

**STATE OF ILLINOIS  
OFFICE OF THE TREASURER  
NONFISCAL OFFICER RESPONSIBILITIES**

COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2013

PERFORMED AS SPECIAL ASSISTANT AUDITORS  
FOR THE AUDITOR GENERAL, STATE OF ILLINOIS

**STATE OF ILLINOIS  
OFFICE OF THE TREASURER  
NONFISCAL OFFICER RESPONSIBILITIES  
COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2013**

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**STATE OF ILLINOIS  
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**TREASURER'S OFFICE OFFICIALS**

Treasurer	Honorable Dan Rutherford
Chief of Staff	Mr. Kyle Ham
Executive Director of Finance	Ms. Bridget Byron (March 21, 2012 – present)
Deputy Treasurer/CFO	Mr. Edward Buckles (through December 31, 2011)
General Counsel	Ms. Maureen Lydon (July 1, 2011 through September 15, 2013) Mr. Neil Olson (September 16, 2013 – present)
Director of Accounting/Warrant	Ms. Jessica Olive
Inspector General	Mr. David Wells
Chief Internal Auditor	Ms. Barbara Ringler

The Office of the Treasurer has four office locations as noted below:

Executive Office  
State Capitol  
219 State House  
Springfield, Illinois 62706

Operational Divisions  
Illinois Business Center  
400 West Monroe  
Springfield, Illinois 62704

Unclaimed Property & Other Divisions  
Myers Building  
1 W. Old State Capitol Plaza  
Springfield, Illinois 62701

Chicago Office & Personnel/Legal Programmatic  
James R. Thompson Center  
100 West Randolph Street  
Suite 15-600  
Chicago, Illinois 60601



**DAN RUTHERFORD**  
**TREASURER**  
**STATE OF ILLINOIS**

March 18, 2014

McGladrey LLP  
20 N. Martingale Road, Suite 500  
Schaumburg, Illinois 60173-2420

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the State of Illinois, Office of the Treasurer (Treasurer). 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 Treasurer's compliance with the following assertions during the two-year period ended June 30, 2013. Based on this evaluation, we assert that during the years ended June 30, 2013 and June 30, 2012, the Treasurer has materially complied with the assertions below.

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

Yours very truly,

State of Illinois, Office of the Treasurer



Honorable Dan Rutherford  
State Treasurer



Ms. Lori Ann McCabe  
Deputy Chief of Staff



Mr. Neil Olson  
General Counsel

**STATE OF ILLINOIS  
OFFICE OF THE TREASURER  
NONFISCAL OFFICER RESPONSIBILITIES**

**COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2013**

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**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	3	3
Repeated findings	2	1
Prior recommendations implemented or not repeated	1	1

**SCHEDULE OF FINDINGS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
<b>FINDINGS (STATE COMPLIANCE)</b>			
2013-001	9	Inadequate Controls Over Internship Program	Significant deficiency and noncompliance
2013-002	11	Noncompliance with Office Personnel Policies and Procedures	Significant deficiency and noncompliance
2013-003	13	Inadequate Controls Over Unclaimed Property	Significant deficiency and noncompliance
<b>PRIOR FINDINGS NOT REPEATED</b>			
A	15	Changes to Payroll Allocation not Supported or Documented	

**STATE OF ILLINOIS  
OFFICE OF THE TREASURER  
NONFISCAL OFFICER RESPONSIBILITIES**

**COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2013**

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**COMPLIANCE REPORT SUMMARY (CONTINUED)**

**EXIT CONFERENCE**

The findings and recommendations in this report were discussed with Treasurer personnel at an exit conference on January 28, 2014. Attending were:

**Office of the State Treasurer**

Barb Ringler	Chief Internal Auditor
Nick Barnard	Internal Auditor
Jessica Olive	Director of Accounting/Warrant
Lori Tinsley	Director of Human Resources
Roxanna Hollenstine	Director of Unclaimed Property & Compliance
Debbie Price	Director of IT
Tracy Rutter	Chief Procurement Officer/Director of Support Services
Neil Olson	General Counsel
Lori Ann McCabe	Deputy Chief of Staff

**Office of the Auditor General**

Tad Huskey	Audit Manager
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**McGladrey LLP**

Linda Abernethy	Partner
Syrl Thomas	Manager

The responses to the recommendations were provided by Ms. Barb Ringler in an email dated March 11, 2014.



