

**STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
COMPLIANCE EXAMINATION**

For the Two Years Ended June 30, 2010

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2010

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STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
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**AGENCY OFFICIALS**

Adjutant General	Major General William L. Enyart
Assistant Adjutant General-Army	Major General Dennis Celletti
Assistant Adjutant General-Air (April 1, 2009 to Present)	Brigadier General John P. Hughes
Assistant Adjutant General-Air (Through March 31, 2009)	Brigadier General John G. Sheedy
Chief Management Officer (August 4, 2008 to Present)	Mr. James Smith
Chief Management Officer (Through August 3, 2008)	Mr. Fletcher Crews
Chief Fiscal Officer	Ms. Connie Sabo
Military Judge Advocate	Lieutenant Colonel Robert Roth

Agency offices are located at:

Camp Lincoln  
1301 N. MacArthur Boulevard  
Springfield, Illinois 62702



June 9, 2011

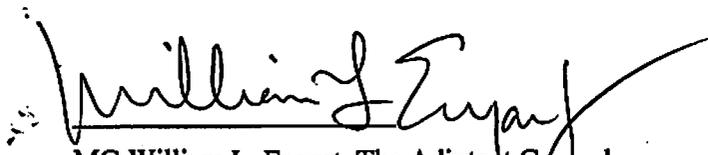
Honorable William G. Holland  
Auditor General  
State of Illinois  
Hes Park Plaza  
740 East Ash Street  
Springfield, Illinois 62703-3154

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 Department of Military Affairs (Department). 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 Department's compliance with the following assertions during the two-year period ended June 30, 2010. Based on this evaluation, we assert that during the years ended June 30, 2010 and June 30, 2009, the Department has materially complied with the assertions below.

- A. The Department 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 Department 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 Department 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 Department 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 Department on behalf of the State or held in trust by the Department have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,

Illinois Department of Military Affairs

  
MG William L. Enyart, The Adjutant General

  
Connie Sabo, Fiscal Officer

  
LTC Robert Roth, Military Judge Advocate

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2010

**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**

<u>Number of Findings</u>	<u>Current Report</u>	<u>Prior Report</u>
Findings	4	4
Repeated findings	1	2
Prior recommendations implemented or not repeated	3	8

**SCHEDULE OF FINDINGS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)			
10-1	9	Inadequate property records	Significant Deficiency and Noncompliance
10-2	11	Inadequate controls over contracts	Significant Deficiency and Noncompliance
10-3	13	Non-Compliance with Military Code of Illinois	Significant Deficiency and Noncompliance
10-4	14	Voucher processing weakness	Significant Deficiency and Noncompliance

STATE OF ILLINOIS  
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For the Two Years Ended June 30, 2010

PRIOR FINDINGS NOT REPEATED

- |   |    |  |
|---|----|--|
| A | 15 | Inadequate reconciliation and reporting of property  |
| B | 15 | Non-Compliance with the Master Youth Programs Cooperative Agreement at Lincoln's Challenge Academy |
| C | 15 | Non-Compliance with the National Guard Veterans Exposure to Hazardous Materials Act                |

**EXIT CONFERENCE**

A formal exit conference was waived by the Department in a letter dated May 24, 2011. Responses to the recommendations were provided by Connie Sabo, Chief Fiscal Office in a letter dated June 6, 2011.

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CHICAGO OFFICE:

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OFFICE OF THE AUDITOR GENERAL  
WILLIAM G. HOLLAND

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

Honorable William G. Holland  
Auditor General  
State of Illinois

**Compliance**

We have examined the State of Illinois Department of Military Affairs' 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 Department of Military Affairs is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois Department of Military Affairs' compliance based on our examination.

- A. The State of Illinois Department of Military Affairs 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 Department of Military Affairs 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 Department of Military Affairs 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 Department of Military Affairs 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 Department of Military Affairs on behalf of the State or held in trust by the State of Illinois Department of Military Affairs 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 Department of Military Affairs' 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 Department of Military Affairs' compliance with specified requirements.

In our opinion, the State of Illinois Department of Military Affairs 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 and 10-4.

### **Internal Control**

The management of the State of Illinois Department of Military Affairs 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 Department of Military Affairs' 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 Department of Military Affairs' internal control over compliance.

A *deficiency* in an entity's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with the requirements listed in the first paragraph of this report on a timely basis. A *material weakness 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain

deficiencies in internal control over compliance that we considered to be significant deficiencies as described in the accompanying schedule of findings as items 10-1, 10-2, 10-3 and 10-4. A *significant deficiency 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.

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

The State of Illinois Department of Military Affairs' responses to the findings identified in our examination are described in the accompanying schedule of findings. We did not examine the State of Illinois Department of Military Affairs' 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 as listed in the table of contents as Supplementary Information for State Compliance Purposes is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the 2010 and 2009 Supplementary Information for State Compliance Purposes, except for the Service Efforts and Accomplishments on which we did not perform any procedures. However, we do not express an opinion on the supplementary information.

We have not applied procedures to the 2008 Supplementary Information for State Compliance Purposes, and accordingly, we do not express an opinion thereon.

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

  
BRUCE L. BULLARD, CPA  
Director of Financial and Compliance Audits

June 9, 2011

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**CURRENT FINDINGS – STATE COMPLIANCE**  
For the Two Years Ended June 30, 2010

10-1. **FINDING** (Inadequate property records)

The Department of Military Affairs (Department) did not adequately update its property records in a timely manner or maintain proper documentation for property.

During testing we noted the following:

- Thirteen of 25 (52%) equipment additions tested, totaling \$60,481, were not timely added to the Department's Property Listing. These items were recorded between 1 and 311 days late.
- Eight of 25 (32%) equipment deletions tested, totaling \$3,899, were not timely deleted from the Property Listing. These items were deleted between 19 and 507 days late.

The Illinois Administrative Code (44 Ill. Adm. Code Section 5010.400) states agencies shall adjust property records within 30 days of acquisition, change or deletion of equipment items.

- Two of 25 (8%) equipment deletions tested, totaling \$326, had improper deletion amounts and descriptions on the "Request for Deletion from Inventory" forms. Items were understated \$76. However, the correct amount was deleted from the property records. Good internal controls require the Department to maintain sufficient and accurate supporting documentation for property. Further, the State Records Act (5 ILCS 160/8) requires that agencies create and preserve records containing adequate and proper documentation of the essential transactions of the agency.
- Five of 50 (10%) property items tested, totaling \$3,930, were included on the Property Listing, but could not be physically located. Three of 50 (6%) property items tested, totaling \$4,233, were not at the location specified on the Property Listing. The State Property Control Act (30 ILCS 605/4) requires that the Department be accountable for the supervision, control and inventory of all property under its jurisdiction and control. Further, the Statewide Accounting Management System (SAMS) Procedure 29.10.10 requires agencies to maintain current property information at a summary level, including the location of the asset.

Department personnel stated the errors were due to oversight.

Failure to maintain accurate and up to date property control records increases the potential for fraud and possible loss or theft of State property. In addition, failure to maintain support for property reduces the reliability of statewide property information.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**CURRENT FINDINGS – STATE COMPLIANCE**  
For the Two Years Ended June 30, 2010

In addition, during the prior period, the Department did not maintain an accurate reporting of its structures on the property, had items listed on the property listing that were obsolete, and had a capital lease item which was not added to the property listing. During the current period, the Department maintained an accurate reporting of its structures on the property, did not have items listed on the property listing that were obsolete, and did not have a capital lease item which was not added to the property listing. (Finding Code No. 10-1, 08-2, 06-2, 04-3)

**RECOMMENDATION**

We recommend the Department comply with the Administrative Code, the State Records Act, the State Property Control Act and the SAMS Manual by ensuring that all property under its jurisdiction is properly recorded and maintained.

**DEPARTMENT RESPONSE**

We agree. The Department will continue to review procedures and processes to ensure that all property under its jurisdiction is properly recorded and maintained.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**CURRENT FINDINGS – STATE COMPLIANCE**  
For the Two Years Ended June 30, 2010

10-2. **FINDING** (Inadequate controls over contracts)

The Department of Military Affairs (Department) did not have adequate controls over contract agreements.

During testing, we noted the following:

- Two of 6 (33%) interagency agreements tested, totaling \$65,074, were not signed by the appropriate parties and agreed to in a timely manner. They were signed 29 and 30 days after the beginning of the contract term.
- Five of 19 (26%) armory rental contracts tested, totaling \$8,172, were not signed prior to the beginning of services. They were signed 5 to 143 days after the beginning of the contract term.
- Two of 25 (8%) contractual agreements tested, totaling \$34,809, were not reduced to writing and signed by all parties prior to the beginning of the contract terms. They were signed 29 and 54 days after the beginning of the contract term.

