

**STATE OF ILLINOIS  
GOVERNOR'S OFFICE OF  
MANAGEMENT AND BUDGET**

**COMPLIANCE EXAMINATION**

**For the Two Years Ended June 30, 2015**

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

**STATE OF ILLINOIS  
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2015**

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**STATE OF ILLINOIS  
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2015**

**AGENCY OFFICIALS**

Director (1/15 to Present)	Tim Nuding
Acting Director (12/14 to 1/15)	Ben Winick
Acting Director (4/12 to 12/14)	Jerome Stermer
Chief of Staff (1/15 to Present)	Scott Harry
Chief of Staff (5/14 to 12/14)	Ben Winick
General Counsel (1/15 to Present)	Kim Fowler
General Counsel (5/14 to 12/14)	Kevin Byrne
General Counsel (9/10 to 4/14)	Sheila Henretta
Deputy Director (5/14 to Present)	Vacant
Deputy Director (3/12 to 4/14)	Sheila Henretta
Deputy General Counsel	Roma Larson
Assistant Director (2/15 to Present)	Vacant
Assistant Director (9/12 to 1/15)	Abdon Pallasch
Policy Director (6/14 to Present)	Vacant
Policy Director (4/12 to 5/14)	Ben Winick
Technology and Operations Manager	Jennifer Cavanaugh
Chief Information Officer	Aaron Doty
Communications Director (2/15 to Present)	Vacant
Communications Director (9/12 to 1/15)	Abdon Pallasch
Fiscal Manager (7/14 to Present)	Layla Ellenberg
Fiscal Manager (7/13 to 6/14)	Vacant
OMB Senior Fiscal Specialist (6/14 to Present)	Vacant
OMB Senior Fiscal Specialist (4/13 to 6/14)	Layla Ellenberg

Agency offices are located at the following locations:

601, 603, and 605 Stratton Office Building  
Springfield, Illinois 62706

James R. Thompson Center  
Suite 15-100  
100 W. Randolph  
Chicago, Illinois 60601



STATE OF ILLINOIS  
EXECUTIVE OFFICE OF THE GOVERNOR  
**GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET**  
SPRINGFIELD, ILLINOIS 62706

**Bruce Rauner**  
GOVERNOR

April 4, 2016

West & Company, LLC  
Certified Public Accountants  
919 E. Harris Avenue  
Greenville, IL 62246

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 the State of Illinois, Governor's Office of Management and Budget. 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 State of Illinois, Governor's Office of Management and Budget's compliance with the following assertions during the two-year period ended June 30, 2015. Based on this evaluation, we assert that during the years ended June 30, 2014 and June 30, 2015, the State of Illinois, Governor's Office of Management and Budget has materially complied with the assertions below.

- A. The State of Illinois, Governor's Office of Management and Budget 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, Governor's Office of Management and Budget 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.

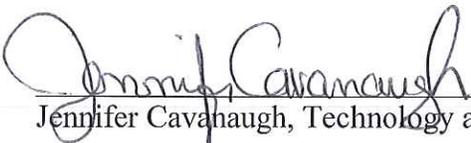
- C. The State of Illinois, Governor's Office of Management and Budget has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the State of Illinois, Governor's Office of Management and Budget 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, Governor's Office of Management and Budget on behalf of the State or held in trust by the State of Illinois, Governor's Office of Management and Budget have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours truly,

Governor's Office of Management and Budget

  
\_\_\_\_\_  
Tim Nuding, Director

  
\_\_\_\_\_  
Roma Larson, Deputy General Counsel

  
\_\_\_\_\_  
Jennifer Cavanaugh, Technology and Operations Manager

**STATE OF ILLINOIS  
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2015**

**COMPLIANCE REPORT**

**SUMMARY**

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

**ACCOUNTANT'S REPORT**

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

**SUMMARY OF FINDINGS**

<u>Number of</u>	<u>Current Report</u>	<u>Prior Report</u>
Findings	2	3
Repeated findings	1	3
Prior recommendations implemented or not repeated	2	5

**STATE OF ILLINOIS  
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2015**

**SUMMARY (Continued)**

**SCHEDULE OF FINDINGS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
CURRENT FINDINGS (STATE COMPLIANCE)			
2015-001	9	Inaccurate locally held fund reports	Significant Deficiency And Noncompliance
2015-002	11	Inadequate controls over monthly reconciliations	Significant Deficiency And Noncompliance
PRIOR FINDINGS NOT REPEATED			
A	13	Inadequate control over cash receipts	
B	13	Inadequate control over interagency Agreements	

**EXIT CONFERENCE**

The State of Illinois, Governor's Office of Management and Budget declined an exit conference in correspondence dated March 16, 2016.

Responses to recommendations were provided by Jennifer Cavanaugh on March 29, 2016.

**WEST & COMPANY, LLC**

CERTIFIED PUBLIC ACCOUNTANTS  
&  
CONSULTANTS

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GREENVILLE, IL 62246

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MEMBERS

RICHARD C. WEST  
BRIAN E. DANIELL  
JANICE K. ROMACK  
DIANA R. SMITH  
D. RAIF PERRY  
JOHN H. VOGT  
JOSHUA D. LOWE

OFFICES

EDWARDSVILLE  
EFFINGHAM  
GREENVILLE  
MATTOON  
SULLIVAN

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

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

**Compliance**

As Special Assistant Auditors for the Auditor General, we have examined the State of Illinois, Governor's Office of Management and Budget'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, 2015. The management of the State of Illinois, Governor's Office of Management and Budget is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Governor's Office of Management and Budget's compliance based on our examination.

- A. The State of Illinois, Governor's Office of Management and Budget 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, Governor's Office of Management and Budget 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, Governor's Office of Management and Budget 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, Governor's Office of Management and Budget 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, Governor's Office of Management and Budget on behalf of the State or held in trust by the State of Illinois, Governor's Office of Management and Budget have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the State of Illinois, Governor's Office of Management and Budget'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, Governor's Office of Management and Budget's compliance with specified requirements.

In our opinion, the State of Illinois, Governor's Office of Management and Budget complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2015. However, the results of our procedures disclosed instances of noncompliance with the requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings as items 2015-001 and 2015-002.

### **Internal Control**

Management of the State of Illinois, Governor's Office of Management and Budget 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, Governor's Office of Management and Budget's internal control over compliance with the requirements listed in the first paragraph of this report to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois, Governor's Office of Management and Budget's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Governor's Office of Management and Budget's internal control over compliance.

*A deficiency in 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 over compliance, such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and

corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings as items 2015-001 and 2015-002 that we consider 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, Governor's Office of Management and Budget'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, Governor's Office of Management and Budget's responses and, accordingly, we express no opinion on the responses.

### **Supplementary Information for State Compliance Purposes**

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information for the years ended June 30, 2015 and June 30, 2014 in Schedules 1 through 9 and the Analysis of Operations Section is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2015 and June 30, 2014 accompanying supplementary information in Schedules 1 through 9. However, we do not express an opinion on the accompanying supplementary information.

We have not applied procedures to the June 30, 2013 accompanying supplementary information in Schedules 3 through 8 and in the Analysis of Operations Section, and accordingly, we do not express an opinion or provide any assurance 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, and the State of Illinois, Governor's Office of Management and Budget management and is not intended to be and should not be used by anyone other than these specified parties.