**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, Office of the Treasurer, NonFiscal Officer Responsibilities' 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, 2013. The management of the State of Illinois, Office of the Treasurer, NonFiscal Officer Responsibilities is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Office of the Treasurer, NonFiscal Officer Responsibilities' compliance based on our examination.

- A. The State of Illinois, Office of the Treasurer, NonFiscal Officer Responsibilities 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, Office of the Treasurer, NonFiscal Officer Responsibilities 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, Office of the Treasurer, NonFiscal Officer Responsibilities 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, Office of the Treasurer, NonFiscal Officer Responsibilities 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, Office of the Treasurer, NonFiscal Officer Responsibilities on behalf of the State or held in trust by the State of Illinois, Office of the Treasurer, NonFiscal Officer Responsibilities 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, Office of the Treasurer, NonFiscal Officer Responsibilities' 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, Office of the Treasurer, NonFiscal Officer Responsibilities' compliance with specified requirements.

In our opinion, the State of Illinois, Office of the Treasurer, NonFiscal Officer Responsibilities complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2013. 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 2013-001, 2013-002, and 2013-003.

### **Internal Control**

Management of the State of Illinois, Office of the Treasurer, NonFiscal Officer Responsibilities 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, Office of the Treasurer, NonFiscal Officer Responsibilities' 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, Office of the Treasurer, NonFiscal Officer Responsibilities' internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Office of the Treasurer, NonFiscal Officer Responsibilities' internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the requirements listed in the first paragraph of this report on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings as items 2013-001, 2013-002, and 2013-003 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, Office of the Treasurer, NonFiscal Officer Responsibilities' responses to the findings identified in our examination are described in the accompanying schedule of findings. We did not examine the State of Illinois, Office of the Treasurer, NonFiscal Officer Responsibilities' responses and, accordingly, we express no opinion on the responses.

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

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information for the years ended June 30, 2013 and June 30, 2012 in Schedules 1 through 10 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, 2013 and June 30, 2012 accompanying supplementary information in Schedules 1 through 10. However, we do not express an opinion on the accompanying supplementary information.

We have not applied procedures to the June 30, 2011 accompanying supplementary information in Schedules 3, 6, 8, and 9, or 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 agency management, and is not intended to be and should not be used by anyone other than these specified parties.

*McGladrey LLP*

Schaumburg, Illinois  
March 18, 2014

**STATE OF ILLINOIS  
OFFICE OF THE TREASURER  
NONFISCAL OFFICER RESPONSIBILITIES**

**COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2013**

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**CURRENT FINDINGS**

**Finding 2013-001 Inadequate Controls Over Internship Program**

The Office of the Treasurer (Office) did not exercise adequate controls over its internship program.

The goal of the internship program is for college students to be introduced to State government. Their duties include, but are not limited to, performing general clerical duties, office support and, at the Treasurer's discretion, may include representing the Treasurer at various State and local events. Interns may also promote and advocate all programs and services offered by the Office. The internship program takes place during the summer and interns do not earn school credit for their work.

During our examination, we noted the Office had no formal written policies and procedures regarding the recruitment and management of interns or performance monitoring mechanisms within the internship program. Additionally, the Office did not perform and document a detailed cost-benefit analysis to determine the appropriate intern staffing needs.

In Fiscal Year 2012, no applications were filed with the Office's Human Resources. According to the Treasurer's Office, interns were referred to Human Resources by constituents of the Illinois Treasurer. In Fiscal Year 2013, a job application was made available on the Office's website. Potential candidates were to complete and submit the application to the Human Resources office. We noted the following deficiencies for Fiscal Year 2013:

- Eight of 11 (73%) interns tested did not have an application on file.
- Eleven of 11 (100%) interns tested did not have proper documentation that they met specific job qualifications as no specific job descriptions, qualifications or hiring practices were defined.

From May 2012 to September 2012, the Office spent a total of \$158,504 for the compensation of 51 interns and from May 2013 to September 2013, the Office spent \$170,936 for the compensation of 58 interns.