Good business practices require contracts to be reduced to writing and signed by all parties prior to the beginning of the contract term. In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires that agencies establish internal fiscal and administrative controls to provide assurance that resources, obligations and costs are in compliance with applicable laws, rules, and regulations. Furthermore, the Illinois Procurement Code (30 ILCS 500/20-80 (d)) states no voucher shall be submitted to the Comptroller for a warrant to be drawn for the payment of money from the State treasury or from other funds held by the State Treasurer on account of any contract unless the contract is reduced to writing before the services are performed and filed with the Comptroller.

Department personnel stated contracts were not approved timely due to delays in the contracting process.

Failure to approve and reduce to writing contractual agreements prior to the performance of services may result in loss of State funds and may subject the State to unnecessary legal risks. (Finding Code No. 10-2)

**RECOMMENDATION**

We recommend the Department implement internal controls to ensure that contracts are signed and contain all required paperwork prior to the beginning of services.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**CURRENT FINDINGS – STATE COMPLIANCE**  
For the Two Years Ended June 30, 2010

**DEPARTMENT RESPONSE**

We agree. The Department will review current processes and internal controls to ensure that contracts are signed and contain all required paperwork prior to the beginning of services. The requirement for contract execution prior to use will be reiterated.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**CURRENT FINDINGS – STATE COMPLIANCE**  
For the Two Years Ended June 30, 2010

10-3. **FINDING** (Non-Compliance with Military Code of Illinois)

The Department of Military Affairs (Department) did not comply with statutory requirements set forth in the Military Code of Illinois.

During our testing we noted the following:

- The Department did not create a Division of Family Affairs as required by the Military Code of Illinois during Fiscal Year 2010. The Military Code of Illinois (20 ILCS 1805/20.5) states, “The Division of Family Affairs is created as a Division within the Department of Military Affairs. The head of the Division shall serve as an Assistant Adjutant General. The Division shall assist family members of military members who are mobilized or in service abroad. This assistance shall include, but need not be limited to, advocacy to help such family members access all available State services that are provided through the Department or any other State agency.”

Department personnel stated that the statutory mandate was effective on July 27, 2009 therefore it was not a requirement in FY09. Furthermore in FY10, the budget was in place before the effective date of the statute therefore there were no FY10 appropriations provided by the legislation for the Division of Family Affairs for either the operations or the Assistant Adjutant General. In FY11, no appropriations were requested or provided for the Division of Family Affairs per instructions from the Governor’s Office of Management and Budget to maintain operations and to minimize increases.

Failure to create a Division of Family Affairs that would assist family members of military members who are mobilized or in service abroad is noncompliance with the Military Code of Illinois. (Finding Code No. 10-3)

**RECOMMENDATION**

We recommend that the Department of Military Affairs establish a Division of Family Affairs as required by statute. In addition, we recommend that the head of the Division serve as an Assistant Adjutant General, that the Division assists family members of military members who are mobilized or in service abroad, and help such family members access all available State services that are provided through the Department or any other State agency as required by statute.

**DEPARTMENT RESPONSE**

We will establish a Division of Family Affairs. The Assistant Adjutant General must be appointed by the Governor and funded within the State Officer Payroll administered by the Illinois Office of the Comptroller.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**CURRENT FINDINGS – STATE COMPLIANCE**  
For the Two Years Ended June 30, 2010

10-4. **FINDING** (Voucher processing weakness)

The Department of Military Affairs (Department) did not exercise adequate control over voucher processing.

During testing, we noted the following:

- Eight of 306 (3%) vouchers tested, totaling \$127,495, were approved for payment from 2 to 27 days late. A total of \$444 of interest was incurred and paid on these vouchers. The Illinois Administrative Code (74 Ill. Adm. Code Section 900.70) requires an agency to review a bill and either deny the bill in whole or 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 bill.
- Two of 306 (1%) vouchers, totaling \$2,954, were not coded with the proper SAMS detail object code. SAMS (Procedure 11.10.50) states the purpose of assigning a correct detail object code is to report expenditure information at a more refined level within a common object.

Department personnel stated the errors were due to oversight.

Failure to promptly approve vouchers may result in late payment of bills to vendors and result in interest charges owed by the Department. Inaccurate detailed object codes may lead to inappropriate expenditures. (Finding Code No. 10-4)

**RECOMMENDATION**

We recommend that the Department implement procedures to ensure that all vouchers are approved or denied within 30 days of receipt as required by the Illinois Administrative Code and utilize the appropriate detailed object codes.

**DEPARTMENT RESPONSE**

We agree. The vouchers were approved beyond 30 days after receipt of the bills; however only \$203.04 of the interest paid was due to agency delay. The remainder, \$240.96, was due to late payment by the Illinois Office of the Comptroller. The Department will re-emphasize with staff the need to process all vouchers timely.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**PRIOR FINDINGS NOT REPEATED – STATE COMPLIANCE**  
For the Two Years Ended June 30, 2010

A. **FINDING** (Inadequate reconciliation and reporting of property)

During the prior engagement, the Department did not maintain sufficient controls over the accuracy and reporting of its property.

During the current engagement, the Department maintained sufficient control over the accuracy and reporting of its property. (Finding Code No. 08-1, 06-1, 04-2, 02-1)

B. **FINDING** (Non-Compliance with the Master Youth Programs Cooperative Agreement at Lincoln’s Challenge Academy)

During the prior engagement, the Department failed to comply with provisions of the Master Youth Programs Cooperative Agreement.

During the current engagement, the Department complied with provisions of the Master Youth Programs Cooperative Agreement. (Finding Code No. 08-3)

C. **FINDING** (Non-Compliance with the National Guard Veterans Exposure to Hazardous Materials Act)

During the prior engagement, the Department did not certify to the General Assembly that members of the Illinois National Guard are informed of possible health risks associated with exposure to depleted uranium prior to October 1, 2007.

During the current engagement, the Department did not certify by October 1, 2007, however the Department cannot change its compliance with the statute due to the statute being a one time date and not an annual occurrence. (Finding Code No. 08-4)

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2010

**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 Expenditures of Federal Awards
- Notes to the Schedule of Expenditures of Federal Awards
- Schedule of Appropriations, Expenditures and Lapsed Balances
- Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
- Schedule of Receipts, Disbursements and Fund Balance (Cash Basis) – Locally Held Funds
- Schedule of Changes in State Property
- Comparative Schedule of Cash Receipts
- Reconciliation Schedule 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 Accounts Receivable

- Analysis of Operations:

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

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

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2010  
(expressed in thousands)

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA No.</u>	<u>Federal Expenditures</u>
U.S. Department of Defense		
Military Construction, National Guard	12.400	\$ 29,618
National Guard Military Operations and Maintenance Projects	12.401	15,754
ARRA National Guard Military Operation and Maintenance Projects	12.401	1,335
National Guard Civilian Youth Opportunities	12.404	4,646
U.S. Department of Commerce		
Passed through programs from: Illinois Emergency Management Agency		
Public Safety Interoperable Communications Grant	11.555	245
<b>Total Expenditures of Federal Awards</b>		<b><u>\$ 51,598</u></b>

Note: The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2009  
(expressed in thousands)

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA No.</u>	<u>Federal Expenditures</u>
U.S. Department of Defense		
Military Construction, National Guard	12.400	\$ 25,889
National Guard Military Operations and Maintenance Projects	12.401	13,921
National Guard Civilian Youth Opportunities	12.404	4,320
U.S. Department of Justice		
Federal Asset Forfeiture	16.000	8
<b>Total Expenditures of Federal Awards</b>		<b><u><u>\$ 44,138</u></u></b>

Note: The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Two Years Ended June 30, 2010

**1. Significant Accounting Policies**

(a) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents all the federal financial assistance programs of the State of Illinois, Department of Military Affairs (Department) for the two years ended June 30, 2010.

(b) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is prepared on the cash basis of accounting.

**2. Description of Grant Programs**

The following is a brief description of the grant programs included in the Schedule of Expenditures of Federal Awards:

*Military Construction, National Guard: CFDA #12.400*

The program is designed to provide combat-ready reserve force facilities for training and administering the Army and Air Force National Guard units. The program provides offices, storage, assembly area, rifle range and classrooms for armories. For non-armories, the program provides maintenance, supply, training, and other administrative and logistical requirements. The money from this program is passed on to the Illinois Capital Development Board which makes the expenditures for such projects. On a consistent basis, the Federal Property Officer reconciles grant information with expenditures by CDB.

*National Guard Military Operations and Maintenance Projects: CDFFA# 12.401*

The program is designed to maintain State combat-ready troops to supplement the U.S. Army/U.S. Air Force when called by the President, and to be used by the Governor for State emergency situations.

*National Guard Civilian Youth Opportunities: CFDA# 12.404*

The program is to provide resident and non-resident programs for at-risk youth.

*Public Safety Interoperable Communications Grant: CFDA# 11.555*

The program is designed to assist public safety agencies in the acquisition of, deployment of, or training for the use of interoperable communications systems that can utilize or enable interoperability with communications systems that can utilize reallocated public safety spectrum for radio communications.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Two Years Ended June 30, 2010

*Federal Asset Forfeiture CFDA #16.000*

This amount represents the proceeds from federal forfeitures received from the U.S. Department of Justice.

