

**STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL**

**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  
ILLINOIS ARTS COUNCIL

COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2015

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STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL

COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2015

AGENCY OFFICIALS

Executive Director	Ms. Tatiana Gant
Chief Fiscal Officer	Ms. Yazoo Hall

COUNCIL MEMBERS

Chair	Ms. Shirley Madigan
Vice Chair	Ms. Rhoda Pierce
Secretary (01/11/15 to Present)	Ms. Cecilia Rodhe
Member	Ms. Jill Arena
Member	Ms. Lisa Dent Bielefeldt
Member	Ms. Beth Boosalis Davis
Member	Mr. William Brattain
Member	Ms. Patrice Bugelas-Brandt
Member (01/11/15 to Present)	Ms. Nadia Daley
Member	Mr. Richard Daniels
Member	Mr. Henry Godinez
Member	Ms. Desiree Grode
Member	Ms. Jodie Kavensky
Member	Ms. Valerie King
Member	Ms. Jennifer Levine
Member	Mr. Gary Matts
Member	Ms. Peggy Montes
Member	Ms. Sheila Marie O'Brien
Member (01/11/15 to Present)	Ms. Erika Spyropolous
Member	Mr. Howard A. Tullman
Member	Mr. Donald T. Wiener

The Agency's Office is located at:

James R. Thompson Center  
100 West Randolph Street  
Suite 10-500  
Chicago, IL 60601-3298



ILLINOIS  
**ARTS**  
COUNCIL  
AGENCY

December 9, 2015

McGreal & Company, PC  
Certified Public Accountants  
5740 West 95<sup>th</sup> Street  
Oak Lawn, Illinois 60453

Bruce Rauner  
*Governor*

Shirley R. Madigan  
*Chairman*

Tatiana Gant  
*Executive Director*

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 Illinois Arts Council Agency (Council). 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 Council'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, 2015 and June 30, 2014, the Council has materially complied with the assertions below.

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

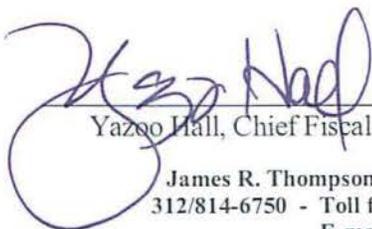
Yours very truly,

Illinois Arts Council Agency



Tatiana Gant, Executive Director

12/9/2015



Yazoo Hall, Chief Fiscal Officer

12/9/2015

STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL

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	4	3
Repeat findings	2	2
Prior recommendations implemented or not repeated	1	0

**SCHEDULE OF FINDINGS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)			
2015-001	9	Failure to Adopt Formal Rules for Agency and Grant Procedures	Noncompliance Significant Deficiency
2015-002	11	Improper Reconciliation of State Cash Receipts	Noncompliance Significant Deficiency

STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL

COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2015

**SCHEDULE OF FINDINGS (Continued)**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)			
2015-003	13	Noncompliance with the Fiscal Control and Internal Auditing Act	Noncompliance Significant Deficiency
2015-004	14	Employee Evaluations Not Completed Timely	Noncompliance Significant Deficiency

**PRIOR FINDINGS NOT REPEATED**

A	15	Failure to Comply with the Identity Protection Act	
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**EXIT CONFERENCE**

The Illinois Arts Council waived a formal exit conference in correspondence dated November 23, 2015.

The responses to the recommendations were provided by Tatiana Gant, Executive Director, on December 7, 2015.

INDEPENDENT ACCOUNTANT'S 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**

As Special Assistant Auditors for the Auditor General, we have examined the State of Illinois, Illinois Arts Council'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, Illinois Arts Council is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Illinois Arts Council's compliance based on our examination.

- A. The State of Illinois, Illinois Arts Council 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, Illinois Arts Council 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, Illinois Arts Council 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, Illinois Arts Council 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, Illinois Arts Council on behalf of the State or held in trust by the State of Illinois, Illinois Arts Council 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, Illinois Arts Council'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, Illinois Arts Council's compliance with specified requirements.

In our opinion, the State of Illinois, Illinois Arts Council 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 through 2015-004.

### **Internal Control**

Management of the State of Illinois, Illinois Arts Council 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, Illinois Arts Council'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, Illinois Arts Council's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Illinois Arts Council'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 purposes 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 through 2015-004 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, Illinois Arts Council'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, Illinois Arts Council's responses and, accordingly, we express no opinion on them.

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

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information for the years ended June 30, 2015 and June 30, 2014 in Schedules 1 through 8 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 the June 30, 2014 accompanying supplementary information in Schedules 1 through 8. However, we do not express an opinion on the supplementary information.