Fiscal Control and Internal Auditing Act (30 ILCS 10/1002) states that each chief executive officer of every State agency is responsible for effectively and efficiently managing the agency and establishing and maintaining an effective system of internal control.

Office management stated that these weaknesses over its internship program were due to the general nature of the interns work and the goal of exposing young adults to a variety of experiences in State government. The program was not designed to document qualifications for more specific job functions that would limit the possible assignments for interns. Office management stated that of the eight interns who "did not have an application on file," the Office maintained current application materials (an application or a resume) for seven of those eight interns, although through inadvertence, those materials were not maintained in the master human resources files tested in the audit.

**STATE OF ILLINOIS  
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**COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2013**

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**CURRENT FINDINGS**

**Finding 2013-001 Inadequate Controls Over Internship Program (Continued)**

Inadequate controls over the internship program may result in inefficient usage of State resources and unfair hiring practices. Lack of formal policies and procedures over recruitment and management of the Office's internship program may also lead to the hiring of unqualified individuals. (Finding Code No. 2013-001)

Recommendation

We recommend the Office develop policies and procedures for the hiring of interns. Policies and procedures should include details of the documentation needed from internship candidates (such as job applications and resumes), criteria for evaluating candidates, and other information needed to support fair and equitable hiring practices.

Treasurer's Response

The Treasurer agrees with the finding and recommendation. The Office will develop policies and procedures for the hiring of interns. The Office will ensure that these policies and procedures include details of the documentation needed from internship candidates (such as job applications and resumes), criteria for evaluating candidates, and other information needed to support fair and equitable hiring practices.

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**COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2013**

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**CURRENT FINDINGS**

**Finding 2013-002 Noncompliance with Office Personnel Policies and Procedures**

The Office of the Treasurer (Office) did not always conduct employee performance appraisals as required by Office policies and did not maintain job descriptions for some employees.

During testing, we noted the following:

- Three of 60 (5%) employees tested had no annual performance appraisal on file for 2012.
- Six of 60 (10%) employees tested had no annual performance appraisal on file for 2013.
- One of 60 (2%) employees tested had a performance appraisal completed five months before the appraisal end date.
- Four of 60 (7%) employees tested signed his/her annual performance appraisal from 121 to 167 days after the evaluation end date.
- One of 60 (2%) employees tested had an annual performance appraisal on file, but did not include the date the employee signed the appraisal.

In addition, we also noted that 2 of 60 (3%) employees tested did not have their job descriptions on file.

The Office's Personnel Rules (Rules) (80 Ill. Adm. Code 620.420 (d)) require performance appraisals to be conducted annually for each certified employee. In addition, the Treasurer's Office Employee Reference Manual states "All employees will generally be evaluated as follows: before the end of a new hire probationary period, fifteen (15) days before the conclusion of six (6) months, after hire; before the anniversary date that corresponds to the employee's initial hire date; before the end of a promotional probationary period, three months after promotion or transfer; and at any time deemed necessary by the immediate supervisor."

Good internal controls require clearly defined job descriptions be used to assign responsibilities within an agency.

Office management stated that missing or untimely performance appraisals were due to numerous staffing changes and prioritization of managerial duties. Human Resources sent, and continue to send, timely notifications and reminders to managers advising them of performance appraisal due dates and the importance of compliance.

Employee performance appraisals are an effective management tool for helping employees toward common goals. Performance appraisals are a systematic and uniform approach used for the development of employees and communication of performance expectations to employees. They should serve as foundation for salary adjustments, promotion, demotion, discharge, layoff, and recall and reinstatement decisions. Additionally, failure to ensure all employees receive a performance appraisal on a timely basis results in noncompliance with Office Rules and policies. A lack of clearly defined job descriptions could reduce the efficiency of the Office's operations and lead to employee disagreements regarding assigned responsibilities. (Finding Code No. 2013-002, 11-2, 09-1, 07-2, 05-1, 03-2)

**STATE OF ILLINOIS  
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**COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2013**

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**CURRENT FINDINGS**

**Finding 2013-002 Noncompliance with Office Personnel Policies and Procedures (Continued)**

Recommendation

We recommend Office management ensure performance appraisals are conducted on a timely basis in accordance with the Office's rules and policies. We further recommend the Office ensure all employees have job descriptions in their file.