**3. Pass Through and Subrecipient Awards**

The Department receives its federal assistance directly from the U.S. Department of Defense for the National Guard and Military Grant programs. The Department receives its Public Safety Interoperable Communications Grant passed through from the Illinois Emergency Management Agency. The Department does not provide any awards to subrecipients.

**4. Noncash Awards**

The Department does not receive any noncash awards.

**5. Cash Returned to Grantor**

In FY09, the department returned \$40,000 to the Grantor, Capital Development Board.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
For the Fiscal Year Ended June 30, 2010

P.A. 96-0042, P.A. 96-0046, P.A. 96-0035, P.A. 96-0890, P.A. 96-0045 FISCAL YEAR 2010	Appropriations (Net After Transfers)	Expenditures Through June 30	Approximate Lapse Period Expenditures July 1 to August 31	Approximate Total Expenditures 14 Months Ended August 31	Approximate Balances Lapsed August 31
<u>APPROPRIATED FUNDS</u>					
<u>General Revenue Fund - 001</u>					
<i>Bargaining Unit Employees:</i>					
Personal Services	\$ 5,011,900	\$ 4,736,748	\$ 3,785	\$ 4,740,533	\$ 271,367
State Contributions to Social Security	383,400	348,525	294	348,819	34,581
<i>Total Bargaining Unit Employees</i>	<u>\$ 5,395,300</u>	<u>\$ 5,085,273</u>	<u>\$ 4,079</u>	<u>\$ 5,089,352</u>	<u>\$ 305,948</u>
<i>Nonbargaining Unit Employees:</i>					
Personal Services	\$ 1,649,800	\$ 1,347,435	\$ -	\$ 1,347,435	\$ 302,365
State Contributions to Social Security	126,200	99,074	105	99,179	27,021
<i>Total Nonbargaining Unit Employees</i>	<u>\$ 1,776,000</u>	<u>\$ 1,446,509</u>	<u>\$ 105</u>	<u>\$ 1,446,614</u>	<u>\$ 329,386</u>
<i>Operational Expenses:</i>	\$ 7,600,200	\$ 5,712,976	\$ 935,084	\$ 6,648,060	\$ 952,140
<i>Operational Expenses, Awards, Grants, and Permanent Improvement:</i>	\$ 1,128,700	\$ 1,124,048	\$ 4,649	\$ 1,128,697	\$ 3
<i>Governor's Allocated</i>	<u>\$ 2,000,000</u>	<u>\$ -</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ -</u>
Total General Revenue Fund - 001	<u>\$ 17,900,200</u>	<u>\$ 13,368,806</u>	<u>\$ 2,943,917</u>	<u>\$ 16,312,723</u>	<u>\$ 1,587,477</u>
<u>Military Affairs Trust Fund - 043</u>					
<i>Office of the Adjutant General:</i>					
Youth Programs and Other Programs	\$ 1,432,000	\$ 62,002	\$ 26,500	\$ 88,502	\$ 1,343,498
Total Military Affairs Trust Fund - 043	<u>\$ 1,432,000</u>	<u>\$ 62,002</u>	<u>\$ 26,500</u>	<u>\$ 88,502</u>	<u>\$ 1,343,498</u>

Note:

Appropriations, expenditures, and lapsed balances were obtained from Department records and have been reconciled to the records of the Office of the Comptroller.

Expenditure amounts are vouchers approved for payment by the Agency and submitted to the State Comptroller for payment to the vendor.

Approximate lapse period expenditures do not include interest payments approved for payment by the Agency and submitted to the Comptroller for payment after August.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
For the Fiscal Year Ended June 30, 2010

P.A. 96-0042, P.A. 96-0046, P.A. 96-0035, P.A. 96-0890, P.A. 96-0045 FISCAL YEAR 2010	Appropriations (Net After Transfers)	Expenditures Through June 30	Approximate Lapse Period Expenditures July 1 to August 31	Approximate Total Expenditures 14 Months Ended August 31	Approximate Balances Lapsed August 31
<u>Federal Support Agreement Revolving Fund - 333</u>					
<i>Office of the Adjutant General:</i>					
Lincoln's Challenge	\$ 4,889,700	\$ 3,881,285	\$ 816,607	\$ 4,697,892	\$ 191,808
Lincoln's Challenge Stipend Payments	1,200,000	120,526	-	120,526	1,079,474
<i>Total Office of the Adjutant General</i>	<u>\$ 6,089,700</u>	<u>\$ 4,001,811</u>	<u>\$ 816,607</u>	<u>\$ 4,818,418</u>	<u>\$ 1,271,282</u>
<i>Facility Operations:</i>					
Army/Air Reimbursable Positions	\$ 9,840,500	\$ 8,613,652	\$ 24,295	\$ 8,637,947	\$ 1,202,553
Expenses Related to Army National Guard Facilities Operations and Maintenance	11,500,000	6,341,190	610,954	6,952,144	4,547,856
Expenses of Joint-Use Agreements for Operations and Maintenance	1,247,400	397,272	72,545	469,817	777,583
<i>Total Facility Operations</i>	<u>\$ 22,587,900</u>	<u>\$ 15,352,114</u>	<u>\$ 707,794</u>	<u>\$ 16,059,908</u>	<u>\$ 6,527,992</u>
Total Federal Support Agreement Revolving Fund - 333	<u>\$ 28,677,600</u>	<u>\$ 19,353,925</u>	<u>\$ 1,524,401</u>	<u>\$ 20,878,326</u>	<u>\$ 7,799,274</u>
<u>Illinois Military Family Relief Fund - 725</u>					
<i>Office of the Adjutant General:</i>					
Special Duty due to September 11 <sup>th</sup> Terrorist Attacks	\$ 5,000,000	\$ 1,493,000	\$ 186,000	\$ 1,679,000	\$ 3,321,000
Total Illinois Military Family Relief Fund - 725	<u>\$ 5,000,000</u>	<u>\$ 1,493,000</u>	<u>\$ 186,000</u>	<u>\$ 1,679,000</u>	<u>\$ 3,321,000</u>
<u>Illinois National Guard Armory Construction Fund - 927</u>					
<i>Office of the Adjutant General:</i>					
Land Acq. & Const. of Parking Fac at Armories	\$ 236,450	\$ 144,850	-	\$ 144,850	\$ 91,600
Total Illinois National Guard Armory Construction Fund - 927	<u>\$ 236,450</u>	<u>\$ 144,850</u>	<u>\$ -</u>	<u>\$ 144,850</u>	<u>\$ 91,600</u>
<b>TOTAL APPROPRIATED FUNDS</b>	<u>\$ 53,246,250</u>	<u>\$ 34,422,583</u>	<u>\$ 4,680,818</u>	<u>\$ 39,103,401</u>	<u>\$ 14,142,849</u>
<b>TOTAL ALL FUNDS- FISCAL YEAR 2010</b>		<u>\$ 34,422,583</u>	<u>\$ 4,680,818</u>	<u>\$ 39,103,401</u>	

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
For the Fiscal Year Ended June 30, 2009

P.A. 95-0731, P.A. 95-0734, P.A. 96-0004 FISCAL YEAR 2009	Appropriations (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
<b>APPROPRIATED FUNDS</b>					
<u>General Revenue Fund - 001</u>					
<i>Office of the Adjutant General:</i>					
Personal Services	\$ 1,375,000	\$ 1,235,169	\$ 1,660	\$ 1,236,829	\$ 138,171
State Contribution to State Employees' Retirement System	271,200	267,908	350	268,258	2,942
State Contributions to Social Security	105,200	91,283	127	91,410	13,790
Contractual Services	17,300	7,435	582	8,017	9,283
Travel	21,700	7,218	66	7,284	14,416
Commodities	20,100	10,980	9,060	20,040	60
Printing	3,600	2,677	62	2,739	861
Equipment	4,900	4,804	-	4,804	96
Electronic Data Processing	32,000	28,959	1,570	30,529	1,471
Telecommunications	31,400	27,021	1,388	28,409	2,991
Operation of Automotive Equipment	25,100	22,509	2,160	24,669	431
Lincoln's Challenge	3,116,700	3,116,689	-	3,116,689	11
Lincoln's Challenge Stipend Payments	235,700	44,260	-	44,260	191,440
State Officer's Candidate School	700	-	651	651	49
Care and Preservation of Historic Artifacts	7,400	7,394	-	7,394	6
Transfer to IMFRF (Fund #725)	3,753,000	3,640,410	-	3,640,410	112,590
<i>Total Office of the Adjutant General</i>	<u>\$ 9,021,000</u>	<u>\$ 8,514,716</u>	<u>\$ 17,676</u>	<u>\$ 8,532,392</u>	<u>\$ 488,608</u>
<i>Facility Operations:</i>					
Personal Services	\$ 5,400,000	\$ 4,972,613	\$ 3,555	\$ 4,976,168	\$ 423,832
State Contribution to State Employees' Retirement System	1,069,000	1,058,703	1,122	1,059,825	9,175
State Contributions to Social Security	413,100	365,637	405	366,042	47,058
Contractual Services	4,192,400	3,175,416	300,549	3,475,965	716,435
Commodities	65,200	47,825	17,261	65,086	114
Equipment	24,800	23,654	1,095	24,749	51
<i>Total Facility Operations</i>	<u>\$ 11,164,500</u>	<u>\$ 9,643,848</u>	<u>\$ 323,987</u>	<u>\$ 9,967,835</u>	<u>\$ 1,196,665</u>
Total General Revenue Fund - 001	<u>\$ 20,185,500</u>	<u>\$ 18,158,564</u>	<u>\$ 341,663</u>	<u>\$ 18,500,227</u>	<u>\$ 1,685,273</u>
<u>Military Affairs Trust Fund - 043</u>					
<i>Office of the Adjutant General:</i>					
Youth Programs	<u>\$ 1,432,000</u>	<u>\$ 170,159</u>	<u>\$ 303,550</u>	<u>\$ 473,709</u>	<u>\$ 958,291</u>
Total Military Affairs Trust Fund - 043	<u>\$ 1,432,000</u>	<u>\$ 170,159</u>	<u>\$ 303,550</u>	<u>\$ 473,709</u>	<u>\$ 958,291</u>