We have not applied procedures to the June 30, 2013, accompanying supplementary information in Schedules 3 through 7 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, Illinois Arts Council's membership and management, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "McGreal & Company PC". The signature is written in a cursive, flowing style.

McGreal & Company, PC  
Oak Lawn, Illinois

December 9, 2015

STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL

SCHEDULE OF FINDINGS  
For the Two Years Ended June 30, 2015

CURRENT FINDINGS – STATE COMPLIANCE

2015-001 **Finding:** Failure to Adopt Formal Rules for Agency and Grant Procedures

The Illinois Arts Council (Council) did not draft or adopt formal agency rules, including rules relating to grant procedures. Grant expenditures were \$7,335,687 and \$9,360,941 for Fiscal Years 2015 and 2014, respectively.

The Illinois Administrative Procedure Act (5 ILCS 100/5 et seq.) states that each agency shall maintain and file organizational rules, including a current description of the agency's organization, current procedures for information requests, and a current description of the agency's rulemaking procedures. Additionally, the Illinois Administrative Procedure Act (5 ILCS 100/5-10) and good internal controls require that policy affecting external parties be adopted and implemented through public rules to fully inform affected persons.

Council officials stated they consulted with the Illinois Office of the Governor concerning the process of drafting and adopting organization rules with the Joint Committee on Administrative Rules (JCAR) and the funding required to carry out the process. However, formal agency rules have not yet been drafted or adopted because the Council does not currently have the staff or legal support to engage in this process. Due to the State's on-going financial crisis, they do not anticipate the Council's budget increases to support such an initiative during the next few fiscal years.

Council rules prescribe policy and establish procedures to assist management in decision making. Formal administrative rules can also help protect agencies from legal challenges and give additional legitimacy to agency actions and agency requests from external parties. Promulgating formal grant procedures ensures transparency and accountability of State government, can help protect agencies from legal challenges, and gives additional legitimacy to agency actions and agency requests from external parties. (Finding Code No. 2015-001, 2013-001, 11-1, 09-1, 07-1)

**Recommendation:**

We recommend the Council draft organizational rules and grant procedures, then contact JCAR for assistance with the formal adoption process.

STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL

SCHEDULE OF FINDINGS  
For the Two Years Ended June 30, 2015

2015-001 **Finding:** Failure to Adopt Formal Rules for Agency and Grant Procedures  
(continued)

**Agency Response:**

Agree. The Illinois Arts Council (Council) Chairman will continue to seek guidance from the Office of the Governor, specifically for resources to engage consultants with the expertise necessary to draft rules and procedures beyond those currently in place. The Council will continue to meet all state and federal requirements.

STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL

SCHEDULE OF FINDINGS  
For the Two Years Ended June 30, 2015

2015-002 **Finding:** Improper Reconciliation of State Cash Receipts

The Illinois Arts Council (Council) did not properly reconcile its cash receipts to cash receipts reported by the Comptroller as required by the Statewide Accounting Management System (SAMS).

The Council receives cash receipts from the National Endowment of the Arts, Illinois State Board of Education, unexpended grant funds, and miscellaneous receipts. Cash receipts were \$903,110 and \$812,495 for Fiscal Year 2015 and 2014, respectively.

The Council did not prepare proper monthly cash receipt reconciliations to the Comptroller's records. The Council performed reconciliations for Fiscal Year 2015 and 2014, however, the amounts per the Comptroller's records did not agree to the Council's records.

- In Fiscal Year 2015, when reconciling the Council records to the Comptroller's records, management did not use the actual amounts listed on the Comptroller's records. Per Council records, federal receipts of \$5,877 were erroneously included in both general revenue receipts and federal receipts. On the reconciliation, the Comptroller's balance was \$5,877 higher than the actual balance.
- In Fiscal Year 2015, receipts of \$52,434 for prior year refunds were recorded as miscellaneous income on the Comptroller's Monthly Revenue Status Report (SB04). Receipts were properly recorded in the Council's records.

SAMS Procedure 25.40.20 requires State Agencies to reconcile receipt account balances maintained by the Agency with the Statewide receipt account records maintained by the Comptroller's Office. The reconciliation is required to be performed monthly and the Comptroller's Office notified of any irreconcilable differences so that corrective action may be taken.

Council management stated reconciliations were prepared but inconsistencies were not followed up on with the Comptroller's Office.