*West & Company, LLC*

Greenville, Illinois  
April 4, 2016

**STATE OF ILLINOIS  
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET  
SCHEDULE OF FINDINGS  
For the Two Years Ended June 30, 2015**

**CURRENT FINDINGS (STATE COMPLIANCE)**

2015-001. **FINDING** (Inaccurate locally held fund reports)

The Governor's Office of Management and Budget (Office) did not submit accurate "Report of Receipts and Disbursements for Locally Held Funds" (C-17) reports to the State Comptroller and did not make accurate monthly disclosures on the Office's website.

The Office operated seven locally held funds for the purpose of paying debt service on select special bond issuances and on certificates of participation outstanding. During the examination period, inaccuracies were noted in testing of the following items:

- Seven of 56 (13%) C-17s filed reported incorrect amounts, which included one understatement of \$3,465,659; three each reported an overstatement of \$26,646,526; and three each reported an understatement of \$5,657.
- Eleven of 24 (46%) monthly disclosures on the Office's website reported incorrect amounts; whereby one was misstated by \$83,634,346; six were incorrect between \$10,615,293 and \$35,341,404; one was inaccurate by \$309,100; and the remaining three discrepancies were between \$53 and \$5,659.

Statewide Accounting Management System (SAMS) (Procedure 33.13.10) requires each agency to submit accurate C-17 reports reflecting the receipts and disbursements occurring in each locally held fund each quarter. Good internal controls require agencies to review reports for accuracy prior to submission to the State Comptroller. Additionally, the Accountability for the Investment of Public Funds Act (Act) (30 ILCS 237/10) requires each State agency to make available on the internet, and update at least monthly, sufficient information regarding any investments of public funds held by that State agency.

During the prior examination, Office personnel indicated the conditions noted were due to employee turnover, oversight, and a rounding error. During the current examination, Office personnel stated the inaccuracies in C-17s and monthly disclosures were caused by clerical and inadvertent errors by the preparer and a lack of supervisory review controls.

**STATE OF ILLINOIS  
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET  
SCHEDULE OF FINDINGS  
For the Two Years Ended June 30, 2015**

**CURRENT FINDINGS (STATE COMPLIANCE)**

2015-001. **FINDING** (Inaccurate locally held fund reports) (Continued)

Failure to provide accurate C-17 reports to the State Comptroller represents noncompliance with SAMS and could result in inaccurate Statewide financial reporting at the year end. Failure to provide accurate reporting of investment of public funds information is a violation of the Act. (Finding Code No. 2015-001, 2013-001, 11-2)

**RECOMMENDATION**

We recommend the Office implement procedures to review all C-17 reports for accuracy prior to submission to the State Comptroller. Also, we recommend the Office implement procedures to review all monthly disclosures for accuracy prior to posting on the Office's website.

**OFFICE RESPONSE**

We concur with the auditor's recommendation. The Office has fully implemented corrective action to resolve the finding including: established new procedures for the preparation of the C-17 and monthly disclosure reports; established a supervisory review control to approve both reports before they are filed or released; developed a new monthly disclosure reporting format; trained staff to prepare the reports; and trained staff to review and approve the reports. All mistakes on the C-17 reports during the audit period were corrected in the subsequent quarter or at the end of the fiscal year prior to the Office submitting its GAAP package to the State Comptroller.

**STATE OF ILLINOIS  
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET  
SCHEDULE OF FINDINGS  
For the Two Years Ended June 30, 2015**

**CURRENT FINDINGS (STATE COMPLIANCE)**

2015-002. **FINDING** (Inadequate controls over monthly reconciliations)

The Governor's Office of Management and Budget (Office) is responsible for reconciling fourteen appropriations each month. The Office did not have adequate controls over monthly appropriation reconciliations.

During our testing of the fourteen monthly appropriation reconciliations between the Illinois Office of the Comptroller (IOC) records and Office records, we noted the following exceptions for preparation of the reconciliations:

- Nine of 40 (23%) reconciliations were not properly completed whereby reconciling items were not identified.
- Twenty-six of 40 (65%) Monthly Appropriation Status Report (SB01) reconciliations completed during the examination period were not fully documented timely. The documentation for the reconciliations was compiled between 40 and 140 days after the close of the reconciling month.

Additionally, testing of the Office's monthly reconciliations of the SB01 reports during Fiscal Years 2014 and 2015 did not show documentation of the date or sign off by the reviewer of the reconciliations.

Statewide Accounting Management System (SAMS) (Procedure 11.40.20) requires the Agency to perform a monthly reconciliation of the unexpended budget authority balance per agency records to the unexpended budget authority balance per SAMS maintained by the IOC and notify the IOC of any unreconcilable differences. Prudent business practice requires proper internal controls, such as timely performance and documentation of supervisory reviews, along with independence of the preparer or supervisor, be established to ensure the accuracy and reliability of accounting data.

Office personnel stated they performed the reconciliations monthly; however, the Office did not have procedures requiring staff to document both the open items for in-transit transactions and the supervisory approval of the reconciliation.

**STATE OF ILLINOIS  
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET  
SCHEDULE OF FINDINGS  
For the Two Years Ended June 30, 2015**

**CURRENT FINDINGS (STATE COMPLIANCE)**

2015-002. **FINDING** (Inadequate controls over monthly reconciliations) (Continued)

Failure to properly reconcile the Office's records to the IOC records in a timely manner represents noncompliance with SAMS and could result in incomplete or inaccurate financial information. (Finding Code No. 2015-002)

**RECOMMENDATION**

We recommend the Office timely and properly prepare and document expenditure and appropriation reconciliations and document the supervisory review as required by SAMS.

**OFFICE RESPONSE**

We concur with the auditors' recommendation. The Office has fully implemented corrective action to resolve the finding including: established revised procedures for the proper preparation of the reconciliation of monthly appropriation status including listing open items for in-transit transactions; established a supervisory review control to approve and document the reconciliation; and trained staff on the revised procedures. The Office did complete all monthly reconciliations for the audit period and there were no instances of errors which would have required the Office to submit a Reconciliation Exception Notice (form C-82) to the IOC.

**STATE OF ILLINOIS  
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET  
SCHEDULE OF FINDINGS  
For the Two Years Ended June 30, 2015**

**PRIOR FINDINGS NOT REPEATED**

A.       **FINDING**     (Inadequate control over cash receipts)

Testing during the prior examination disclosed the Governor's Office of Management and Budget (Office) did not exercise adequate control over cash receipts. The Office failed to deposit a receipt timely and failed to pursue a partial payment received from the federal government.

Testing during the current examination showed timely deposits and proper inquiries were made to the federal government for partial or unusual payments for the sample of transactions tested. (Finding Code No. 2013-002, 11-1)

B.       **FINDING**     (Inadequate control over interagency agreements)

Testing during the prior examination disclosed the Office did not exercise adequate controls over interagency agreements whereby the Office failed to have termination agreements signed by all parties before the effective date of the termination. In addition, the Office failed to have interagency agreements signed by all parties before the effective date of the agreement.