Note:

Appropriations, expenditures, and lapsed balances were obtained from Department records and have been reconciled to the records of the Office of the Comptroller. Expenditure amounts are vouchers approved for payment by the Agency and submitted to the State Comptroller for payment to the vendor.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
For the Fiscal Year Ended June 30, 2009

P.A. 95-0731, P.A. 95-0734, P.A. 96-0004 FISCAL YEAR 2009	Appropriations (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
<b><u>Federal Support Agreement Revolving Fund - 333</u></b>					
<i>Office of the Adjutant General:</i>					
Lincoln's Challenge	\$ 4,889,700	\$ 3,875,099	\$ 643,304	\$ 4,518,403	\$ 371,297
Lincoln's Challenge Stipend Payments	1,200,000	105,063	-	105,063	1,094,937
<i>Total Office of the Adjutant General</i>	<u>\$ 6,089,700</u>	<u>\$ 3,980,162</u>	<u>\$ 643,304</u>	<u>\$ 4,623,466</u>	<u>\$ 1,466,234</u>
<i>Facility Operations:</i>					
Army/Air Reimbursable Positions	\$ 9,145,900	\$ 7,398,053	\$ 14,418	\$ 7,412,471	\$ 1,733,429
Expenses Related to Army National Guard Facilities Operations and Maintenance	11,500,000	5,360,302	644,106	6,004,408	5,495,592
Expenses of Joint-Use Agreement for Operations and Maintenance	415,000	384,703	11,282	395,985	19,015
<i>Total Facility Operations</i>	<u>\$ 21,060,900</u>	<u>\$ 13,143,058</u>	<u>\$ 669,806</u>	<u>\$ 13,812,864</u>	<u>\$ 7,248,036</u>
Total Federal Support Agreement Revolving Fund - 333	<u>\$ 27,150,600</u>	<u>\$ 17,123,220</u>	<u>\$ 1,313,110</u>	<u>\$ 18,436,330</u>	<u>\$ 8,714,270</u>
<b><u>Illinois Military Family Relief Fund - 725</u></b>					
<i>Office of the Adjutant General:</i>					
Special Duty due to September 11 <sup>th</sup> Terrorist Attacks	\$ 5,000,000	\$ 3,249,000	\$ 59,000	\$ 3,308,000	\$ 1,692,000
Total Illinois Military Family Relief Fund - 725	<u>\$ 5,000,000</u>	<u>\$ 3,249,000</u>	<u>\$ 59,000</u>	<u>\$ 3,308,000</u>	<u>\$ 1,692,000</u>
<b><u>Illinois National Guard Armory Construction Fund - 927</u></b>					
<i>Office of the Adjutant General:</i>					
Land Acq. & Const. of Parking Fac at Armories	\$ 238,800	\$ 2,350	\$ -	\$ 2,350	\$ 236,450
Total Illinois National Guard Armory Construction Fund - 927	<u>\$ 238,800</u>	<u>\$ 2,350</u>	<u>\$ -</u>	<u>\$ 2,350</u>	<u>\$ 236,450</u>
<b>TOTAL APPROPRIATED FUNDS</b>	<u>\$ 54,006,900</u>	<u>\$ 38,703,293</u>	<u>\$ 2,017,323</u>	<u>\$ 40,720,616</u>	<u>\$ 13,286,284</u>
<b>TOTAL ALL FUNDS- FISCAL YEAR 2009</b>		<u>\$ 38,703,293</u>	<u>\$ 2,017,323</u>	<u>\$ 40,720,616</u>	

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES**  
For the Fiscal Years Ended June 30,

	2010	Fiscal Year 2009	2008
	P.A. 96-0042, P.A. 96-0046, P.A. 96-0035, P.A. 96-0890, P.A. 96-0045	P.A. 95-0731, P.A. 95-0734, P.A. 96-0004	P.A. 95-0348
<b><u>General Revenue Fund - 001</u></b>			
Appropriations (Net After Transfers)	\$ 17,900,200	\$ 20,185,500	\$ 15,112,005
<b><u>Expenditures</u></b>			
<i>Office of the Adjutant General:</i>			
Personal Services	\$ -	\$ 1,236,829	\$ 709,587
State Contribution to State Employees' Retirement System	-	268,258	124,218
State Contributions to Social Security	-	91,410	53,234
Contractual Services	-	8,017	13,304
Travel	-	7,284	7,420
Commodities	-	20,040	19,771
Printing	-	2,739	2,038
Equipment	-	4,804	4,859
Electronic Data Processing	-	30,529	29,968
Telecommunications	-	28,409	25,588
Operation of Automotive Equipment	-	24,669	23,776
Lincoln's Challenge	-	3,116,689	3,116,700
Lincoln's Challenge Stipend Payments	-	44,260	234,950
State Officer's Candidate School	-	651	700
Care and Preservation of Historic Artifacts	-	7,394	7,140
Shared Services	-	-	556,628
Transfer to IMFRF (Fund #725)	-	3,640,410	-
<i>Total Office of the Adjutant General</i>	<u>\$ -</u>	<u>\$ 8,532,392</u>	<u>\$ 4,929,881</u>
<i>Facility Operations:</i>			
Personal Services	\$ -	\$ 4,976,168	\$ 4,790,605
Employee Retirement Contributions Paid by Employer	-	-	-
State Contribution to State Employees' Retirement System	-	1,059,825	801,668
State Contributions to Social Security	-	366,042	353,188
Contractual Services	-	3,475,965	3,112,641
Commodities	-	65,086	64,237
Equipment	-	24,749	24,800
Rehabilitation and Minor Construction	-	-	41,572
<i>Total Facility Operations</i>	<u>\$ -</u>	<u>\$ 9,967,835</u>	<u>\$ 9,188,711</u>
Total Expenditures, Fund - 001	<u>\$ -</u>	<u>\$ 18,500,227</u>	<u>\$ 14,118,592</u>

Note:

FY10 expenditures and related lapsed balances do not reflect any interest payments approved for payment by the Agency and submitted to the Comptroller for payment after August.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES**  
For the Fiscal Years Ended June 30,