Treasurer's Response

The Treasurer agrees with the finding and recommendation. The Office agrees with the importance of maintaining job descriptions and performing evaluations timely and in accordance with policy.

**STATE OF ILLINOIS  
OFFICE OF THE TREASURER  
NONFISCAL OFFICER RESPONSIBILITIES**

**COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2013**

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**CURRENT FINDINGS**

**Finding 2013-003 Inadequate Controls Over Unclaimed Property**

The Office of the Treasurer (Office) did not exercise adequate control over unclaimed property.

During testing, we noted the following deficiencies:

- The Uniform Disposition of Unclaimed Property Act (Act) (765 ILCS 1025/17(a)) requires the Office to attempt to return a firearm that has not been stolen or used in a crime, to the rightful owner, provided that the owner may lawfully possess the firearm as determined by the Department of State Police. If the Office is not able to return a firearm to its owner, the Office is required to transfer custody of the firearm to the Department of State Police for disposal. During our review of firearms maintained on the Office's unclaimed property inventory, as of June 30, 2013, a total of 30 firearms remained in the Office's unclaimed property inventory. These firearms were contained in 11 safe deposit boxes, and 18 of the firearms were contained in a single safe deposit box. These 30 firearms were received between April 26, 2010 and April 29, 2013.

We noted there were no transfers of firearms to the Department of State Police during Fiscal Years 2013 and 2012. The last time the Office transferred firearms to the Department of State Police pursuant to the Act (765 ILCS 1025/17(a)) was on June 25, 2010. At the time of testing, the Office's policy required transfer of firearms to the Department of State Police twice each calendar year. In addition, 5 of the 11 (45%) safe deposit box owner notifications were published in a newspaper from 165 to 346 days after the statutory publication deadline, which is either May 1<sup>st</sup> or November 1<sup>st</sup> depending on when the unclaimed property is received. The Act (765 ILCS 1025/12) requires the Treasurer to cause notice to be published once in an English language newspaper of general circulation in the county in this State in which is located the last known address of any person to be named in the notice.

- During our auction testing, three of 5 (60%) auction notices tested were published less than 3 weeks in advance of the auction start date. Auction notices were published between 8 and 17 days late. The Uniform Disposition of Unclaimed Property Act (765 ILCS 1025/17(b)) requires any sale of abandoned property under this section be preceded by a single publication of notice thereof, at least 3 weeks in advance of sale in an English language newspaper of general circulation in the county where the property is to be sold.
- During our testing, one of 25 (4%) items tested was sold for \$135 less than the reserve amount. The Office's Unclaimed Property Policies and Procedures require an item auctioned to be sold for at least the reserve value.

Office management stated firearms were not transferred because internal policies were not updated to reflect the Treasurer's directive. Late publication of box owners was due to a computer error, which was discovered and corrected by Unclaimed Property staff prior to audit testing. The auction notices have been posted under past practice relying on a different interpretation of the timing of notice, but will now be posted at least three weeks prior to the start of online auctions. The sale of one item at below the reserve amount was due to human error in entering data.

**STATE OF ILLINOIS  
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**COMPLIANCE EXAMINATION  
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**CURRENT FINDINGS**

**Finding 2013-003 Inadequate Controls Over Unclaimed Property (Continued)**

Failure to exercise adequate controls over unclaimed property increases the potential for possible loss or theft of unclaimed property and is also noncompliance with the State mandate and the Office's internal policies and procedures. (Finding Code No. 2013-003, 11-1)

Recommendation

We recommend the Office enhance its controls over the safeguarding of unclaimed property by:

- Publishing official notices of unclaimed property for firearms timely in a newspaper of general circulation;
- Transferring unclaimed firearms to the State Police in accordance with statute and internal policy;
- Advertising sales of abandoned property at least three weeks in advance of the sale; and
- Following policies and procedures pertaining to reserve values at auctions.