Testing during the current examination disclosed no termination agreements being signed after the termination of the agreement. In addition, current testing noted fewer instances of agreements being signed by all the required parties after the effective date of the agreement; therefore, this issue was reported in the Letter of Immaterial Findings. (Finding Code No. 2013-003, 11-4, 09-4, 07-2)

**STATE OF ILLINOIS  
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2015**

**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 – 2015
- Schedule of Appropriations, Expenditures and Lapsed Balances – 2014
- Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
- Comparative Schedule of Receipts, Disbursements and Fund Balance (Cash Basis) – Locally Held Funds
- Schedule of Changes in State Property
- Comparative Schedule of Cash Receipts and Reconciliation of Cash Receipts to Deposits Remitted to the State Comptroller
- Analysis of Significant Variations in Expenditures
- Analysis of Significant Variations in Receipts
- Analysis of Significant Lapse Period Spending

- Analysis of Operations (Not Examined):

- Agency Functions and Planning Program (Not Examined)
- Average Number of Employees (Not Examined)
- Cash Management Improvement Act Summary (Not Examined)
- Service Efforts and Accomplishments (Not Examined)
- General Obligation Bond Indebtedness Summary (Not Examined)
- Build Illinois Bond Indebtedness Summary (Not Examined)

The accountant's report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the accountants have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2015 and June 30, 2014 accompanying supplementary information in Schedules 1 through 9. However, the accountants do not express an opinion on the supplementary information. The accountant's report also states that they have not applied procedures to the Analysis of Operations Section, and accordingly, they do not express an opinion or provide any assurance on it.

**STATE OF ILLINOIS  
GOVERNOR’S OFFICE OF MANAGEMENT AND BUDGET  
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES  
Appropriations For Fiscal Year 2015**

Fourteen Months Ended August 31, 2015

<u>PUBLIC ACT 98-0679, 99-0001</u>	<u>Appropriations (Net After Transfers)</u>	<u>Expenditures Through 6/30/15</u>	<u>Lapse Period Expenditures 7/01 - 8/31/15</u>	<u>Total Expenditures</u>	<u>Balances Lapsed</u>
<u>APPROPRIATED FUNDS</u>					
<u>GENERAL REVENUE FUND - 001</u>					
Personal services	\$ 1,278,600	\$ 1,268,582	\$ (1,724)	\$ 1,266,858	\$ 11,742
State contributions to Social Security	98,900	92,455	-	92,455	6,445
Contractual services	73,300	45,980	2,369	48,349	24,951
Travel	22,600	18,221	4,053	22,274	326
Commodities	1,000	652	60	712	288
Printing	3,100	1,278	1,285	2,563	537
Equipment	1,500	-	1,440	1,440	60
Electronic data processing	19,200	7,194	5,885	13,079	6,121
Telecommunication	35,200	24,760	9,608	34,368	832
Subtotal fund - 001	<u>1,533,400</u>	<u>1,459,122</u>	<u>22,976</u>	<u>1,482,098</u>	<u>51,302</u>
<u>ILLINOIS CIVIC CENTER BOND RETIREMENT AND INTEREST FUND - 105</u>					
Principal, interest and premium	<u>14,000,000</u>	<u>13,907,231</u>	<u>-</u>	<u>13,907,231</u>	<u>92,769</u>
<u>CAPITAL DEVELOPMENT FUND - 141</u>					
Expenses for the sale of State bonds	<u>1,543,100</u>	<u>1,370,199</u>	<u>20,648</u>	<u>1,390,847</u>	<u>152,253</u>
<u>SCHOOL INFRASTRUCTURE FUND - 568</u>					
Operational expenses	<u>113,400</u>	<u>112,148</u>	<u>-</u>	<u>112,148</u>	<u>1,252</u>

**STATE OF ILLINOIS  
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET  
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES  
Appropriations For Fiscal Year 2015**

Fourteen Months Ended August 31, 2015

	Appropriations (Net After Transfers)	Expenditures Through 6/30/15	Lapse Period Expenditures 7/01 - 8/31/15	Total Expenditures	Balances Lapsed
<u>PUBLIC ACT 98-0679, 99-0001</u>					
<u>APPROPRIATED FUNDS (Continued)</u>					
<u>BUILD ILLINOIS BOND RETIREMENT AND INTEREST FUND - 970</u>					
Trustee payments under Master Indenture as defined by Build Illinois Bond Act	500,094,881	485,931,827	-	485,931,827	14,163,054
<u>BUILD ILLINOIS BOND FUND - 971</u>					
Expenses for the sale of State bonds	650,000	447,688	-	447,688	202,312
<b>TOTAL - ALL APPROPRIATED FUNDS</b>	<b>\$ 517,934,781</b>	<b>\$ 503,228,215</b>	<b>\$ 43,624</b>	<b>\$ 503,271,839</b>	<b>\$ 14,662,942</b>
<u>NON-APPROPRIATED FUNDS</u>					
<u>FEDERAL FINANCING COST REIMBURSEMENT FUND - 212</u>					
Other interest penalty		\$ 68,177	-	\$ 68,177	
<b>TOTAL - ALL NON-APPROPRIATED FUNDS</b>		<b>\$ 68,177</b>	<b>-</b>	<b>\$ 68,177</b>	
<b>GRAND TOTAL - ALL FUNDS</b>		<b>\$ 503,296,392</b>	<b>\$ 43,624</b>	<b>\$ 503,340,016</b>	

Note 1: The information reflected in this schedule was taken directly from the records of the State Comptroller and reconciled to the records of the Agency.

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

**STATE OF ILLINOIS**  
**GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET**  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
**Appropriations For Fiscal Year 2014**

Eighteen Months Ended August 31, 2014

<u>PUBLIC ACT 98-0064</u>	<u>Appropriations (Net After Transfers)</u>	<u>Expenditures Through 6/30/14</u>	<u>Lapse Period Expenditures 7/01 - 8/31/14</u>	<u>Total Expenditures</u>	<u>Balances Lapsed</u>
<u>APPROPRIATED FUNDS</u>					
<u>GENERAL REVENUE FUND - 001</u>					
Personal services	\$ 1,503,300	\$ 1,423,228	\$ -	\$ 1,423,228	\$ 80,072
State contributions to Social Security	122,500	104,164	-	104,164	18,336
Contractual services	114,800	50,720	5,301	56,021	58,779
Travel	35,400	25,023	3,306	28,329	7,071
Commodities	1,500	1,074	85	1,159	341
Printing	4,900	2,053	67	2,120	2,780
Equipment	2,250	2,050	-	2,050	200
Electronic data processing	25,500	15,364	2,694	18,058	7,442
Telecommunication	35,250	28,437	5,369	33,806	1,444
Subtotal fund - 001	<u>1,845,400</u>	<u>1,652,113</u>	<u>16,822</u>	<u>1,668,935</u>	<u>176,465</u>
<u>ILLINOIS CIVIC CENTER BOND RETIREMENT AND INTEREST FUND - 105</u>					
Principal and interest and premium	<u>14,000,000</u>	<u>13,817,044</u>	<u>-</u>	<u>13,817,044</u>	<u>182,956</u>
<u>CAPITAL DEVELOPMENT FUND - 141</u>					
Expenses for the sale of State bonds	<u>1,543,100</u>	<u>1,060,221</u>	<u>3,453</u>	<u>1,063,674</u>	<u>479,426</u>
<u>SCHOOL INFRASTRUCTURE FUND - 568</u>					
Operational expenses	<u>113,400</u>	<u>44,787</u>	<u>-</u>	<u>44,787</u>	<u>68,613</u>

**STATE OF ILLINOIS  
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET  
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES  
Appropriations For Fiscal Year 2014**