	2010	Fiscal Year 2009	2008
	P.A. 96-0042, P.A. 96-0046, P.A. 96-0035, P.A. 96-0890, P.A. 96-0045	P.A. 95-0731, P.A. 95-0734, P.A. 96-0004	P.A. 95-0348
<b><u>General Revenue Fund - 001 (continued)</u></b>			
<u>Expenditures</u>			
<i>Office of the Adjutant General:</i>			
<i>Bargaining Unit Employees:</i>			
Personal Services	\$ 4,740,533	\$ -	\$ -
State Contributions to Social Security	348,819	-	-
<i>Total Bargaining Unit Employees</i>	<u>\$ 5,089,352</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Nonbargaining Unit Employees:</i>			
Personal Services	\$ 1,347,435	\$ -	\$ -
State Contributions to Social Security	99,179	-	-
<i>Total Nonbargaining Unit Employees</i>	<u>\$ 1,446,614</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Operational Expenses:</i>	\$ 6,648,060	\$ -	\$ -
<i>Operational Expenses, Awards, Grants, and Permanent Improvement:</i>	1,128,697	-	-
<i>Governor's Allocated</i>	2,000,000	-	-
Total General Revenue Fund - 001	<u>\$ 16,312,723</u>	<u>\$ -</u>	<u>\$ -</u>
Lapsed Balances	<u>\$ 1,587,477</u>	<u>\$ 1,685,273</u>	<u>\$ 993,413</u>
<b><u>Military Affairs Trust Fund - 043</u></b>			
Appropriations (Net of Transfers)	<u>\$ 1,432,000</u>	<u>\$ 1,432,000</u>	<u>\$ 1,432,000</u>
<u>Expenditures</u>			
<i>Office of the Adjutant General:</i>			
Youth Programs and Other Programs	\$ 88,502	\$ 473,709	\$ 137,265
Lapsed Balances	<u>\$ 1,343,498</u>	<u>\$ 958,291</u>	<u>\$ 1,294,735</u>
<b><u>Federal Support Agreement Revolving Fund - 333</u></b>			
Appropriations (Net of Transfers)	<u>\$ 28,677,600</u>	<u>\$ 27,150,600</u>	<u>\$ 27,297,600</u>
<u>Expenditures</u>			
<i>Office of the Adjutant General:</i>			
Lincoln's Challenge	\$ 4,697,892	\$ 4,518,403	\$ 3,647,779
Lincoln's Challenge Stipend Payments	120,526	105,063	190,328
<i>Total Office of the Adjutant General</i>	<u>\$ 4,818,418</u>	<u>\$ 4,623,466</u>	<u>\$ 3,838,107</u>
<i>Facility Operations:</i>			
Army/Air Reimbursable Positions	\$ 8,637,947	\$ 7,412,471	\$ 7,102,739
Expenses Related to Army National Guard Facilities			
Operations and Maintenance	6,952,144	6,004,408	7,662,735
Expenses of Joint-Use Agreements for Operations and Maintenance	469,817	395,985	370,859
<i>Total Facility Operations</i>	<u>\$ 16,059,908</u>	<u>\$ 13,812,864</u>	<u>\$ 15,136,333</u>
Total Expenditures Fund - 333	<u>\$ 20,878,326</u>	<u>\$ 18,436,330</u>	<u>\$ 18,974,440</u>
Lapsed Balances	<u>\$ 7,799,274</u>	<u>\$ 8,714,270</u>	<u>\$ 8,323,160</u>

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES**  
For the Fiscal Years Ended June 30,

	2010	Fiscal Year 2009	2008
	P.A. 96-0042, P.A. 96-0046, P.A. 96-0035, P.A. 96-0890, P.A. 96-0045	P.A. 95-0731, P.A. 95-0734, P.A. 96-0004	P.A. 95-0348
<b><u>Illinois Military Family Relief Fund - 0725</u></b>			
Appropriations (Net of Transfers)	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000
<u>Expenditures</u>			
Special duty due to September 11th			
Terrorist Attacks	\$ 1,679,000	\$ 3,308,000	\$ 993,500
Lapsed Balances	\$ 3,321,000	\$ 1,692,000	\$ 4,006,500
<b><u>Illinois National Guard Armory Construction Fund - 927</u></b>			
Appropriations (Net of Transfers)	\$ 236,450	\$ 238,800	\$ 238,800
<u>Expenditures</u>			
<i>Office of the Adjutant General:</i>			
Land Acq. & Const. of Parking Fac at Armories	\$ 144,850	\$ 2,350	\$ -
Lapsed Balances	\$ 91,600	\$ 236,450	\$ 238,800
<b><u>GRAND TOTAL, ALL FUNDS</u></b>			
<b>Appropriations (Net After Transfers)</b>	<b>\$ 53,246,250</b>	<b>\$ 54,006,900</b>	<b>\$ 49,080,405</b>
<b>Total Expenditures</b>	<b>\$ 39,103,401</b>	<b>\$ 40,720,616</b>	<b>\$ 34,223,797</b>
<b>Lapsed Balances</b>	<b>\$ 14,142,849</b>	<b>\$ 13,286,284</b>	<b>\$ 14,856,608</b>
Officers' Salaries:			
For the Adjutant General	\$ 115,613	\$ 115,613	\$ 109,118
For the Two Chief Assistants to the Adjutant General	197,086	197,086	189,870
Total Paid	\$ 312,699	\$ 312,699	\$ 298,988

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE**  
**(CASH BASIS) - LOCALLY HELD FUNDS**  
For the Two Years Ended June 30, 2010  
(expressed in thousands)

	Lincoln's Challenge Stipend Fund (Fund 1336)	
Cash Balance at July 1, 2008	\$	1
Receipts:		122
Disbursements:		121
		2
Cash Balance at June 30, 2009	\$	2
Cash Balance at July 1, 2009	\$	2
Receipts:		124
Disbursements:		126
		-
Cash Balance at June 30, 2010	\$	-

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**SCHEDULE OF CHANGES IN STATE PROPERTY**  
For the Two Years Ended June 30, 2010

	<u>Land and Land Improvements</u>	<u>Site Improvements</u>	<u>Buildings and Building Improvements</u>	<u>Equipment</u>	<u>Capital Leases</u>	<u>Total</u>
Balance at July 1, 2008	\$ 12,894,494	\$ 6,794,308	\$ 183,027,692	\$ 5,511,366	\$ 29,610	\$ 208,257,470
Additions	59,263	1,404,764	1,435,681	1,062,691	0	3,962,399
Deletions	(77,729)	(862,939)	(828,112)	(421,618)	(5,206)	(2,195,604)
Net Transfers	<u>6,884</u>	<u>1,940,368</u>	<u>2,934,734</u>	<u>11,531</u>	<u>0</u>	<u>4,893,517</u>
Balance at June 30, 2009	<u>\$ 12,882,912</u>	<u>\$ 9,276,501</u>	<u>\$ 186,569,995</u>	<u>\$ 6,163,970</u>	<u>\$ 24,404</u>	<u>\$ 214,917,782</u>
Balance at July 1, 2009	\$ 12,882,912	\$ 9,276,501	\$ 186,569,995	\$ 6,163,970	\$ 24,404	\$ 214,917,782
Additions	0	295,212	3,912,747	950,897	0	5,158,856
Deletions	0	0	0	(754,230)	0	(754,230)
Net Transfers	<u>0</u>	<u>968,552</u>	<u>21,218,849</u>	<u>0</u>	<u>0</u>	<u>22,187,401</u>
Balance at June 30, 2010	<u>\$ 12,882,912</u>	<u>\$ 10,540,265</u>	<u>\$ 211,701,591</u>	<u>\$ 6,360,637</u>	<u>\$ 24,404</u>	<u>\$ 241,509,809</u>

Note:

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

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**COMPARATIVE SCHEDULE OF CASH RECEIPTS**  
For the Fiscal Years Ended June 30,

<b>General Revenue Fund - 001</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Jury Duty Reimbursements	\$ -	\$ 80	\$ 119
Miscellaneous	287	130	300
Federal Reimbursements - Air National Guard	-	270,727	192,247
Federal Reimbursements - Army National Guard	-	241	16,742
Department of Defense - See Note 1	137,675	-	-
Prior Year Refunds	12	232	-
	<hr/>	<hr/>	<hr/>
Total - Fund 001	<u>\$ 137,974</u>	<u>\$ 271,410</u>	<u>\$ 209,408</u>
<b>Military Affairs Trust Fund - 043</b>			
IEMA	\$ 245,247	\$ 18,292	\$ 44,543
Lincoln's Challenge Program	-	7,281	262,551
Family Program/SATO	-	-	500
Miscellaneous - Family Program	-	1,000	-
Private Organizations or Individuals - See Note 2	36,656	-	-
Armory Usage Program	-	30,465	53,327
Property Rental	-	37,030	32,425
Rental Income - See Note 3	48,243	-	-
U.S. Customs Service	-	7,650	-
Prior Year Warrant Voids	784	-	-
Prior Year Refunds	456	-	103
	<hr/>	<hr/>	<hr/>
Total - Fund 043	<u>\$ 331,386</u>	<u>\$ 101,718</u>	<u>\$ 393,449</u>
<b>Federal Support Agreement Revolving Fund - 333</b>			
Lincoln's Challenge Program	\$ 4,707,899	\$ 4,277,306	\$ 3,904,997
Cooperative Funding Agreement - Army	-	6,442,061	7,559,001
Joint Armed Forces Reserve Center	-	310,492	473,846
Federal Reimbursements - Army/Air	-	7,400,553	7,088,529
Department of Defense - See Note 4	15,483,359	-	-
State Agencies	281	1,015	1,283
Jury Duty	27	-	-
Prior Year Refunds	2,357	2,240	1,540
Prior Year Warrant Voids	1,179	1,400	-
	<hr/>	<hr/>	<hr/>
Total - Fund 333	<u>\$ 20,195,102</u>	<u>\$ 18,435,067</u>	<u>\$ 19,029,196</u>

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**COMPARATIVE SCHEDULE OF CASH RECEIPTS**  
For the Fiscal Years Ended June 30,

<b>Illinois Military Family Relief Fund - 725</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Donations	\$ 1,269,230	\$ 3,691,713	\$ 46,337
Prior Year Refunds	-	200	535
Prior Year Warrants Voids	155	-	-
 Total Fund - 725	 <u>\$ 1,269,385</u>	 <u>\$ 3,691,913</u>	 <u>\$ 46,872</u>
 TOTAL RECEIPTS - ALL FUNDS	 <u>\$ 21,933,847</u>	 <u>\$ 22,500,108</u>	 <u>\$ 19,678,925</u>

Note: The above schedule includes all Department funds on deposit with the State Treasurer.  
It does not include locally held funds.