Failure to properly reconcile the Monthly Revenue Status Report is non-compliance with SAMS procedures. In addition, proper reconciliations ensure the early detection and correction of errors. (Finding Code No. 2015-002, 2013-002, 11-2)

STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL

SCHEDULE OF FINDINGS  
For the Two Years Ended June 30, 2015

2013-002 **Finding:** Improper Reconciliation of State Cash Receipts (continued)

**Recommendation:**

We recommend the Council investigate any irreconcilable differences as required by SAMS Procedures.

**Agency Response:**

Agree. The Council will investigate any irreconcilable differences as required by procedure.

STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL

SCHEDULE OF FINDINGS  
For the Two Years Ended June 30, 2015

2015-003 **Finding:** Noncompliance with the Fiscal Control and Internal Auditing Act

The Illinois Arts Council (Council) did not comply with the Fiscal Control and Internal Auditing Act (FCIAA). The Council did not file its FCIAA certification with the Office of the Auditor General in Fiscal Year 2015. In addition, the Council did not timely file its FCIAA certification for Fiscal Year 2014. The Fiscal Year 2014 certification was due on May 1, 2014 but was not filed until May 6, 2014, which is 5 days late.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3003) (FCIAA) requires the chief executive officer of each State agency to conduct an evaluation of their systems of internal fiscal and administrative controls and file a certification regarding the evaluation with the Auditor General by May 1<sup>st</sup> of each year.

Management stated the reports and letters were prepared and available to be sent to the Office of the Auditor General. It was an oversight that the letters were not filed or not timely filed.

Failure to file the report or not filing the report in a timely manner is noncompliance with the Fiscal Control and Internal Auditing Act. (Finding Code No. 2015-003)

**Recommendation:**

We recommend the Council file certification regarding the evaluation in a timely manner with the Auditor General as required by the FCIAA.

**Agency's Response:**

Agree. The Council will implement a system to better monitor filing deadlines.

STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL

SCHEDULE OF FINDINGS  
For the Two Years Ended June 30, 2015

2015-004 **Finding:** Employee Evaluations Not Completed Timely

The Illinois Arts Council (Council) did not conduct annual employee performance evaluations in accordance with Personnel Rules.

The Council did not timely complete annual evaluations for 3 of 5 (60%) employees tested during the period. One employee evaluation was not completed on an annual basis and two were completed 109 to 476 days late.

Personnel rules issued by the Department of Central Management Services (80 Ill. Adm. Code 302.270) require performance records to include an evaluation of employee performance prepared by each agency not less often than annually. Annual evaluations support administrative personnel decisions by documenting regular performance measures. Also, the Council's internal personnel policy requires annual evaluations of employees based on either the anniversary date of hire or fiscal year.

Council management stated that the annual evaluations were missing or late due to oversight.

Performance evaluations are a systematic and uniform approach used for the development of employees and communication of performance expectations to employees. Performance evaluations should serve as a foundation for salary adjustments, promotion, demotion, discharge, recall, and reinstatement decisions. (Finding Code No. 2015-004)

**Recommendation**

We recommend that the Council take appropriate measures to ensure performance evaluations are conducted annually as required by policy.

**Agency Response:**

Agree. The Council will implement measures to ensure that performance evaluations are conducted as required by policy.

STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL

SCHEDULE OF FINDINGS  
For the Two Years Ended June 30, 2015

PRIOR FINDINGS NOT REPEATED – STATE

A. Finding (Failure to Comply with the Identity Protection Act)

During the prior examination, the Illinois Arts Council (Council) failed to implement the provisions of the Identity Protection Act.

Status: Not Repeated

During the current examination, the Council drafted and approved an identity protection policy. (Finding Code No. 2013-003)

STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL

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 – Fiscal Year 2015
- Schedule of Appropriations, Expenditures and Lapsed Balances – Fiscal Year 2014
- Comparative Schedule of Net Appropriations, Expenditures,  
and Lapsed Balances
- Schedule of Changes in State Property
- Comparative Schedule of Cash Receipts and 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 Operations

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

The accountant's report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states that 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 8. 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  
ILLINOIS ARTS COUNCIL

SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES

Appropriations for Fiscal Year 2015  
Fourteen Months Ended August 31, 2015

<u>Public Act - 98-0679 and</u> <u>Public Act - 99-0001</u>	Appropriations (Net of Transfers)	Expenditures Through 6/30/15	Lapse Period Expenditures 7/01 - 8/31/15	Total Expenditures 14 Months Ended 8/31	Balances Lapsed
<b><u>APPROPRIATED FUNDS</u></b>					
<b><u>GENERAL REVENUE FUND - 001</u></b>					
Lump Sum - Operational Expenses	\$ 1,566,000	\$ 1,410,525	\$ 47,267	\$ 1,457,792	\$ 108,208
Creative Sector Grants & Financial Assistance	4,033,000	3,671,920	-	3,671,920	361,080
Underserved Constituencies Grants	361,700	311,930	-	311,930	49,770
Arts Education Grants & Financial Assistance	569,400	366,265	1,500	367,765	201,635
Humanities Programs and Activities Grants	977,500	513,711	129,284	642,995	334,505
Public Radio and TV Administration Grants	1,966,700	1,103,600	-	1,103,600	863,100
Illinois Humanities Council Grant	417,000 *	417,000	-	417,000	-
Subtotal - Fund 001	<u>\$ 9,891,300</u>	<u>\$ 7,794,951</u>	<u>\$ 178,051</u>	<u>\$ 7,973,002</u>	<u>\$ 1,918,298</u>
<b><u>ILLINOIS ARTS COUNCIL FEDERAL GRANT FUND - 657</u></b>					
Grants to Enhance the Cultural Environment	\$ 855,000	\$ 777,490	\$ 2,500	\$ 779,990	\$ 75,010
Education Leadership Institute Costs	80,000	-	-	-	80,000
Grants to Enhance the Cultural Environment & Associated Administrative Costs	<u>65,000</u>	<u>35,973</u>	<u>4,514</u>	<u>40,487</u>	<u>24,513</u>
Subtotal - Fund 657	<u>\$ 1,000,000</u>	<u>\$ 813,463</u>	<u>\$ 7,014</u>	<u>\$ 820,477</u>	<u>\$ 179,523</u>
<b>TOTAL - ALL APPROPRIATED FUNDS</b>	<u><u>\$ 10,891,300</u></u>	<u><u>\$ 8,608,414</u></u>	<u><u>\$ 185,065</u></u>	<u><u>\$ 8,793,479</u></u>	<u><u>\$ 2,097,821</u></u>

Note 1: The data in this schedule was taken from the State Comptroller's records and reconciled to the Agency's records.

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

Note 3: The Council's Illinois Humanities Council Grant appropriation was reduced to \$407,600 on March 26, 2015, by Public Act 099-0001.

However, the Council had already fully expended its original appropriation of \$417,000 as of that date.

STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL

SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES  
Appropriations for Fiscal Year 2014  
Fourteen Months Ended August 31, 2014

<u>Public Act - 98-0064</u>	Appropriations (Net of Transfers)	Expenditures Through 6/30/14	Lapse Period Expenditures 7/01 - 8/31/14	Total Expenditures 14 Months Ended 8/31	Balances Lapsed
<b><u>APPROPRIATED FUNDS</u></b>					
<b><u>GENERAL REVENUE FUND - 001</u></b>					
Lump Sum - Operational Expenses	\$ 1,602,000	\$ 1,405,638	\$ 29,544	\$ 1,435,182	\$ 166,818
Creative Sector Grants & Financial Assistance	4,125,800	3,783,215	341,585	4,124,800	1,000
Underserved Constituencies Grants	370,000	270,705	99,295	370,000	-
Arts Education Grants & Financial Assistance	582,500	339,668	242,810	582,478	22
Humanities Programs and Activities Grants	1,417,000	1,081,917	335,082	1,416,999	1
Public Radio and TV Administration Grants	2,012,000	1,940,850	71,150	2,012,000	-
Subtotal - Fund 001	<u>\$ 10,109,300</u>	<u>\$ 8,821,993</u>	<u>\$ 1,119,466</u>	<u>\$ 9,941,459</u>	<u>\$ 167,841</u>
<b><u>ILLINOIS ARTS COUNCIL FEDERAL GRANT FUND - 657</u></b>					
Cultural Environment Grants & Programs					
Awards & Costs	\$ 935,000	\$ 704,580	\$ 104,553	\$ 809,133	\$ 125,867
Education Leadership Institute Costs	80,000	-	-	-	80,000
Grants to Enhance the Cultural Environment & Associated Administrative Costs	65,000	43,049	2,482	45,531	19,469
Subtotal - Fund 657	<u>\$ 1,080,000</u>	<u>\$ 747,629</u>	<u>\$ 107,035</u>	<u>\$ 854,664</u>	<u>\$ 225,336</u>
TOTAL - ALL APPROPRIATED FUNDS	<u>\$ 11,189,300</u>	<u>\$ 9,569,622</u>	<u>\$ 1,226,501</u>	<u>\$ 10,796,123</u>	<u>\$ 393,177</u>
<b><u>NON-APPROPRIATED FUNDS</u></b>					
<b><u>ILLINOIS ARTS COUNCIL STATE TRUST FUND - 402</u></b>					
Encourage Development of Art in Illinois		\$ 39,151	\$ -	\$ 39,151	
TOTAL NON-APPROPRIATED FUNDS		<u>\$ 39,151</u>	<u>\$ -</u>	<u>\$ 39,151</u>	
GRAND TOTAL EXPENDITURES - ALL FUNDS		<u>\$ 9,608,773</u>	<u>\$ 1,226,501</u>	<u>\$ 10,835,274</u>	

Note 1: The data in this schedule was taken from the State Comptroller's records and reconciled to the Agency's records.