Eighteen Months Ended August 31, 2014

	<u>Appropriations (Net After Transfers)</u>	<u>Expenditures Through 6/30/14</u>	<u>Lapse Period Expenditures 7/01 - 8/31/14</u>	<u>Total Expenditures</u>	<u>Balances Lapsed</u>
<u>PUBLIC ACT 98-0064</u>					
<u>APPROPRIATED FUNDS (Continued)</u>					
<u>BUILD ILLINOIS BOND RETIREMENT AND INTEREST FUND - 970</u>					
Trustee payments under Master Indenture as defined by Build Illinois Bond Act	<u>449,250,824</u>	<u>438,103,067</u>	<u>-</u>	<u>438,103,067</u>	<u>11,147,757</u>
<u>BUILD ILLINOIS BOND FUND - 971</u>					
Expenses for the sale of State bonds	<u>440,000</u>	<u>286,165</u>	<u>61,100</u>	<u>347,265</u>	<u>92,735</u>
<b>TOTAL - ALL APPROPRIATED FUNDS</b>	<b><u><u>\$ 467,192,724</u></u></b>	<b><u><u>\$ 454,963,397</u></u></b>	<b><u><u>\$ 81,375</u></u></b>	<b><u><u>\$ 455,044,772</u></u></b>	<b><u><u>\$ 12,147,952</u></u></b>
<u>NON-APPROPRIATED FUNDS</u>					
<u>FEDERAL FINANCING COST REIMBURSEMENT FUND - 212</u>					
Other interest penalty		<u>\$ 295,913</u>	<u>\$ -</u>	<u>\$ 295,913</u>	
<b>TOTAL - ALL NON-APPROPRIATED FUNDS</b>		<b><u><u>\$ 295,913</u></u></b>	<b><u><u>\$ -</u></u></b>	<b><u><u>\$ 295,913</u></u></b>	
<b>GRAND TOTAL - ALL FUNDS</b>		<b><u><u>\$ 455,259,310</u></u></b>	<b><u><u>\$ 81,375</u></u></b>	<b><u><u>\$ 455,340,685</u></u></b>	

Note 1: The information reflected in this schedule was taken directly from the records of the State Comptroller and reconciled to the records of the Agency.

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

**STATE OF ILLINOIS**  
**GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET**  
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,**  
**EXPENDITURES AND LAPSED BALANCES**  
**For the Fiscal Years Ended June 30, 2015, 2014, and 2013**

	FISCAL YEAR		
	2015	2014	2013
	P.A. 98-0679 P.A. 99-0001	P.A. 98-0064	P.A. 97-0727
<b><u>GENERAL REVENUE FUND - 001</u></b>			
Appropriations (net after transfers)	\$ 1,533,400	\$ 1,845,400	\$ 1,845,400
Expenditures			
Personal services	1,266,858	1,423,228	1,363,491
State contributions to			
Social Security	92,455	104,164	100,989
Contractual services	48,349	56,021	90,988
Travel	22,274	28,329	19,831
Commodities	712	1,159	1,483
Printing	2,563	2,120	3,606
Equipment	1,440	2,050	10
Electronic data processing	13,079	18,058	7,150
Telecommunications	34,368	33,806	34,136
Total expenditures	1,482,098	1,668,935	1,621,684
Lapsed balances fund - 001	\$ 51,302	\$ 176,465	\$ 223,716
<b><u>ILLINOIS CIVIC CENTER BOND RETIREMENT AND INTEREST FUND - 105</u></b>			
Appropriations (net after transfers)	\$ 14,000,000	\$ 14,000,000	\$ 14,000,000
Principal and interest and premium on Limited Obligation Revenue Bonds	13,907,231	13,817,044	13,784,666
Lapsed Balances fund - 105	\$ 92,769	\$ 182,956	\$ 215,334
<b><u>CAPITAL DEVELOPMENT FUND - 141</u></b>			
Appropriations (net after transfers)	\$ 1,543,100	\$ 1,543,100	\$ 1,543,100
Expenses for the sale of State bonds	1,390,847	1,063,674	1,222,238
Lapsed balances fund - 141	\$ 152,253	\$ 479,426	\$ 320,862

**STATE OF ILLINOIS**  
**GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET**  
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,**  
**EXPENDITURES AND LAPSED BALANCES**  
**For the Fiscal Years Ended June 30, 2015, 2014, and 2013**

	FISCAL YEAR		
	2015	2014	2013
	P.A. 98-0679		
	P.A. 99-0001	P.A. 98-0064	P.A. 97-0727
<u>SCHOOL INFRASTRUCTURE FUND - 568</u>			
Appropriations (net after transfers)	\$ 113,400	\$ 113,400	\$ 113,400
Operational expenses	112,148	44,787	67,353
Lapsed balances fund - 568	\$ 1,252	\$ 68,613	\$ 46,047
<u>BUILD ILLINOIS BOND RETIREMENT AND INTEREST FUND - 970</u>			
Appropriations (net after transfers)	\$ 500,094,881	\$ 449,250,824	\$ 383,762,094
Trustee payments under Master Indenture as defined by Build Illinois Bond Act	485,931,827	438,103,067	342,096,751
Lapsed balances fund - 970	\$ 14,163,054	\$ 11,147,757	\$ 41,665,343
<u>BUILD ILLINOIS BOND FUND - 971</u>			
Appropriations (net after transfers)	\$ 650,000	\$ 440,000	\$ 686,675,770
Expenses for the sale of State bonds	447,688	347,265	355,029
Transfers to ESCROW account for the purpose of refunding outstanding Build Illinois bond payments	-	-	686,235,769
Total expenditures	447,688	347,265	686,590,798
Lapsed Balances fund - 971	\$ 202,312	\$ 92,735	\$ 84,972

**STATE OF ILLINOIS  
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET  
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,  
EXPENDITURES AND LAPSED BALANCES  
For the Fiscal Years Ended June 30, 2015, 2014, and 2013**

	FISCAL YEAR		
	2015	2014	2013
	P.A. 98-0679	P.A. 98-0064	P.A. 97-0727
	P.A. 99-0001		
<u>GRAND TOTAL - ALL APPROPRIATED FUNDS</u>			
Appropriations (net after transfers)	\$ 517,934,781	\$ 467,192,724	\$1,087,939,764
Total expenditures	503,271,839	455,044,772	1,045,383,490
Lapsed balances all funds	\$ 14,662,942	\$ 12,147,952	\$ 42,556,274
NON-APPROPRIATED FUNDS			
<u>FEDERAL FINANCING COST REIMBURSEMENT FUND - 212</u>			
Other interest penalty	\$ 68,177	\$ 295,913	\$ 75,872

**STATE OF ILLINOIS**  
**GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET**  
**COMPARATIVE SCHEDULE OF RECEIPTS, DISBURSEMENTS AND**  
**FUND BALANCES (CASH BASIS) – LOCALLY HELD FUNDS**  
**For the Fiscal Years Ended June 30,**

	FISCAL YEAR	
	2015	2014
<u>1995A COP CAPITAL PROJECTS FUND - 1319*</u>		
Beginning cash balance	\$ 10,603	\$ 10,604
Cash receipts:		
Interest income	-	-
Transfers from other funds	-	-
Other	-	-
Cash disbursements:		
Contractual services	-	-
Debt service	-	1
Transfers to other funds	-	-
Ending cash balance fund - 1319	<u>\$ 10,603</u>	<u>\$ 10,603</u>

	FISCAL YEAR	
	2015	2014
<u>1995A COP DEBT SERVICE FUND - 1320*</u>		
Beginning cash balance	\$ 1,565,084	\$ 1,522,460
Cash receipts:		
Interest income	-	-
Transfers from other funds	1,737,600	1,732,640
Other	-	-
Cash disbursements:		
Contractual services	-	-
Debt service	1,692,620	1,690,015
Transfers to other funds	-	-
Other	-	1
Ending cash balance fund - 1320	<u>\$ 1,610,064</u>	<u>\$ 1,565,084</u>

\* Amounts for these funds were taken from quarterly reports submitted to the State Comptroller.