Note 1: For FY10, Federal reimbursements - Air National Guard and Federal reimbursements - Army National Guard were combined into one Department of Defense receipts category.

Note 2: For FY10, Lincoln's Challenge Program and Family Programs were combined into one Private Organizations or Individuals receipts category.

Note 3: For FY10, Armory Usage Program and Property Rental were combined into one Property Rental receipts category.

Note 4: For FY10, Cooperative Funding Agreement - Army, Joint Armed Forces Reserve Center, and Federal Reimbursements - Army/Air were combined into one Department of Defense receipts category.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**RECONCILIATION SCHEDULE OF CASH RECEIPTS  
TO DEPOSITS REMITTED TO THE STATE COMPTROLLER**  
For the Fiscal Years Ended June 30,

	<u>2010</u>	<u>2009</u>
<u>General Fund (001)</u>		
Receipts per Department Records	\$ 137,974	\$ 271,410
Deposits Recorded by the Comptroller	<u>\$ 137,974</u>	<u>\$ 271,410</u>
<u>Military Affairs Trust Fund (043)</u>		
Receipts per Department Records	\$ 331,386	\$ 101,718
Receipts in Transit, End of year	(168)	-
Deposits Recorded by the Comptroller	<u>\$ 331,218</u>	<u>\$ 101,718</u>
<u>Federal Support Agreement Revolving Fund (333)</u>		
Receipts per Department Records	\$ 20,195,102	\$ 18,435,067
Deposits in Transit, Beginning of Year	170,475	25,479
Deposits in Transit, End of Year	(314,277)	(170,475)
Deposits Recorded by the Comptroller	<u>\$ 20,051,300</u>	<u>\$ 18,290,071</u>
<u>Illinois Military Family Relief Fund (725)</u>		
Receipts per Department Records	\$ 1,269,385	\$ 3,691,913
Receipts in transit, End of year	(80)	-
Deposits Recorded by the Comptroller	<u>\$ 1,269,305</u>	<u>\$ 3,691,913</u>

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**  
For the Two Years Ended June 30, 2010

**EXPLANATION OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2010 AND 2009**

**GENERAL REVENUE FUND - 001**

BARGAINING UNIT EMPLOYEES

Personal Services

Expenditures increased in FY10 since this line did not exist in FY09. This line was appropriated by the General Assembly in FY10 and represents personal service costs for General Revenue Fund employees who are members of a bargaining unit.

State Contributions to Social Security

Expenditures increased in FY10 since this line did not exist in FY09. This line was appropriated by the General Assembly in FY10 and represents employer social security costs for General Revenue Fund employees who are members of a bargaining unit.

NONBARGAINING UNIT EMPLOYEES

Personal Services

Expenditures increased in FY10 since this line did not exist in FY09. This line was appropriated by the General Assembly in FY10 and represents personal service costs for General Revenue Fund employees who are not members of a bargaining unit.

State Contributions to Social Security

Expenditures increased in FY10 since this line did not exist in FY09. This line was appropriated by the General Assembly in FY10 and represents employer social security costs for General Revenue Fund employees who are not members of a bargaining unit.

OPERATIONAL EXPENSES

In FY10, the appropriation process was changed for operating expenses that were paid from the General Revenue Fund (GRF). The Department received a lump sum appropriation for operational expenses, rather than individual appropriations designated for specific purposes.

OPERATIONAL EXPENSES, AWARDS, GRANTS, AND PERMANENT IMPROVEMENTS

In FY10, the appropriation process was changed for operating expenses that were paid from the General Revenue Fund (GRF). The Department received a lump sum appropriation for the operational expenses, awards, grants, and permanent improvement needs of the Department, rather than individual appropriations designated for specific purposes.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**  
For the Two Years Ended June 30, 2010

**EXPLANATION OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2010 AND 2009 (CONTINUED)**

**GENERAL REVENUE FUND – 001 (cont.)**

GOVERNOR'S ALLOCATED

Expenditures increased in FY10 since this line did not exist in FY09. This line was allocated from the Governor's discretionary funds in FY10 to be used for a cash infusion to the Illinois Military Family Relief Fund.

**MILITARY AFFAIRS TRUST FUND – 043**

DIVISION 01 - OFFICE OF THE ADJUTANT GENERAL

Youth and Other Programs

Expenditures decreased in FY10 due to a Capital Development Board grant and a Public Safety Interoperable Communications grant from FY09 that were not repeated.

**ILLINOIS MILITARY FAMILY RELIEF FUND – 725**

DIVISION 01 - OFFICE OF THE ADJUTANT GENERAL

Special Duty due to September 11th Terrorist Attacks

Expenditures decreased in FY10 due to decreased eligibility of soldiers and airmen from the prior year.

**ILLINOIS NATIONAL GUARD ARMORY CONSTRUCTION FUND - 927**

DIVISION 15 - FACILITY OPERATIONS

Land Acquisition & Construction of Parking Facilities at Armories

Expenditures increased in FY10 due to a large construction project occurring in FY10 and only one small project occurring in FY09.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**  
For the Two Years Ended June 30, 2010

**EXPLANATION OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2009 AND 2008**

**GENERAL REVENUE FUND – 001**

DIVISION 01 – OFFICE OF THE ADJUTANT GENERAL

Personal Services

Expenditures increased in FY09 due to the costs of the Human Resources and Finance functions being moved back into Personal Services from the separate Shared Service line.

State Contributions to State Employees' Retirement System

Expenditures increased in FY09 due to the retirement costs for Human Resources and Finance functions being moved back into this line from the separate Shared Service line. Expenditures also increased due to the contribution percentage increase from 16.561% in FY08 to 21.049% in FY09.

State Contributions to Social Security

Expenditures increased in FY09 due to the related costs for Human Resources and Finance functions being moved back into this line from the separate Shared Service line.

Contractual Services

Expenditures decreased in FY09 due to a decrease in outside legal representation needs.

Lincoln's Challenge Stipend Payments

Expenditures decreased in FY09 due to this line being reduced to comply with the budget reserve required by Governor's Office of Management and Budget. Payments are made to eligible participants who have successfully completed the Lincoln's Challenge Academy program. This payment is optional and limited by budget constraints.

Shared Services

Expenditures decreased in FY09 due to the fact that Department of Military Affairs was not consolidated into the Shared Services Project, therefore this line item was not needed. Spending isolated in this line was moved back into the original appropriation lines.

Transfer to IMFRF (Fund #725)

Expenditures increased in FY09 due to a cash infusion to the Illinois Military Family Relief Fund to insure adequate funds for timely grant payments.

DIVISION 15 – FACILITY OPERATIONS

State Contributions to State Employees' Retirement System

Expenditures increased in FY09 due to the contribution percentage increase from 16.561% in FY08 to 21.049% in FY09.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**  
For the Two Years Ended June 30, 2010

**EXPLANATION OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2009 AND 2008 (CONTINUED)**

**GENERAL REVENUE FUND – 001 (cont.)**

DIVISION 15 – FACILITY OPERATIONS (cont.)

Rehabilitation & Minor Construction

Expenditures decreased in FY09 due to the Department not receiving this appropriation in FY09.

**MILITARY AFFAIRS TRUST FUND – 043**

DIVISION 01 - OFFICE OF THE ADJUTANT GENERAL

Youth and Other Programs

Expenditures increased in FY09 due to costs related to a Capital Development Board grant and the Public Safety Interoperable Communications grant.

**FEDERAL SUPPORT AGREEMENT REVOLVING FUND – 333**

DIVISION 01 - OFFICE OF THE ADJUTANT GENERAL

Lincoln's Challenge

Expenditures increased in FY09 due to a Capital Development Board grant which increased state funds available which allowed for increased federal funds for the shared program. Costs associated with Lincoln's Challenge are shared 60% federal and 40% State.

Lincoln's Challenge Stipend Payments

Expenditures decreased in FY09 due to decreased availability of General Revenue Funds. Payments are made to eligible participants who have successfully completed the Lincoln's Challenge Academy program. This payment is optional and limited by budget constraints.

DIVISION 15 - FACILITY OPERATIONS

Expenses Related to Army National Guard Facilities Operations and Maintenance

Expenditures decreased in FY09 due to fewer necessary costs to meet the terms and obligations of the Master Cooperative Agreement compared to the prior year.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**  
For the Two Years Ended June 30, 2010

**EXPLANATION OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2009 AND 2008 (CONTINUED)**

**ILLINOIS MILITARY FAMILY RELIEF FUND - 725**

DIVISION 01 - OFFICE OF THE ADJUTANT GENERAL

Special Duty due to September 11th Terrorist Attacks

Expenditures increased in FY09 due to increased eligibility of soldiers and airmen over the prior year.