Treasurer's Response

The Treasurer agrees with the finding and recommendation. The Office will enhance its controls over the safeguarding of unclaimed property by:

- publishing official notices of unclaimed property timely in a newspaper of general circulation
- transferring unclaimed firearms to the State Police in accordance with statute and internal policy, per the Treasurer's directive, but not to exceed 15 years after receipt.
- advertising sales of abandoned property at least three weeks in advance of the sale; and
- following policies and procedure pertaining to reserve values at auctions.

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**PRIOR FINDINGS NOT REPEATED**

**A. (Changes to Payroll Allocation not Supported or Documented)**

During the prior examination, the Office of the Treasurer (Office) did not document or support changes made to the initial payroll allocation which was used to determine the operating budgets for specific functional areas.

During the current examination, our sample testing did not disclose any instances where the Office failed to maintain or document changes to the initial payroll allocation. (Finding Code No. 11-3)

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**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:

- Schedules of Appropriations, Expenditures and Lapsed Balances Fiscal Year 2013
  - Schedules of Appropriations, Expenditures and Lapsed Balances Fiscal Year 2012
  - Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
  - Comparative Schedule of Receipts, Disbursements and Fund Balance (Cash Basis) - Locally Held Funds
  - Schedules 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 Operations (Not Examined)
- Agency Functions and Planning Program (Not Examined)
  - Average Number of Employees (Not Examined)
  - Emergency Purchases (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 the accountants have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General, to the June 30, 2013 and June 30, 2012 supplementary information in Schedules 1 through 10. 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  
OFFICE OF THE TREASURER  
NONFISCAL OFFICER RESPONSIBILITIES  
COMPLIANCE EXAMINATION

Schedule 1

SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES

APPROPRIATIONS FOR FISCAL YEAR 2013  
Fourteen Months Ended August 31, 2013

Appropriated Funds	Appropriations (Net of Transfers)	Expenditures Through 06/30/2013	Lapse Period Expenditures 7/1 - 8/31/2013	Total Expenditures	Balances Lapsed
General Revenue Fund - 001 (PA 97-0726)					
Lump Sum	\$ 8,249,300	\$ 6,811,554	\$ 501,188	\$ 7,312,742	\$ 936,558
Refunds of accrued interest on protested tax cases	145,700	145,700	-	145,700	-
Total General Revenue Fund	\$ 8,395,000	\$ 6,957,254	\$ 501,188	\$ 7,458,442	\$ 936,558
State Pensions Fund - 054 (PA 97-0726)					
Lump Sum	\$ 9,343,930	\$ 8,398,502	\$ 210,648	\$ 8,609,150	\$ 734,780
General Obligation Bond Fund - 101 (PA 97-0685)					
Payment of principal on general obligation bonds and short-term borrowing	\$ 1,629,360,000	\$ 1,527,070,751	\$ -	\$ 1,527,070,751	\$ 102,289,249
Payment of interest on general obligation bonds and short-term borrowing	1,516,853,210	1,446,975,292	-	1,446,975,292	69,877,918
Total General Obligation Bond Fund	\$ 3,146,213,210	\$ 2,974,046,043	\$ -	\$ 2,974,046,043	\$ 172,167,167
General Obligation Bond Rebate Fund - 107 (PA 97-0726)					
Arbitrage Tax Rebate Payments	\$ 1,000,000	\$ -	\$ -	\$ -	\$ 1,000,000
Estate Tax Refund Fund - 121 (Continuing Appropriation)					
Estate Tax Refunds	\$ 13,440,082	\$ 13,440,082	\$ -	\$ 13,440,082	\$ -

(Continued)

STATE OF ILLINOIS  
OFFICE OF THE TREASURER  
NONFISCAL OFFICER RESPONSIBILITIES  
COMPLIANCE EXAMINATION

Schedule 1 (Cont.)

SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES - CONTINUED

APPROPRIATIONS FOR FISCAL YEAR 2013  
Fourteen Months Ended August 31, 2013

Appropriated Funds	Appropriations (Net of Transfers)	Expenditures Through 06/30/2013	Lapse Period Expenditures 7/1 - 8/31/2013	Total Expenditures	Balances Lapsed
Bank Service Trust Fund - 373 (PA 97-0726) Payments for banking services	\$ 8,100,000	\$ 2,725,637	\$ 341,651	\$ 3,067,288	\$ 5,032,712
Charitable Trust Stabilization Fund - 435 (PA 97-0726) Awards and Grants, Lump Sum and Other Purposes	\$ 2,000,000	\$ -	\$ 640	\$ 640	\$ 1,999,360
Matured Bond and Coupon Fund - 625 (PA 97-0726) Payments of matured bonds and interest coupons	\$ 500,000	\$ 170,000	\$ -	\$ 170,000	\$ 330,000
Estate Tax Distributive Fund - 815 (PA 97-0726) Payments to counties pursuant to Section 13b of the Illinois Estate and Generation-Skipping Transfer Tax Act	\$ 27,000,000	\$ 2,612,908	\$ -	\$ 2,612,908	\$ 24,387,092
Total Appropriated Funds	\$ 3,215,992,222	\$ 3,008,350,426	\$ 1,054,127	\$ 3,009,404,553	\$ 206,587,669

(Continued)

STATE OF ILLINOIS  
OFFICE OF THE TREASURER  
NONFISCAL OFFICER RESPONSIBILITIES  
COMPLIANCE EXAMINATION

Schedule 1 (Cont.)

SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES - CONTINUED

APPROPRIATIONS FOR FISCAL YEAR 2013  
Fourteen Months Ended August 31, 2013

Nonappropriated Funds	Expenditures Through 06/30/2013	Lapse Period Expenditures 7/1 - 8/31/2013	Total Expenditures
IPTIP Administrative Trust Fund - 195			
Administrative expenses of the Illinois Public Treasurers' Investment Pool	\$ 2,955,786	\$ 116,229	\$ 3,072,015
Protest Fund - 401			
Refund of monies paid under protest	\$ 53,521,693	\$ -	\$ 53,521,693
Unclaimed Property Trust Fund - 482			
Refund of assets claimed	\$ 106,940,668	\$ 216,207	\$ 107,156,875
Litigation Expenses	948,602	-	948,602
Total Unclaimed Property Trust Fund - 482	\$ 107,889,270	\$ 216,207	\$ 108,105,477
Municipal Economic Development Fund - 650			
Payments to Cities/Villages	\$ 304,281	\$ 11,349	\$ 315,630
College Savings Plan Administration Fund - 668			
College Savings Plan administrative costs	\$ 736,348	\$ 75,115	\$ 811,463
Convention Center Support Fund - 933			
Grants to local governments	\$ 6,902,195	\$ 443,053	\$ 7,345,248
Total All Nonappropriated Funds	\$ 172,309,573	\$ 861,953	\$ 173,171,526
Total All Funds	\$ 3,180,659,999	\$ 1,916,080	\$ 3,182,576,079

Note: Appropriations, expenditures, and lapsed balances were obtained from Agency records and have been reconciled to the records of the State 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  
OFFICE OF THE TREASURER  
NONFISCAL OFFICER RESPONSIBILITIES  
COMPLIANCE EXAMINATION

Schedule 2

SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES

APPROPRIATIONS FOR FISCAL YEAR 2012  
Eighteen Months Ended December 31, 2012

Appropriated Funds	Appropriations (Net After Transfers)	Expenditures Through 06/30/2012	Lapse Period Expenditures 7/1 - 12/31/2012	Total Expenditures	Balances Lapsed
General Revenue Fund - 001 (PA 97-0056 and PA 97-0642)					
Personal services	\$ 5,224,600	\$ 5,173,847	\$ 380	\$ 5,174,227	\$ 50,373
Employee retirement - contributions paid by employer	148,800	148,215	-	148,215	585
State contribution to social security	399,700	384,957	29	384,986	14,714
Contractual services	619,600	581,845	19,663	601,508	18,092
Travel	97,400	76,785	12,250	89,035	8,365
Commodities	55,100	40,550	9,469	50,019	5,081
Printing	11,000	3,520	6,803	10,323	677
Equipment	72,100	14,920	48,626	63,546	8,554
Electronic data processing	1,268,900	956,124	267,977	1,224,101	44,799
Telecommunications	88,300	73,026	13,367	86,393	1,907
Operation of auto equipment	10,900	9,907	766	10,673	227
Refunds of estate tax overpaid, and accrued interest thereon	8,354,300	8,354,300	-	8,354,300	-
Refunds of accrued interest on protested tax cases	145,700	145,700	-	145,700	-
Inspector General	252,900	76,347	2,324	78,671	174,229
<b>Total General Revenue Fund</b>	<b>\$ 16,749,300</b>	<b>\$ 16,040,043</b>	<b>\$ 381,654</b>	<b>\$ 16,421,697</b>	<b>\$ 327,603</b>