**STATE OF ILLINOIS**  
**GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET**  
**COMPARATIVE SCHEDULE OF RECEIPTS, DISBURSEMENTS AND**  
**FUND BALANCES (CASH BASIS) – LOCALLY HELD FUNDS**  
**For the Fiscal Years Ended June 30,**

	FISCAL YEAR	
	2015	2014
<u>1996A COP CAPITAL PROJECTS FUND - 1323*</u>		
Beginning cash balance	\$ 1,136	\$ 1,136
Cash receipts:		
Interest income	-	-
Transfers from other funds	-	-
Other	-	-
Cash disbursements:		
Contractual services	-	-
Debt service	-	-
Transfers to other funds	-	-
Ending cash balance fund - 1323	<u>\$ 1,136</u>	<u>\$ 1,136</u>

	FISCAL YEAR	
	2015	2014
<u>1996A COP DEBT SERVICE FUND - 1324*</u>		
Beginning cash balance	\$ 1,379,415	\$ 1,345,040
Cash receipts:		
Interest income	-	-
Transfers from other funds	1,546,694	1,548,831
Other	1	-
Cash disbursements:		
Contractual services	-	-
Debt service	1,510,263	1,514,456
Transfers to other funds	-	-
Ending cash balance fund - 1324	<u>\$ 1,415,847</u>	<u>\$ 1,379,415</u>

\* Amounts for these funds were taken from quarterly reports submitted to the State Comptroller.

**STATE OF ILLINOIS**  
**GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET**  
**COMPARATIVE SCHEDULE OF RECEIPTS, DISBURSEMENTS AND**  
**FUND BALANCES (CASH BASIS) – LOCALLY HELD FUNDS**  
**For the Fiscal Years Ended June 30,**

	FISCAL YEAR	
	2015	2014
<b><u>BUILD ILLINOIS FUND - 1231*</u></b>		
Beginning cash balance	\$ 143,824,197	\$ 108,113,863
Cash receipts:		
Interest income	21,039	24,002
Transfers from other funds	485,931,827	438,103,068
Other	-	-
Cash disbursements:		
Contractual services	72,500	60,184
Debt service	369,980,041	351,657,717
Other: Adjustment due to audit	-	56
Transfers to other funds	131,518,137	50,698,779
Ending cash balance fund - 1231	<u>\$ 128,206,385</u>	<u>\$ 143,824,197</u>

	FISCAL YEAR	
	2015	2014
<b><u>CIVIC CENTER 1985 &amp; 2000 FUND - 1230*</u></b>		
Beginning cash balance	\$ 16,797,928	\$ 16,816,240
Cash receipts:		
Interest income	1,786	1,749
Transfers from other funds	13,907,231	13,817,044
Other	-	-
Cash disbursements:		
Contractual services	16,531	20,061
Debt service	13,907,231	13,817,044
Transfers to other funds	-	-
Ending cash balance fund - 1230	<u>\$ 16,783,183</u>	<u>\$ 16,797,928</u>

\* Amounts for these funds were taken from quarterly reports submitted to the State Comptroller.

**STATE OF ILLINOIS**  
**GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET**  
**COMPARATIVE SCHEDULE OF RECEIPTS, DISBURSEMENTS AND**  
**FUND BALANCES (CASH BASIS) – LOCALLY HELD FUNDS**  
**For the Fiscal Years Ended June 30,**

<u>OCTOBER 2003 FUND - 2101*</u>	FISCAL YEAR	
	2015	2014
Beginning cash balance**	\$ 8,907,206	\$ 5,531,188
Cash receipts:		
Interest income	5	3
Transfers from other funds	48,300,000	48,300,000
Other	-	87,523
Cash disbursements:		
Contractual services	15,001,702	6,919,732
Debt service	23,307,928	30,035,361
Transfers to other funds	8,792,076	7,554,915
Other - costs related to bond restructuring	-	348,500
Other - ratings	42,000	153,000
Ending cash balance fund - 2101	\$ 10,063,505	\$ 8,907,206

\* Amounts for these funds were taken from quarterly reports submitted to the State Comptroller.

\*\* Beginning cash balance for fiscal year 2014 has been adjusted from the prior year's report for a subsequently amended quarterly report filed with the State Comptroller.

**STATE OF ILLINOIS  
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET  
SCHEDULE OF CHANGES IN STATE PROPERTY  
For the Two Years Ended June 30, 2015**

	<u>Equipment</u>
Balance at July 1, 2013	\$ 352,343
Additions	25,630
Deletions	(191,353)
Net transfers	<u>8,531</u>
Balance at June 30, 2014	<u>\$ 195,151</u>
Balance at July 1, 2014	\$ 195,151
Additions	3,890
Deletions	(25,186)
Net transfers	<u>16,126</u>
Balance at June 30, 2015	<u>\$ 189,981</u>

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

**STATE OF ILLINOIS**  
**GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET**  
**COMPARATIVE SCHEDULE OF CASH RECEIPTS TO**  
**DEPOSITS REMITTED TO THE STATE COMPTROLLER**  
**For the Fiscal Years Ended June 30, 2015, 2014, and 2013**

	FISCAL YEAR		
	2015	2014	2013
<u>GENERAL REVENUE FUND - 001</u>			
Miscellaneous	\$ 402	\$ 3	\$ 29
Prior year refunds	-	6,963,337	-
Total cash receipts per Agency	402	6,963,340	29
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Total cash receipts per State Comptroller's Records fund - 001	<u>\$ 402</u>	<u>\$ 6,963,340</u>	<u>\$ 29</u>
<u>General Obligation BR&amp;I fund - 101</u>			
Federal Interest Subsidy Build America Bonds	\$ 58,249,140	\$ 56,876,208	\$ 59,199,309
Miscellaneous	16	-	-
Total cash receipts per Agency	58,249,156	56,876,208	59,199,309
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Total cash receipts per State Comptroller's Records fund - 101	<u>\$ 58,249,156</u>	<u>\$ 56,876,208</u>	<u>\$ 59,199,309</u>
<u>GRAND TOTAL - ALL FUNDS</u>			
Total cash receipts per Agency	\$ 58,249,558	\$ 63,839,548	\$ 59,199,338
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Total cash receipts per State Comptroller's Records - all funds	<u>\$ 58,249,558</u>	<u>\$ 63,839,548</u>	<u>\$ 59,199,338</u>

**STATE OF ILLINOIS**  
**GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET**  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**  
**For the Two Years Ended June 30, 2015**

**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL  
YEARS 2014 AND 2015**

The following are explanations for expenditures which differed by at least \$30,000 and by more than 20% from the previous year.