**ILLINOIS NATIONAL GUARD ARMORY CONSTRUCTION FUND - 927**

DIVISION 15 - FACILITY OPERATIONS

Land Acquisition & Construction of Parking Facility at Armories

Expenditures increased in FY09 due to title-related work occurring. Expenditures vary each year based upon the constructions and acquisitions that occur that particular year. No activity occurred in FY08.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS**  
For the Two Years Ended June 30, 2010

**EXPLANATION OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2010 AND 2009**

**GENERAL REVENUE FUND – 001**

Department of Defense

Receipts increased in FY10 due to the varying nature of reimbursed program costs. These receipts are the reimbursement of the State's overpayment of their share of the program cost for the Master Cooperative Agreement – Air Appendices and the Lincoln's Challenge Program.

**MILITARY AFFAIRS TRUST FUND - 043**

Illinois Emergency Management Agency (State Sources)

Receipts decreased in FY10 because there were no reimbursements from IEMA for Illinois National Guard involvement in Illinois State Active Duty or other State operations during the year.

Illinois Emergency Management Agency (U.S. Dept of Homeland Security)

Receipts increased in FY10 due to the Department receiving a \$245,000 Public Safety Interoperable Communications Grant through IEMA.

U.S. Customs Service

Receipts decreased in FY10 due to the Department receiving no awards from the U.S. Department of Treasury for the federal equitable sharing program.

Private Organizations or Individuals

Receipts increased in FY10 due to a \$30,000 grant received from AT&T. In addition, receipts were combined into one Private Organizations or Individuals account in FY10 as established with the Illinois Office of the Comptroller and not as done in FY09.

Property Rental

Receipts increased in FY10 due to receipts varying in nature as they are related to the usage of property which is not consistent from year to year. In addition, receipts were combined into one Property Rental account in FY10 as established with the Illinois Office of the Comptroller and not as done in FY09.

**ILLINOIS MILITARY FAMILY RELIEF FUND – 725**

Donations

Receipts decreased in FY10 due to a decrease in the amount of donations made for Military Family Relief.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS**  
For the Two Years Ended June 30, 2010

**EXPLANATION OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2009 AND 2008**

**GENERAL REVENUE FUND – 001**

Federal Reimbursements – Air National Guard

Receipts increased in FY09 due to the State paid portion of the Air Appendices of the Master Cooperative Agreement being in excess of the State's program cost share.

Federal Reimbursements – Army National Guard

Receipts decreased in FY09 due to there only being one small close-out during the year.

**MILITARY AFFAIRS TRUST FUND - 043**

Illinois Emergency Management Agency (State Sources)

Receipts decreased in FY09 due to a grant received for State Active Duty medical cost during FY08 that did not recur during the current year.

Lincoln's Challenge Program

Receipts decreased in FY09 due to a one-time Capital Development Board grant awarded in FY08 that did not recur during the current year.

Miscellaneous –Family Program

Receipts increased in FY09 due to the varying nature of donations.

License Agreements / Armory Rental

Receipts decreased in FY09 due to fewer long-term rentals of armory facilities.

Property Rental

Receipts increased in FY09 due to the monthly rental of a DMA owned house being used for a full 12 months in FY09. It was only used for 6 months in FY08.

U.S. Customs Service

Receipts increased in FY09 due to there being a single receipt from the U.S. Department of Treasury from a federal equitable sharing program in FY09 but no receipts in FY08.

Farm Rental

Receipts increased in FY09 due to a small increase in the per acre charge.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS  
For the Two Years Ended June 30, 2010

**EXPLANATION OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN  
FISCAL YEARS 2009 AND 2008 (CONTINUED)**

**FEDERAL SUPPORT AGREEMENT REVOLVING FUND – 333**

Joint Armed Forces Reserve Center

Receipts decreased in FY09 due to the timing of federal payments received.

Prior Year Warrant Voids

Receipts decreased in FY09 due to warrant voids varying in nature and not being consistent from year to year.

**ILLINOIS MILITARY FAMILY RELIEF FUND – 725**

Donations

Receipts increased in FY09 due to an increase in the amount of donations made for Military Family Relief.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**ANALYSIS OF SIGNIFICANT LAPSED PERIOD SPENDING**  
For the Two Years Ended June 30, 2010

**FISCAL YEAR 2010**

**GENERAL REVENUE FUND – 001**

GOVERNOR'S ALLOCATED

This spending was authorized June 28, 2010 necessitating the payment be made during lapse period.

**MILITARY AFFAIRS TRUST FUND - 043**

DIVISION 01 - OFFICE OF THE ADJUTANT GENERAL

Youth and Other Programs

This spending in lapse was for purchases ordered prior to June 30, 2010 but not billed and paid until the lapse period. Items include services pins and GED prep materials for LCA; stacking desk trays and a scanner repair for the Counter Drug office; and lapel pins for the Family Program.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**ANALYSIS OF SIGNIFICANT LAPSED PERIOD SPENDING**  
For the Two Years Ended June 30, 2010

**FISCAL YEAR 2009**

**GENERAL REVENUE FUND – 001**

DIVISION 01 - OFFICE OF THE ADJUTANT GENERAL

Commodities

Ordered prior to June 30, 2009, but were not billed and paid until the lapse period. Items include office supplies, general cleaning, and janitorial items all used on a frequent basis and were needed to maintain operations.

DIVISION 15 - FACILITY OPERATIONS

Commodities

Ordered prior to June 30, 2009, but were not billed and paid until the lapse period. Items include propane, nylon cord, drill bits, saw blades, paint rollers, buffing pads, and other routine cleaning supplies and maintenance supplies. National Guard State Recognition Medals and ribbons were paid for during lapse. All of these items are used on a frequent basis and were needed to maintain operations.

**MILITARY AFFAIRS TRUST FUND – 043**

DIVISION 01 - OFFICE OF THE ADJUTANT GENERAL

Youth and Other Programs

Spending in lapse was for purchases (related to the Capital Development Board grant and Public Safety Interoperable Communications grant) ordered prior to June 30, 2009, but not billed and paid until the lapse period. Communication items include mobile radios and related equipment and accessories. CDB construction items included costs to upgrade their HVAC system.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**ANALYSIS OF ACCOUNTS RECEIVABLE**  
For the Two Years Ended June 30, 2010  
(expressed in thousands)

**General Revenue Fund - 001**

The Department had approximately \$7 and \$1 in accounts receivable in the General Revenue Fund at June 30, 2010 and 2009, respectively. The June 30, 2010 and 2009 amounts are due from the United States Department of Defense for reimbursable costs in conjunction with the Master Cooperative Funding Agreement for the 75% federal/25% state reimbursable positions. The amounts are considered non-current and collectible.

**Federal Support Agreement Revolving Fund - 333**

Aging Schedule	Fiscal Year		
	2010	2009	2008
Current	\$ 426	\$ 79	\$ 191
1-30 days	88	27	8
31-90 days	80	28	0
91-180 days	13	0	0
181 days to 1 year	1	0	0
Over 1 year	<u>0</u>	<u>1</u>	<u>1</u>
Accounts Receivable Gross Balance	\$ 608	\$ 135	\$ 200
Less: Estimated Uncollectible	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1</u>
Accounts Receivable Net Balance	<u>\$ 608</u>	<u>\$ 135</u>	<u>\$ 199</u>

These amounts are due from the United States Department of Defense for reimbursable costs in conjunction with the Master Cooperative Funding Agreement, the Master Youth Cooperative Funding Agreement and the Joint Armed Forces Reserve Center Agreement. These amounts are considered collectible, except \$1 estimated uncollectible at June 30, 2008.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**ANALYSIS OF ACCOUNTS RECEIVABLE**  
For the Two Years Ended June 30, 2010  
(expressed in thousands)

**Military Affairs Trust Fund – 043**

The Department had \$0 and \$0 in accounts receivable for the Military Affairs Trust Fund at June 30, 2010 and 2009, respectively.

**Illinois Military Family Relief Fund – 725**

The Department had approximately \$0 and \$2 in accounts receivable for the Illinois Military Family Relief Fund at June 30, 2010 and 2009, respectively. These amounts represent grant overpayments in which the Department is seeking reimbursement. They are considered non-current and estimated to be uncollectible.

**All Funds**

The Department uses the Comptroller's offset system when possible to collect old receivable balances.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**ANALYSIS OF OPERATIONS**  
For the Two Years Ended June 30, 2010

**DEPARTMENT FUNCTIONS AND PLANNING PROGRAM**

Department Functions

The Illinois Department of Military Affairs (Department), a part of the executive branch of State government, acts as the channel of communication between the federal government and the State of Illinois on all matters pertaining to the State Military. The Military Code of Illinois (20 ILCS 1805 et seq.) establishes the powers and duties of the Department and the Adjutant General.

