717,013	\$ 1,436,848,881
Total number of projects	1,059	917	741
Average appropriation per project	\$ 4,748,368	\$ 1,432,625	\$ 1,939,067
Average expenditures per project	\$ 180,617	\$ 139,152	\$ 281,749
Number of project managers	29	30	28
Average projects per manager	37	31	26
Average number of employees	122	125	130
Average personnel cost	\$ 65,075	\$ 61,822	\$ 58,948
Number of construction vouchers processed	2,592	2,905	3,740
Average construction voucher amount	\$ 73,794	\$ 43,925	\$ 55,823
Number of receipts processed	855	848	772
Average receipt amount	\$ 74,249	\$ 43,278	\$ 43,272
Number of projects awarded	199	209	177
Professional contracts awarded	67	80	78
Contractor contracts awarded	277	325	158
Administrative costs per project	\$ 5,918	\$ 6,089	\$ 7,619
Personnel costs per project	\$ 7,497	\$ 8,427	\$ 10,342

* 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
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 (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. Provide work opportunities for varied industry partners:
 - a. Provide opportunities for minorities and females to obtain work.
 - b. Initiate project labor agreements.
5. Support the State's Economic Development Plan:
 - a. Monitor Opportunity Returns projects announced by the Governor.

Funds: Capital Development Fund, Capital Development Board Revolving Fund, Asbestos Abatement Fund, Tobacco Settlement Recovery Fund, Build Illinois Bond Fund (Statutory Authority: 20 ILCS 3105)

	<u>Actual</u>		FY 2010	FY 2010	FY 2011
	FY 2008	FY 2009	Target	Actual	Target
			(Projected)	(Projected)	
Input Indicators:					
Total expenditures - all sources (in thousands)	\$ 12,612.8	\$ 12,619.4	\$ 13,931.2	\$ 13,705.9	\$ 14,976.5
Total expenditures - State appropriated funds (in thousands)	\$ 12,612.8	\$ 12,619.4	\$ 13,931.2	\$ 13,705.9	\$ 14,976.5
Average monthly full-time equivalents	120.1	119.5	115.0	115.0	117.0

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CONSTRUCTION ADMINISTRATION (CONTINUED)

	<u>Actual</u>		<u>FY 2010 Target (Projected)</u>	<u>FY 2010 Actual</u>	<u>FY 2011 Target (Projected)</u>
	<u>FY 2008</u>	<u>FY 2009</u>			
Outcome Indicators:					
Average variation from planned schedule for design phase	40.98%	60.00%	15.00%	61.57%	15.00%
Average variation from planned schedule for construction phase	6.47%	17.80%	15.00%	5.63%	15.00%
Percent of labor hours that are minority or female	15.89%	29.20%	15.00%	14.05%	15.00%
Percent of total dollars contracted to MBE/FBE firms (a)	12.20%	21.60%	15.00%	12.90%	15.00%

Note:

(a) MBE/FBE firms are Minority Business Enterprise and Female Business Enterprise firms.

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SCHOOL CONSTRUCTION GRANTS

Mission Statement: The mission of CDB's School Construction Grant Program is to work from the entitled and prioritized list compiled by the Illinois State Board of Education to provide school construction grants, up to the funding limits. The professional staff visits sites, develops project descriptions, educates school and community representatives, and provides technical assistance to expedite the process and enhance the quality of Illinois school buildings.

Program Goals:

Objectives:

1. Educate school districts about how to obtain a grant and how their State share is determined:
 - a. By June 1 each year, measure school district satisfaction with CDB's ability to educate them about the grant process.

2. Provide effective, accountable, and responsive service related to the design and construction of school buildings:
 - a. By June 1 each year, measure school district satisfaction with CDB's timeliness.

Funds: School Construction Fund, School Infrastructure Fund (Statutory Authority: 30 ILCS 390, 105 ILCS 230)

	<u>Actual</u>		<u>FY 2010 Target</u>	<u>FY 2010 Actual</u>	<u>FY 2011 Target</u>
	<u>FY 2008</u>	<u>FY 2009</u>	<u>(Projected)</u>		<u>(Projected)</u>
Input Indicators:					
Total expenditures - all sources (in thousands)	\$ 547.9	\$ 474.8	\$ 500.0	\$ 498.7	\$ 500.0
Total expenditures - State appropriated funds (in thousands)	\$ 547.9	\$ 474.8	\$ 500.0	\$ 498.7	\$ 500.0
Average monthly full-time equivalents	5.5	5.0	5.0	5.0	5.0