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

STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL

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 of Transfers)	\$ 9,891,300	\$ 10,109,300	\$ 8,151,900
<u>Expenditures</u>			
Personal Services	-	-	1,199,372
State Contributions to Social Security	-	-	87,388
Contractual Services	-	-	97,430
Travel	-	-	7,731
Commodities	-	-	4,578
Printing	-	-	125
Equipment	-	-	273
Electronic Data Processing	-	-	40,768
Telecommunications Services	-	-	20,078
Lump Sums - Operational Expenses	1,457,792	1,435,182	-
Creative Sector Grants & Financial Assistance	3,671,920	4,124,800	3,874,850
Underserved Constituencies Grants	311,930	370,000	249,950
Arts Education Grants & Financial Assistance	367,765	582,478	250,000
Humanities Programs and Activities Grants	642,995	1,416,999	317,000
Public Radio and TV Administration Grants	1,103,600	2,012,000	1,812,000
Illinois Humanities Council Grant	417,000 *	-	-
Total Expenditures	<u>7,973,002</u>	<u>9,941,459</u>	<u>7,961,543</u>
Lapsed Balances	<u>\$ 1,918,298</u>	<u>\$ 167,841</u>	<u>\$ 190,357</u>

Note 1: The data in this schedule was taken from the State Comptroller's records and reconciled to the Agency's records.

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

Note 3: The Council's Illinois Humanities Council Grant appropriation was reduced to \$407,600 on March 26, 2015, by Public Act 099-0001. However, the Council had already fully expended its original appropriation of \$417,000 as of that date.

STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL

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>FEDERAL GRANT FUND - 657</u></b>			
Appropriations (Net of Transfers)	\$ 1,000,000	\$ 1,080,000	\$ 1,750,000
<u>Expenditures</u>			
Cultural Environment Grants & Programs - Awards & Costs	\$ 779,990	\$ 809,133	\$ 777,325
Cultural Environment Grants & Programs - Costs	40,487	45,531	57,605
Education Leadership Institute Costs	-	-	93,685
Total Expenditures	820,477	854,664	928,615
Lapsed Balances	179,523	225,336	821,385
<b><u>TOTAL - ALL APPROPRIATED FUNDS</u></b>			
Appropriations (Net of Transfers)	\$ 10,891,300	\$ 11,189,300	\$ 9,901,900
Total Expenditures	\$ 8,793,479	\$ 10,796,123	\$ 8,890,158
Lapsed Balances	\$ 2,097,821	\$ 393,177	\$ 1,011,742
<b><u>NON-APPROPRIATED FUNDS</u></b>			
<b>STATE TRUST FUND - 402</b>			
Expenditures:			
ISBE Arts and Foreign Language Program	\$ -	\$ 39,151	\$ 51,279
Total Expenditures	\$ -	\$ 39,151	\$ 51,279
<b><u>GRAND TOTAL, ALL FUNDS</u></b>			
Total Expenditures	\$ 8,793,479	\$ 10,835,274	\$ 8,941,437

Note 1: The data in this schedule was taken from the State Comptroller's records and reconciled to the Agency's records.

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

Note 3: The Council's Illinois Humanities Council Grant appropriation was reduced to \$407,600 on March 26, 2015, by Public Act 099-0001. However, the Council had already fully expended its original appropriation of \$417,000 as of that date.

STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL

SCHEDULE OF CHANGES IN STATE PROPERTY  
For the Two Years Ended June 30, 2015

	<u>State Property</u>
Balance at July 1, 2013	\$ 232,501
Additions	30,262
Deletions	(5,784)
Net Transfers	<u>(33,230)</u>
Balance at June 30, 2014	<u>\$ 223,749</u>
Balance at July 1, 2014	\$ 223,749
Additions	3,073
Deletions	(6,155)
Net Transfers	<u>(20,010)</u>
Balance at June 30, 2015	<u>\$ 200,657</u>

Note: This schedule has been derived from Council records, which were reconciled to property reports submitted to the Office of the State Comptroller.

STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL

COMPARATIVE SCHEDULE OF CASH RECEIPTS AND RECONCILIATION OF  
CASH RECEIPTS TO DEPOSITS REMITTED TO THE STATE COMPTROLLER  
For the Fiscal Years Ended June 30, 2015, 2014, and 2013

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>General Revenue Fund #001</u>			
Prior Year Refund	\$ 56,286	\$ 4,725	\$ -
Miscellaneous Receipts	12	12	-
Involuntary Withholding	-	858	-
Total Receipts, Fund 001	<u>\$ 56,298</u>	<u>\$ 5,595</u>	<u>\$ -</u>
Receipts, per Council Records	\$ 56,298	\$ 5,595	\$ -
Add: Deposits in Transit, Beginning of the Year	-	-	-
Less: Deposits in Transit, End of the Year	-	-	-
Deposits, Recorded by the State Comptroller	<u>\$ 56,298</u>	<u>\$ 5,595</u>	<u>\$ -</u>
<u>State Trust Fund #402</u>			
State Board of Education	\$ -	\$ -	\$ 90,976
Total Receipts, Fund 402	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,976</u>
Receipts, per Council Records	\$ -	\$ -	\$ 90,976
Add: Deposits in Transit, Beginning of the Year	-	-	-
Less: Deposits in Transit, End of the Year	-	-	-
Deposits, Recorded by the State Comptroller	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,976</u>
<u>Federal Grant Fund #657</u>			
National Endowment for the Arts	846,812	806,900	952,300
Prior Year Refund	-	-	21
Total Receipts, Fund 657	<u>\$ 846,812</u>	<u>\$ 806,900</u>	<u>\$ 952,321</u>
Receipts, per Council Records	\$ 846,812	\$ 806,900	\$ 952,321
Add: Deposits in Transit, Beginning of the Year	-	-	-
Less: Deposits in Transit, End of the Year	-	-	-
Deposits, Recorded by the State Comptroller	<u>\$ 846,812</u>	<u>\$ 806,900</u>	<u>\$ 952,321</u>

STATE OF ILLINOIS  
ILLINOIS ARTS COUNCILANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES  
For the Two Years Ended June 30, 2015**ANALAYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2014 AND 2015****General Revenue Fund – 001**Awards & Grants

There was an Executive Order #15-08 in which the Illinois Arts Council (Council) received a decrease in spending authority by 37% which resulted in a decrease of expenditures between Fiscal Year 2014 and Fiscal Year 2015.

**State Trust Fund – 402 (Nonappropriated Expenditures)**Encourage Development of Art in Illinois

The Council did not receive funding for the Arts and Foreign Language program in Fiscal Year 2015 and did not have an expenditure issuing a refund to Illinois State Board of Education (ISBE).

**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2013 AND 2014****General Revenue Fund – 001**Operational Expenses

In Fiscal Year 2013, the Council received a separate appropriation for each operational line item. The Council received a lump sum appropriation for operational expenses in Fiscal Year 2014.

Awards & Grants

The Council had an increase in Awards and Grants expenditures between Fiscal Year 2013 and Fiscal Year 2014 due to an increase in appropriations from the General Assembly.

STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL

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 (continued)**

**Federal Grant Fund – 657**

Education Leadership Institute Costs

The Council received fewer funds from the national Endowment for the Arts between Fiscal Year 2013 and Fiscal Year 2014 resulting in fewer expenditures.

Cultural Environment Grants & Program Costs

The Council received fewer funds from the National Endowment for the Arts between Fiscal Year 2013 and Fiscal Year 2014 resulting in fewer expenditures.

**State Trust Fund – 402 (Nonappropriated Expenditures)**

Encourage Development of Art in Illinois

The Council did not receive funding for the Arts and Foreign Language program in Fiscal Year 2014, the expenditure in Fiscal Year 2014 was a refund to ISBE.

STATE OF ILLINOIS  
ILLINOIS ARTS COUNCILANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS  
For the Two Years Ended June 30, 2015**ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2014 AND 2015****General Revenue Fund – 001**Prior Year Refund

Refunds from unexpended grants increased \$51,561 in Fiscal Year 2015 compared to Fiscal Year 2014.

**Federal Grant Fund – 657**National Endowment for the Arts

The Council received additional funding of \$39,912 from the National Endowment for the Arts in Fiscal Year 2015 compared to Fiscal Year 2014.

**ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2013 AND 2014****General Revenue Fund – 001**Prior Year Refund

The Council received \$4,725 in refunds from unexpended grants in Fiscal Year 2014. There were no such refunds received in Fiscal Year 2013.