The Department is comprised of the Illinois Army National Guard and the Illinois Air National Guard. The Illinois Army and Air National Guard have a combined authorized strength of 13,100 members (10,000 comprising the Illinois Army National Guard and 3,100 in the Illinois Air National Guard). The Illinois National Guard (Guard) is responsible for carrying out a dual mission, federal and state. The Guard's federal mission includes providing highly-trained, well-equipped personnel and units capable of rapid deployment when called upon by the President in time of war or national emergency. The state mission of the Guard is to support civil authorities when called upon by the Governor in order to protect life and property and preserve peace, order and public safety. The Army National Guard maintains 53 armories (two of which are leased, one federally owned, and 50 State-owned), one State Headquarters facility, two outdoor weapons ranges, three training areas, and 43 vehicle storage/maintenance buildings in 47 communities throughout the State. The Air National Guard maintains large flying bases at two major civilian airports and one on an active U.S. Air Force Base.

The position of Adjutant General is appointed by the Governor as the head officer of the Department. Major General William L. Enyart was appointed as the 37<sup>th</sup> Adjutant General on September 8, 2007. The Adjutant General reports directly to the Governor, who acts as the Commander-in-Chief of the military forces of the State of Illinois. The Adjutant General has a statutory responsibility to carry out the policies of the Governor, issuing orders in his name, and serving as his advisor on all matters relating to the Illinois National Guard. Also, the Adjutant General is responsible for planning, developing, and executing plans and programs that relate to organization, training, equipment, and mobilization of the Illinois National Guard for State emergencies and national defense. In addition, all military property, equipment and installations of the Illinois National Guard are under his jurisdiction.

Per statute, "the Adjutant General shall have charge of and carefully preserve the colors, flags, guidons, and military trophies of war belonging to the State (20 ILCS 1805/25)."

The Department also organizes and operates the community-related program Lincoln's Challenge, with the assistance of federal funding in Rantoul, Illinois. Lincoln's Challenge is a 17-month program designed for at-risk youth ages 16 through 19. The program is a two-phase (resident and post-resident) program that focuses on eight core objectives: academic excellence; job skills; physical fitness; leadership and fellowship;

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**ANALYSIS OF OPERATIONS**  
For the Two Years Ended June 30, 2010

health, sex education, and nutrition; life coping skills; responsible citizenship; and community service.

The Department also has “the power to make grants from the Illinois Military Family Relief Fund, a special fund created in the State treasury, to families of persons who are members of the Illinois National Guard or Illinois residents who are members of the reserves of the armed forces of the United States and who have been called to active duty as a result of the September 11, 2001 terrorist attacks.” (20 ILCS 1805/22-9) The Department has established eligibility criteria that are used to award the grants.

Department Planning Program

The Department is not required by the Illinois Welfare and Rehabilitation Services Planning Act (20 ILCS 10/1 et seq.) to create a formal planning function, which includes the generation of goals and objectives. The Army National Guard and the Air National Guard units of the Illinois National Guard have separate federal strategic and long-range plans that support the planning process within the Department. Some of the areas addressed in the federal strategic plan include strength management, professional and technical expertise, quality assurance/assistance, personnel programs, and state emergency response. At the end of each fiscal year, the Facilities Division produces the Capital Budget Request that summarizes the conditions of facilities/equipment and suggests corrective actions for improvement. The Capital Budget Request is tied into the budgeting process for the following fiscal year.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**AVERAGE NUMBER OF EMPLOYEES**  
For the Years Ended June 30,

AVERAGE NUMBER OF EMPLOYEES

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

<u>Division</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Office of the Adjutant General	13	22	21
Facilities	220	207	205
 Total average full-time employees	<u>233</u>	<u>229</u>	<u>226</u>

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**EMERGENCY PURCHASES**  
For the Two Years Ended June 30, 2010

The Department reported the following emergency purchases to the Office of the Auditor General during FY09/10:

<u>DESCRIPTION OF EMERGENCY PURCHASE</u>	<u>AMOUNT</u>
Rental of portable chiller for a minimum of three months until a new chiller can be purchased.	\$ 34,078
	<hr/>
TOTAL ACTUAL COST	<u>\$ 34,078</u>

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**SERVICE EFFORTS AND ACCOMPLISHMENTS**  
For the Years Ended June 30, 2010  
(Not Examined)

**Adjutant General's Office**

Mission Statement: To manage the daily operations of the Illinois National Guard (ILNG), be the official channel of communication between the federal government and state regarding military matters, maintain military personnel records, active duty reports, preserve historical military artifacts, and provide military funeral honors.

Program Goals:

- To provide timely and accurate responses and services.
- To provide services in the most cost effective manner possible.

Funds: General Revenue Fund, Military Affairs Trust Fund

	2010	2009	2008
<u>Input Indicators:</u>			
Total Expenditures – all sources (in thousands)	\$4,615	\$5,845	\$1,716
Total Expenditures – State appropriated funds (in thousands)	\$4,615	\$5,845	\$1,716
Average monthly full time equivalents	13	22	21
GRF Appropriations (in dollars)	\$4,710,400	\$5,668,600	\$1,742,205
Other Funds Appropriation (in dollars)	\$1,432,000	\$1,432,000	\$1,432,000
<u>Output Indicators:</u>			
GRF Expenditures (in dollars)	\$4,526,046	\$5,371,445	\$1,578,232
Other Funds Expenditures (in dollars)	\$88,502	\$473,709	\$137,265
<u>Efficiency/Cost-Effectiveness</u>			
% of GRF Appropriation Expended	96.1%	94.8%	90.6%
% of Other Funds Appropriation Expended	6.2%	33.1%	9.6%

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**SERVICE EFFORTS AND ACCOMPLISHMENTS**  
For the Years Ended June 30, 2010  
(Not Examined)

**Facilities**

Mission Statement: Operate and maintain 53 armories, one state headquarters facility, two outdoor weapons ranges, three training areas, and 43 vehicle storage/maintenance buildings in 47 communities. Three large flying bases are also maintained.

Program Goals:

- To provide sufficient facilities to enable the ILNG to be trained and equipped for federal and state missions.
- To provide sufficient facilities in a cost effective manner for the ILNG to maintain readiness for federal and state missions.

Funds: General Revenue Fund, Federal Support Agreement Revolving Fund, Illinois National Guard Armory Construction Fund

	2010	2009	2008
<u>Input Indicators:</u>			
Total Expenditures – all sources (in thousands)	\$24,832	\$23,783	\$24,325
Total Expenditures – State appropriated funds (in thousands)	\$24,832	\$23,783	\$24,325
Average monthly full time equivalents	220	207	205
<u>Output Indicators:</u>			
Number of Drill weekends held for ILNG personnel	12	12	12
<u>Outcome Indicators:</u>			
Number of Facilities Supported	105	105	105
<u>Efficiency/Cost-Effectiveness</u>			
Average cost per facility (in dollars)	\$236,492	\$226,505	\$231,667

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**SERVICE EFFORTS AND ACCOMPLISHMENTS**  
For the Years Ended June 30, 2010  
(Not Examined)

**Illinois Military Family Relief Fund**

Mission Statement: Provide grants to single persons and families of persons who are members of the Illinois National Guard or Illinois residents who are members of the armed forces of the United States and who have been called to active duty as a result of September 11, 2001 terrorist attacks.

Program Goals:

- To provide grants to eligible military families.
- To provide a minimum grant of \$500 to eligible military families.

Funds: Illinois Military Family Relief Fund

	2010	2009	2008
<u>Input Indicators:</u>			
Total Expenditures – all sources (in thousands)	\$1,679	\$3,308	\$994
Total Expenditures – State appropriated funds (in thousands)	\$1,679	\$3,308	\$994
<u>Output Indicators:</u>			
Number of grants	3,358	6,616	1,987
<u>Efficiency/Cost-Effectiveness</u>			
Average grant amount (in dollars)	\$500	\$500	\$500

**Lincoln’s Challenge Academy**

Mission Statement: To provide residential youth corps program to help high school dropouts earn their General Education Development (GED) certificate, improve their life coping skills, and increase employability.

Program Goals:

- To prepare Lincoln’s Challenge Academy attendees for success in real world situations.
- To insure 65% of the Lincoln’s Challenge students obtain a GED certificate during the program.
- To provide 100% of the graduates with mentors who will evaluate the graduates’ status one year after graduation.

STATE OF ILLINOIS  
DEPARTMENT OF MILITARY AFFAIRS  
**SERVICE EFFORTS AND ACCOMPLISHMENTS**  
For the Years Ended June 30, 2010  
(Not Examined)

**Lincoln's Challenge Academy – Continued**

Funds: General Revenue Fund, Federal Support Agreement Revolving Fund

	2010	2009	2008
<u>Input Indicators:</u>			
Total Expenditures – all sources (in thousands)	\$7,979	\$7,784	\$7,190
Total Expenditures – State appropriated funds (in thousands)	\$7,979	\$7,784	\$7,190
<u>Output Indicators:</u>			
Number of graduates	553	568	691
<u>Outcome Indicators:</u>			
Number of graduates with GED	348	370	435
Number of graduates assigned a mentor	553	568	691
<u>Efficiency/Cost-Effectiveness</u>			
Average cost per graduate (in dollars)	\$14,429	\$13,705	\$10,405
Percentage of graduates with GED	63%	65%	63%
Percentage of graduates assigned a mentor	100%	100%	100%