CAPITAL DEVELOPMENT FUND - 141

Expenditures for the sale of State bonds

The increase of \$327,173 or 31% from fiscal year 2014 to fiscal year 2015 was due to the increase in payroll of \$303,550, additional software license of \$15,000 that was not used in the previous year, and debt management consulting services of \$15,000. Debt management consulting is typically paid out of the bond sale cost of issuance, but no bonds were issued in fiscal year 2015.

SCHOOL INFRASTRUCTURE FUND - 568

Operational expenses

The increase of \$67,361 or 150% from fiscal year 2014 to fiscal year 2015 was due to an increase in payroll expenses due to turnover of several staff resulting in an overlap of staff for training purposes and payouts.

BUILD ILLINOIS BOND FUND - 971

Expenditures for the sale of State bonds

The increase of \$100,423 or 29% from fiscal year 2014 to fiscal year 2015 was due to the increase in payroll expenses due to turnover of several staff resulting in an overlap of staff for training purposes and payouts.

FEDERAL FINANCING COST REIMBURSEMENT FUND - 212

Other interest penalty

The decrease of \$227,736 or 77% from fiscal year 2014 to fiscal year 2015 was due to fluctuations in interest rates along with fluctuations in agency draw patterns for statewide federal grants that incurred interest for the State.

**STATE OF ILLINOIS  
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET  
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES  
For the Two Years Ended June 30, 2015**

**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL  
YEARS 2013 AND 2014**

The following are explanations for expenditures which differed by at least \$30,000 and by more than 20% from the previous year.

GENERAL REVENUE FUND - 001

Contractual services

The decrease of \$34,967 or 39% from fiscal year 2013 to fiscal year 2014 was due to an intentional reduction in spending, mainly in regards to one vendor for consulting services. Also, in fiscal year 2013, the Governor's Office of Management and Budget was given a lump sum amount that was a single generic major object code for all operational lines.

BUILD ILLINOIS BOND FUND - 970

Expenditures for the sale of State bonds

The increase of \$96,006,316 or 28% from fiscal year 2013 to fiscal year 2014 was due to changes in the debt service schedule and the issuance of new bonds in fiscal year 2013. Also, a fiscal year 2013 payment to the trustee did not occur until fiscal year 2014.

Transfers to ESCROW account for the purpose of refunding outstanding Build Illinois bond payments

The decrease of \$686,235,769 or 100% from fiscal year 2013 to fiscal year 2014 was due to no refunding bonds being issued during fiscal year 2014.

FEDERAL FINANCING COST REIMBURSEMENT FUND - 212

Other interest penalty

The increase of \$220,041 or 290% from fiscal year 2013 to fiscal year 2014 was due to fluctuations in interest rates along with fluctuations in agency draw patterns for statewide federal grants that incurred interest for the State.

**STATE OF ILLINOIS  
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET  
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS  
For the Two Years Ended June 30, 2015**

The following are explanations for receipts which differed by at least \$30,000 and by more than 20% from the previous year.

GENERAL REVENUE FUND – 001

During fiscal year 2014, the Office received \$6,963,337 for the repayments pursuant to law received from the liquidation of the East St. Louis Financial Advisory Authority. No payments of this type were received during fiscal year 2013 or fiscal year 2015.

**STATE OF ILLINOIS  
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET  
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING  
For the Two Years Ended June 30, 2015**

**ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING**

The following are explanations for lapse period spending of at least \$30,000 and more than 20% of the current year's expenditures.

FISCAL YEAR 2015

For the fiscal year ended June 30, 2015, we noted no significant lapse period spending.

FISCAL YEAR 2014

For the fiscal year ended June 30, 2014, we noted no significant lapse period spending.

**STATE OF ILLINOIS**  
**GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET**  
**AGENCY FUNCTIONS AND PLANNING PROGRAM (NOT EXAMINED)**  
**For the Two Years Ended June 30, 2015**

AGENCY FUNCTIONS

Originally created as the Bureau of the Budget in 1969, the agency's name was formally changed to the Governor's Office of Management and Budget (GOMB) in 2003 by Public Act 093-0025 of the General Assembly. The major functions of GOMB, as prescribed by law, include:

- a) To assist the Governor in submitting a recommended annual operating budget, detailed studies of the state agencies to enable the Governor to determine what changes should be made, and evaluate for the Governor programs proposed by State agencies;
- b) To advise and assist the Governor in the development of policies, plans and programs for improving intergovernmental cooperation and coordinating federal, state and local fiscal relationships; and
- c) To prepare and submit to the General Assembly long-range capital expenditure plans for all state agencies;
- d) To coordinate the preparation of annually updated 5 year capital improvement programs and yearly capital budgets based on those programs. Prepare and submit an assessment of the State's capital needs, which shall be included in the Governor's annual State budget;
- e) To prepare and submit to the General Assembly by January 1 of each year an economic and fiscal policy report, outlining the economic and fiscal policy objectives of the State, the economic and fiscal policy intentions for the upcoming fiscal year, and the economic and fiscal policy intentions for the following two fiscal years and highlighting the total level of revenue, expenditure, deficit or surplus and debt with respect to each of the reporting categories.
- f) To establish and manage the Grant Accountability and Transparency Unit pursuant to the Act. Manage and direct agencies compliance with the act.
- g) To assist and guide the Budgeting for Results Commission. Manage and direct agencies' compliance with the Budgeting for Results law.

To enable GOMB to perform its duties, under such regulations as the Governor may prescribe, every State agency is required to furnish GOMB with any information it might require to perform its duties. In addition, GOMB shall have access to, and the right to examine, all documents or records of any agency.

**STATE OF ILLINOIS**  
**GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET**  
**AGENCY FUNCTIONS AND PLANNING PROGRAM (NOT EXAMINED)**  
**For the Two Years Ended June 30, 2015**

AGENCY FUNCTIONS (Continued)

The functions of GOMB are spread over several units. While each unit has a particular area of responsibility, the various groups must work closely together.

The Office is organized into several units, which are responsible for its various functions, which are:

Debt Management, Capital and Revenue: Issues the debt of the State, including general obligation and Build Illinois. Also oversees Statewide and regional bonding authorities.

Revenue: Reviews national and state economic conditions, forecasts and monitors the collection of revenues, tracks the flow of funds through state accounts, and works with the pension systems of the state. This unit is responsible for the budgets of the Departments of Revenue, Lottery, Gaming Board, Racing Board, Labor, Employment Security; the Civil Service Commission, the Illinois Labor Relations Board, Property Tax Appeal Board, Prisoner Review Board, Illinois Educational Labor Relations Board, the Office of the Governor and GOMB.

Capital: Reviews, coordinates and prioritizes capital requests and capital appropriations of all agencies. Prepares a long-range capital plan and is responsible for the budget of the Capital Development Board.

Environment: Responsible for the budgets of the Departments of Natural Resources, Agriculture, Juvenile Justice, Environmental Protection Agency, Drycleaner Environmental Response Trust Fund, the Historic Preservation Agency, and the Illinois Arts Council.

Government Services: Responsible for managing the budgets of the Court of Claims, State Board of Elections, Office of the Lieutenant Governor, Office of the Attorney General, Office of the Secretary of State, State Comptroller, Office of the State Treasurer, Office of the State Appellate Defender, Office of the Auditor General, Office of the State's Attorneys Appellate Prosecutor, Supreme Court and Illinois Court System, General Assembly and Legislative Agencies, Commission on Government Forecasting and Accountability, Legislative Audit Commission, Legislative Information System, Legislative Ethics Commission, Legislative Printing Unit, Judicial Inquiry Board, and the Office of the Architect of the Capital.