**State Trust Fund - 402**State Board of Education

The Council did not receive any funding from the ISBE in Fiscal Year 2014.

**Federal Grant Fund – 657**National Endowment for the Arts

Funding from the National Endowment for the Arts decreased \$145,400 in Fiscal Year 2014.

STATE OF ILLINOIS  
ILLINOIS ARTS COUNCILANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING  
For the Two Years Ended June 30, 2015**FISCAL YEAR 2015****General Revenue Fund – 001**Humanities Programs and Activities Grant

In Fiscal Year 2015, Executive Order #15-08 placed a hold on the Council's spending. After receiving permission from the Governor's Office of Management and Budget, the Council was able to release grant funds, which had been awarded prior to the lapse period, from the Humanities Program and Activities line.

**FISCAL YEAR 2014****General Revenue Fund – 001**Underserved Constituencies Grant

Some Underserved Constituencies programs have a start date late in the fiscal year. The Illinois Arts Council must wait on the return of required paperwork prior to releasing grant funds.

Arts Education Grants & Financial Assistance

Significant lapse period spending from the Arts Education Grants and Financial Assistance line item is due to the Illinois Arts Council waiting on paperwork to be returned from Constituents prior to releasing grant funds.

Humanities Programs and Activities Grants

The Illinois Arts Council must wait on the return of required paperwork prior to releasing funds for the Humanities Programs and Activities Grants.

STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL

ANALYSIS OF OPERATIONS  
For the Two Years Ended June 30, 2015

AGENCY FUNCTIONS AND PLANNING PROGRAM (Not Examined)

The Illinois Arts Council was created by the Illinois General Assembly in 1965 through the Arts Council Act (20 ILCS 3915). The Council is governed by 21 private citizens from throughout Illinois. These members are chosen for their commitment to the arts and are appointed by the Governor. The members serve in a voluntary, non-paid capacity and are responsible for developing the State's public arts policy, fostering quality culturally diverse programs, and approving grant expenditures. The Council members are appointed for four year terms. The Governor designates the Chairman. Many of the Council members are reappointed by the Governor for an additional four year term. Council members do not receive compensation, but are entitled to reimbursement of expenses incurred in the performance of their duties.

Advisory panels are composed of volunteer experts from Illinois and are appointed by the Council's Chair to assist the Council in the review of grant applications and to provide expertise on policy and program development. Panelists are selected through open nominations and serve for one year terms.

FUNCTIONS

The functions of the Council are directed by the Council's mission statement: "to build a strong, creative, and connected Illinois through the arts."

The Council received funds through the State of Illinois General Revenue Fund appropriations and federal grants from the National Endowment for the Arts.

The State of Illinois' support of the arts includes production of theater, music, dance, ethnic and folk art, literature, exhibitions, media and visual art, as well as public benefits to the community. These benefits include: attracting and retaining businesses and residents, revitalizing downtowns, drawing tourists, providing a basis for quality elementary and secondary education, vitalizing neighborhoods, connecting people, and improving the quality of life. People of all regions, ages, cultures, abilities and economic conditions make arts happen throughout Illinois, through numerous grant programs from the Illinois Arts Council.

STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL

ANALYSIS OF OPERATIONS  
For the Two Years Ended June 30, 2015

AGENCY FUNCTIONS AND PLANNING PROGRAM (Not Examined) (Continued)

Funding from the Council benefits artists and arts organization, support art organization's education programs that provide art experiences for schools and communities, provides operating support to art institutions and support for seminars and workshops. The Illinois Arts Council believes the arts are the first and a basic building block for education. The grants they provide help allow this to happen.

PLANNING PROGRAM

The Council developed a Strategic Plan for 2013-2018. Basing their core value off of the Greek phrase *E pluribus unum* (out of many, one); the Illinois Arts Council declares with One Voice that we shall be Better Together with the Arts.

The Council identified guiding principles to help fulfill their goals and purpose. The arts are not practiced in isolation. The creativity of many can be united in one common purpose which can build a more creative society in Illinois, help keep vibrant and strengthen the economy, all leading to the expression of excellence.

The Council has set forth the following driving forces in its Strategic Plan:

- Investment in arts education is an investment in our future. Education in the arts helps develop skills and motivate a creative workforce within the competitive global economy. This lifelong learning must be available to all Illinoisans.
- The Illinois Arts Council will build and sustain collaborations and partnerships with governmental bodies and private entities. Connected together, all will work towards a shared vision and one voice.
- Through grants and programs, the Council will promote artists and organizations which are vital to the advancement of the Illinois economy, quality of life, and mind.

STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL

ANALYSIS OF OPERATIONS  
For the Two Years Ended June 30, 2015

AGENCY FUNCTIONS AND PLANNING PROGRAM (Not Examined) (Continued)

The Illinois Arts Council has implemented many of their strategic objectives and strategies despite a steady decline of funding over the last many years. Some of the accomplishments include expanding or reinstating suspended programs. The existing Quick Start Program, which supports arts learning beyond schools, was expended. Reinstated programs include The Arts Tour & Live Music program, Literary Awards Program, Artist Fellowship Awards, and Summer Youth Employment in the Arts. In addition to program accomplishments, the Illinois Arts Council accepts on-line applications for nearly all programs. The SlideRoom system is being used for submission and review of grant applications.

The Illinois Arts Council shares board member with the Illinois Arts Council Foundation. These board members meet periodically and actively plan aspects of the Council. The current members are:

Shirley R. Madigan – Chairman	Lisa M. Dent-Bielefeldt
Cecilia Rodhe – Secretary	Jennifer Levine
Rhonda A. Pierce – Vice Chairman	Peggy A. Montes
Nadia Daley	Jill Arena
Patrice Bugelas-Brandt	Richard Daniels
William E. Brattain, Ph.D.	Honorable Sheila M. O'Brien
Erika Spyropolous	Howard A. Tullman
Jodie Shagrin Kavensky	Valerie King
Beth Boosalis Davis	Henry Godinez
Desiree Grode	Donald T. Wiener
Gary Matts	

STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL

ANALYSIS OF OPERATIONS  
FOR THE TWO YEARS ENDED JUNE 30, 2015

AVERAGE NUMBER OF EMPLOYEES (Not Examined)

A comparative statement of the average number of persons employed by the Illinois Arts Council at full-time equivalents is presented below:

	Fiscal Year		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Administration</b>			
Executive Director	1	1	1
Deputy Director	0	0	1
Director of Operations	1	1	0
Fiscal Office	1	2	3
Grants Office	2	2	2
Support Staff	2	2	2
Public Information	<u>0</u>	<u>0</u>	<u>1</u>
	<u>7</u>	<u>8</u>	<u>10</u>
<b>Programs</b>			
Program Coordinators	1	1	1
Program Assistants	<u>4</u>	<u>5</u>	<u>4</u>
	<u>5</u>	<u>6</u>	<u>5</u>
<b>Partnership</b>			
Illinois State Board of Education	<u>0</u>	<u>0</u>	<u>1</u>
<b>Total Employees</b>	<u><u>12</u></u>	<u><u>14</u></u>	<u><u>16</u></u>

STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL

ANALYSIS OF OPERATIONS  
FOR THE TWO YEARS ENDED JUNE 30, 2015

SERVICE EFFORTS AND ACCOMPLISHMENTS (Not Examined)

The Illinois Arts Council Agency (Council) improves economic vitality and quality of life in Illinois by investing grant funds in the nonprofit arts sector, advancing arts education, providing technical assistance, and promoting an encouraging atmosphere for creative artists to live and work.

The Council recognizes that the best work happens outside of isolation. We are Better Together. Our goal is to “Connect” through communication, cooperation, and celebration. The Council continues to exercise its mandate by building and sustaining collaborations and partnerships across Illinois.

In 2015, the Council partnered with Arts Alliance Illinois to produce the 10th biennial “One State Together in the Arts” conference, held in Evanston. Our theme, *FLOURISH*, was keynoted by the internationally acclaimed visual artist Kerry James Marshall and award-winning actor/writer/director Cheryl Lynn Bruce, along with nine ‘TED-style’ talks, breakout sessions, and performances by local artists, community arts tours, networking opportunities, and more. More than 300 leaders, artists, arts managers and arts supporters from across the state attended and many others from Illinois and throughout the country joined us via live streaming video and social media.

During the 2014-2015 academic year, nearly 9,321 students and their teachers from 64 high schools participated in the national “Poetry Out Loud” recitation contest. The Council partnered with seven regional Illinois arts organizations to assist in making Poetry Out Loud available to all Illinois high school students. A senior from Southeast High School, Springfield IL was crowned the Illinois State Poetry Out Loud champion and represented Illinois at the national contest held in April 2015 in Washington, D.C.

	<u>FY 15</u>	<u>FY 14</u>	<u>FY 13</u>
Grant applications received	1,753	2,045	1,149
Grant applications funded	917	1,141	953
Grants (in thousands)	\$7,262	\$9,341	\$7,403