**STATE OF ILLINOIS**  
**GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET**  
**AGENCY FUNCTIONS AND PLANNING PROGRAM (NOT EXAMINED)**  
**For the Two Years Ended June 30, 2015**

AGENCY FUNCTIONS (Continued)

Education and Public Safety: The unit is responsible for the budgets of the state's education authorities including the State Board of Education and the Board of Higher Education. Responsible for managing the budgets of the Illinois State Police, Illinois Criminal Justice Information Authority, Illinois Emergency Management Agency, Law Enforcement Training Standards Board, State Police Merit Board, Corrections, Department of Juvenile Justice and Prisoner Review Board,

Human Services: Responsible for managing the budgets of the Departments of Aging, Human Services, Veteran's Affairs, Public Health, the Deaf and Hard of Hearing Commission, Guardianship and Advocacy Commission, Council on Development Disabilities, Military Affairs and State Fire Marshal.

Healthcare, Regulatory and Transportation: Responsible for managing the budgets of Healthcare and Family Services, Comprehensive Health Insurance Plan, and the 5 State Retirement Systems. Departments of Central Management Services, Transportation, Tollway, Commerce and Economic Opportunity, Workers Compensation Commission, Illinois Power Agency, Executive Ethics Commission, Procurement Policy Board and the Office of the Executive Inspector General, Departments of Financial and Professional Regulation, Human Rights, Human Rights Commission, and Illinois Commerce Commission.

Accountability and Results: Responsible for the Grant Accountability and Transparency Unit (GATU) and Budgeting for Results (BFR) Unit. The Grant Accountability and Transparency Act (Public Act 98-0706) became effective July 16, 2014 and created the GATU within the Governor's Office of Management and Budget. The BFR process became law (Public Act 96-0958) on July 1, 2010 and the BFR Unit provides staff assistance to the BFR Commission which was created on February 16, 2011(Public Act 96-1529).

Legal: Responsible for providing legal representation to GOMB. The legal division manages all litigation involving GOMB, oversees the office's FOIA responses, ethics training and compliance, drafts and/or approves the legal content of all contracts and intergovernmental agreements, reviews proposed legislation concerning the office and coordinates the state's preparation of and interactions with federal agencies on the federal OMB A-133 statewide single audit.

Operations Unit: Responsible for providing overall training and employee development, administrative and EDP support for the agency. Includes fiscal, information technology and human resources responsibilities. The unit is also responsible for statewide headcount tracking, eTravel, legislative affairs (ILTS), OMB website application development and support, managing the planning and performance management and the coordination of the annual budget book process.

**STATE OF ILLINOIS**  
**GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET**  
**AGENCY FUNCTIONS AND PLANNING PROGRAM (NOT EXAMINED)**  
**For the Two Years Ended June 30, 2015**

PLANNING PROGRAM

Since the Office is part of the Executive Office of the Governor, many of its short-term goals and objectives are requests and directives issued by the Governor. These requests are often part of policy formation and confidential in nature.

The Office's long-term goals and objectives are established in general terms by the statutes that define its duties and responsibilities. Management has developed a planning document containing the Office's statement of purpose, its goals and statutory mandates (outlined above), and its strategies and schedules to achieve these goals. The Office reviews its progress toward these goals, at a minimum, on an annual basis.

The Office priorities and the allocation and monitoring of work is conducted by the Director and Chief of staff at regularly scheduled weekly senior staff during meetings.

**STATE OF ILLINOIS**  
**GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET**  
**AVERAGE NUMBER OF EMPLOYEES (NOT EXAMINED)**  
**For the Two Years Ended June 30, 2015**

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

	FISCAL YEAR		
	2015	2014	2013
Director's Office	11	12	17
Operations	11	10	9
Budget Analyst	17	18	11
Debt & Capital	5	4	8
Framework	4	5	-
Health Insurance Marketplace	18	10	-
 Total average full-time employees	 <u>66</u>	 <u>59</u>	 <u>45</u>

**STATE OF ILLINOIS**  
**GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET**  
**CASH MANAGEMENT IMPROVEMENT ACT SUMMARY (NOT EXAMINED)**  
**For Fiscal Years 2013 and 2014**

The purpose of the Cash Management Improvement Act of 1990 (CMIA) and 31 CFR Part 205 is to provide requirements for the timely transfer of funds between a Federal agency and a State, and for the exchange of interest where transfer of funds between a federal agency and a State, and for the exchange of interest where transfers are not made in a timely manner. It is also designed to encourage the development of efficient cash management systems and to ensure efficiency, effectiveness, and equity in the transfer of funds between the Federal Government and the States.

The first agreement between the U.S. Department of the Treasury and the State of Illinois, called the Treasury-State Agreement (TSA), was in effect for the State's fiscal year 1994 and covered 18 programs in nine different State agencies. The fiscal year 2013 TSA covered 28 programs in nine different State agencies, and the fiscal year 2014 TSA covered 28 programs in eight different State agencies.

Each year the State must submit an annual report to the U.S. Department of the Treasury by December 31 for its most recently completed fiscal year. This report summarizes by program the interest due to or owed by the State. An authorized State official shall certify the accuracy of the State's annual report. In the State of Illinois, the Director of the Governor's Office of Management and Budget is the State official responsible for making this certification.

The fiscal year 2013 net State liability under the Treasury-State is as follows:

<u>State Agency/Development</u>	<u>Total State Interest Liability</u>	<u>Total Federal Interest Liability</u>	<u>Direct State Costs</u>	<u>Net State Liability</u>
Department of Human Services	\$ 15	\$ 237	\$ 1,849	\$ (2,071)
Department of Healthcare and Family Services	219,647	-	-	219,647
Department of Employment Security	76,449	-	5,760	70,689
Department of Commerce & Economic Opportunity	3,395	-	-	3,395
State Board of Education	10,777	-	6,524	4,253
Department of Transportation	-	-	-	-
	<u>\$ 310,283</u>	<u>\$ 237</u>	<u>\$ 14,133</u>	<u>\$ 295,913</u>

The fiscal year 2014 net State liability under the Treasury-State Agreement is as follows:

<u>State Agency/Development</u>	<u>Total State Interest Liability</u>	<u>Total Federal Interest Liability</u>	<u>Direct State Costs</u>	<u>Net State Liability</u>
Department of Human Services	\$ 61	\$ 1,714	\$ 2,073	\$ (3,726)
Department of Healthcare and Family Services	57,278	-	-	57,278
Department of Employment Security	17,944	-	5,194	12,750
Department of Commerce & Economic Opportunity	76	-	-	76
State Board of Education	7,483	-	5,391	2,092
Department of Transportation	-	293	-	(293)
	<u>\$ 82,842</u>	<u>\$ 2,007</u>	<u>\$ 12,658</u>	<u>\$ 68,177</u>

**STATE OF ILLINOIS  
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET  
SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED)  
For Fiscal Years 2014 and 2015**

**BUDGET PROCESS**

Every year during November and December, the Office conducts a detailed financial and programmatic review of agency budgets and works with other agencies to develop a State budget. Once budget options are developed, they are presented to the Governor for his final decisions. The Governor then presents his recommended budget in the form of an appropriation bill to a joint session of the Illinois General Assembly. The recommended budget is then subject to hearings before the House and Senate appropriation committees and must be adopted by each committee before it moves to the full House or Senate for debate. Both legislative chambers must pass the appropriation bill before it returns to the Governor for his signature. The Office monitors each step of the legislative process and any amendments as well as substantive legislation to identify any potential fiscal impacts.

**GENERAL OBLIGATION BONDS, BUILD ILLINOIS BONDS AND OTHER CAPITAL MARKET ISSUANCES**

As provide in the General Obligation Bond Act, the Governor is authorized to issue General Obligation bonds for specific purposes pursuant to the Act. The State issues these bonds from time to time in amounts as directed by the Governor upon recommendation from the Director of the Governor's Office of Management and Budget.

As provided in the Build Illinois Bond Act, the Governor is authorized to issue Build Illinois bonds for specific purposes pursuant to the Act. The State issues these bonds from time to time in amounts as directed by the Governor upon recommendation from the Director of the Governor's Office of Management and Budget.

As provided in the Short Term Borrowing Act, the Governor may issue General Obligation Certificates maturing within one year to provide cash flow relief.

As provided in the Emergency Budget Act, the Railsplitter Tobacco Settlement Authority Act was created to securitize tobacco settlement payments received by the State. Pursuant to that Act, the Governor's Office of Management and Budget was responsible for managing that capital markets transaction.

The related bond issuances described above for fiscal years 2014 and 2015 are shown on the following schedules.

**STATE OF ILLINOIS**  
**GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET**  
**SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED)**  
**For the Two Fiscal Years Ended June 30, 2015**

FISCAL YEAR 2014 BOND ISSUES

	Amount	Closing
General Obligation Bonds, Series of June 2013	\$ 1,300,000,000	7/10/2013
General Obligation Bonds, Series of December 2013	350,000,000	12/19/2013
General Obligation Bonds, Series of February 2014	1,025,000,000	2/13/2014
Build Illinois Sales Tax Revenue Bonds, Taxable Series of March 2014	402,000,000	3/25/2014
General Obligation Bonds, Series April 2014	250,000,000	4/17/2014
General Obligation Bonds, Series May 2014	750,000,000	5/8/2014
Total	\$ 4,077,000,000	

FISCAL YEAR 2015 BOND ISSUES

	Amount	Closing
None issued in fiscal year 2015.	\$ -	
Total	\$ -	

**STATE OF ILLINOIS**  
**GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET**  
**SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED)**  
**For the Two Fiscal Years Ended June 30, 2015**

PERFORMANCE INDICATORS

	FISCAL YEAR	
	2015	2014
General Obligation Bond Rating (as of June 30):		
Moody's Investors Service	A3	A3
Standard & Poor's	A-	A-
Fitch, Inc.	A-	A-
Special Obligation Bond Ratings (as of June 30):		
Build Illinois Bonds:		
Moody's Investors Service	A3	A3
Standards & Poor's	AAA	AAA
Fitch, Inc.	AA+	AA+

**STATE OF ILLINOIS**  
**GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET**  
**GENERAL OBLIGATION BOND INDEBTEDNESS SUMMARY (NOT EXAMINED)**  
**June 30, 2015**  
(expressed in thousands)

**GENERAL OBLIGATION BONDS**

	Capital Development	Transportation Series A	Series B	School Construction	Anti- Pollution	Coal Development	Multi- Purpose	Multi-Purpose Pension	Refunding	Total
Bonds Authorized by Statute	\$1,737,000	\$1,326,000	\$403,000	\$330,000	\$599,000	\$35,000	\$31,624,577	\$17,562,348	\$9,804,372	\$63,421,297
Bonds Issued (by Fiscal Year):										
Prior to 1986	1,737,000	1,326,000	403,000	330,000	599,000	35,000	200,000			4,630,000
1986							440,000		199,915	639,915
1987							240,000		249,990	489,990
1988							340,003			340,003
1989							340,000			340,000
1990							340,000		100,000	440,000
1991							375,000			375,000
1992							312,794		297,000	609,794
1993							428,452		485,944	914,396
1994							519,379		249,525	768,904
1995							649,816			649,816
1996							659,205		315,795	975,000
1997							350,055		84,945	435,000
1998							598,480		119,850	718,330
1999							603,079		169,255	772,334
2000							860,000			860,000
2001							1,165,045		112,810	1,277,855
2002							1,500,000		398,470	1,898,470
2003							1,712,079	10,000,000	564,900	12,276,979
2004							1,175,000		617,175	1,792,175
2005							875,000			875,000
2006							925,000		274,950	1,199,950
2007							258,000		329,000	587,000
2008							125,000			125,000
2009							150,000			150,000
2010							2,702,095	3,466,000	1,501,300	7,669,395
2011							1,200,000	3,700,000		4,900,000
2012							1,375,000		1,797,740	3,172,740
2013							850,000			850,000
2014							3,675,000			3,675,000
2015							-			-
<b>Total Bonds Issued</b>	<b>\$1,737,000</b>	<b>\$1,326,000</b>	<b>\$403,000</b>	<b>\$330,000</b>	<b>\$599,000</b>	<b>\$35,000</b>	<b>\$24,943,482</b>	<b>\$17,166,000</b>	<b>\$7,868,564</b>	<b>\$54,408,046</b>
<b>Bonds Authorized But Not Issued</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,681,095</b>	<b>\$396,348</b>	<b>\$1,935,808</b>	<b>\$9,013,251</b>

**STATE OF ILLINOIS**  
**GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET**  
**BUILD ILLINOIS BOND INDEBTEDNESS SUMMARY (NOT EXAMINED)**  
**June 30, 2015**  
**(expressed in thousands)**

**BUILD ILLINOIS BONDS**

	Sales Tax Based Revenue	Refunding (1)	Total
<b>Bonds Authorized by Statute</b>	<b>\$6,246,009</b>	<b>\$2,634,767</b>	<b>\$8,880,776</b>
<b>Bonds Issued (by Fiscal Year):</b>			
Prior to 1986	-		-
1986	100,000		100,000
1987	89,250 (2)	95,475	184,725
1988	220,000		220,000
1989	197,004		197,004
1990	300,002		300,002
1991	255,000		255,000
1992	215,783	150,057	365,840
1993	100,000	416,890	516,890
1994	174,830	256,815	431,645
1995	135,000		135,000
1996	80,000		80,000
1997	60,000		60,000
1998	-	145,475	145,475
1999	60,000		60,000
2000	125,000		125,000
2001	125,000	125,165	250,165
2002	150,000	255,575	405,575
2003	182,225	130,125	312,350
2004	350,000		350,000
2005	200,000		200,000
2006	215,000		215,000
2007	-		-
2008	50,000		50,000
2009	-		-
2010	529,920	455,080	985,000
2011	-		-
2012	725,040		725,040
2013	300,000	604,110	904,110
2014	402,000		402,000
2015	-		-
<b>Total Bonds Issued</b>	<b>\$5,341,054</b>	<b>\$2,634,767</b>	<b>\$7,975,821</b>
<b>Bonds Authorized But Not Issued</b>	<b>\$904,955</b>	<b>\$0</b>	<b>\$904,955</b>

(1) For the purposes of this report, the amount authorized is considered to be the same as the amount of the issue. The office has a continuing appropriation to issue refunding bonds for any outstanding Build Illinois issues.

(2) Actual amount issued was \$120,000. However, part of the original issuance was defeased. Defeased amounts are not charged against the authorized amount.