(Continued)

STATE OF ILLINOIS  
OFFICE OF THE TREASURER  
NONFISCAL OFFICER RESPONSIBILITIES  
COMPLIANCE EXAMINATION

Schedule 2 (Cont.)

SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES - CONTINUED

APPROPRIATIONS FOR FISCAL YEAR 2012  
Eighteen Months Ended December 31, 2012

Appropriated Funds	Appropriations (Net After Transfers)	Expenditures Through 06/30/2012	Lapse Period Expenditures 7/1 - 12/31/2012	Total Expenditures	Balances Lapsed
State Pensions Fund - 054 (PA 97-0056)					
Personal services	\$ 2,715,800	\$ 2,616,497	\$ -	\$ 2,616,497	\$ 99,303
Employee retirement - contributions paid by employer	69,300	64,969	-	64,969	4,331
State contribution to State Employees' Retirement System	900,600	896,389	-	896,389	4,211
State contribution to social security	218,800	212,354	2,667	215,021	3,779
Group insurance - contributions paid by employer	883,800	882,038	1,153	883,191	609
Contractual services	2,543,000	2,002,303	440,436	2,442,739	100,261
Travel	61,400	51,289	6,413	57,702	3,698
Commodities	32,100	15,058	10,701	25,759	6,341
Printing	15,000	3,046	1,918	4,964	10,036
Equipment	30,600	8,623	15,954	24,577	6,023
Electronic data processing	1,009,130	785,879	198,661	984,540	24,590
Telecommunications	58,700	29,767	9,930	39,697	19,003
Operation of auto equipment	5,700	3,942	1,342	5,284	416
<b>Total State Pensions Fund</b>	<b>\$ 8,543,930</b>	<b>\$ 7,572,154</b>	<b>\$ 689,175</b>	<b>\$ 8,261,329</b>	<b>\$ 282,601</b>
General Obligation Bond Fund - 101 (PA 97-0055)					
Payment of principal on general obligation bonds and short-term borrowing	\$ 1,533,673,439	\$ 1,465,673,439	\$ -	\$ 1,465,673,439	\$ 68,000,000
Payment of interest on general obligation bonds and short-term borrowing	1,565,041,032	1,471,336,869	-	1,471,336,869	93,704,163
Payment to trustee for future bond debentures	1,934,434,705	1,934,434,704	-	1,934,434,704	1
<b>Total General Obligation Bond Fund</b>	<b>\$ 5,033,149,176</b>	<b>\$ 4,871,445,012</b>	<b>\$ -</b>	<b>\$ 4,871,445,012</b>	<b>\$ 161,704,164</b>
General Obligation Bond Rebate Fund - 107 (PA 97-0056)					
Arbitrage Tax Rebate Payments	\$ 500,000	\$ -	\$ 237,119	\$ 237,119	\$ 262,881

(Continued)

STATE OF ILLINOIS  
OFFICE OF THE TREASURER  
NONFISCAL OFFICER RESPONSIBILITIES  
COMPLIANCE EXAMINATION

Schedule 2 (Cont.)

SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES - CONTINUED

APPROPRIATIONS FOR FISCAL YEAR 2012  
Eighteen Months Ended December 31, 2012

Appropriated Funds	Appropriations (Net After Transfers)	Expenditures Through 06/30/2012	Lapse Period Expenditures 7/1 - 12/31/2012	Total Expenditures	Balances Lapsed
Hospital Basic Services Preservation Fund - 284 (PA 97-0056) Awards and Grants	\$ 5,000,000	\$ -	\$ -	\$ -	\$ 5,000,000
Bank Service Trust Fund - 373 (PA 97-0056) Payments for banking services	\$ 8,100,000	\$ 2,796,633	\$ 575,006	\$ 3,371,639	\$ 4,728,361
Charitable Trust Stabilization Fund - 435 (PA 97-0642) Awards and Grants, Lump Sum and Other Purposes	\$ 2,500,000	\$ -	\$ -	\$ -	\$ 2,500,000
Capital Litigation Trust Fund - 614 (PA 97-0056 and 97-0063) Lump Sum, Operations Awards and Grants	\$ 225,000 7,441,200	\$ 145,813 1,408,855	\$ - -	\$ 145,813 1,408,855	\$ 79,187 6,032,345
Total Capital Litigation Trust Fund	\$ 7,666,200	\$ 1,554,668	\$ -	\$ 1,554,668	\$ 6,111,532
Matured Bond and Coupon Fund - 625 (PA 97-0056) Payments of matured bonds and interest coupons	\$ 2,235,000	\$ 2,235,000	\$ -	\$ 2,235,000	\$ -
Estate Tax Distributive Fund - 815 (PA 97-0056) Payments to counties pursuant to Section 13b of the Illinois Estate and Generation-Skipping Transfer Tax Act	\$ 27,000,000	\$ 12,318,988	\$ 1,241,718	\$ 13,560,706	\$ 13,439,294
Total Appropriated Funds	\$ 5,111,443,606	\$ 4,913,962,498	\$ 3,124,672	\$ 4,917,087,170	\$ 194,356,436

(Continued)

STATE OF ILLINOIS  
OFFICE OF THE TREASURER  
NONFISCAL OFFICER RESPONSIBILITIES  
COMPLIANCE EXAMINATION

Schedule 2 (Cont.)

SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED  
BALANCES - CONTINUED

APPROPRIATIONS FOR FISCAL YEAR 2012  
Eighteen Months Ended December 31, 2012

Nonappropriated Funds	Expenditures Through 06/30/2012	Lapse Period Expenditures 7/1 - 12/31/2012	Total Expenditures
IPTIP Administrative Trust Fund - 195 Administrative expenses of the Illinois Public Treasurers' Investment Pool	\$ 2,830,337	\$ 67,528	\$ 2,897,865
Protest Fund - 401 Refund of monies paid under protest	\$ 14,552,206	\$ -	\$ 14,552,206
Unclaimed Property Trust Fund - 482 Refund of assets claimed	\$ 88,472,102	\$ 148,038	\$ 88,620,140
Municipal Economic Development Fund - 650 Payments to Cities/Villages	\$ 376,868	\$ -	\$ 376,868
College Savings Plan Administration Fund - 668 College Savings Plan Administrative costs	\$ 818,609	\$ 27,398	\$ 846,007
Convention Center Support Fund - 933 Grants to Local Governments	\$ 1,802,964	\$ 409,325	\$ 2,212,289
Total All Nonappropriated Funds	<u>\$ 108,853,086</u>	<u>\$ 652,289</u>	<u>\$ 109,505,375</u>
Total All Funds	<u>\$ 5,022,815,584</u>	<u>\$ 3,776,961</u>	<u>\$ 5,026,592,545</u>

Note: Appropriations, expenditures, and lapsed balances were obtained from Agency records and have been reconciled to the records of the State 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  
OFFICE OF THE TREASURER  
NONFISCAL OFFICER RESPONSIBILITIES  
COMPLIANCE EXAMINATION

Schedule 3

COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES  
AND LAPSED BALANCES

For the Years Ended June 30,

	2013	Fiscal Year 2012	2011
	PA 97-0726, PA 97-0685	PA 97-0055, PA 97-0056, PA 97-0063, PA 97-0642	PA 96-0956
General Revenue Fund - 001			
Appropriations (net after transfers)	\$ 8,395,000	\$ 16,749,300	\$ 16,917,700
Expenditures			
Personal services	4,729,739	5,174,227	4,928,137
Employee retirement - contributions paid by employer	133,756	148,215	130,692
State contribution to social security	350,595	384,986	368,074
Contractual services	701,740	601,508	606,178
Travel	67,743	89,035	93,202
Commodities	32,106	50,019	46,109
Printing	9,279	10,323	11,021
Equipment	27,005	63,546	11,829
Electronic data processing	1,081,245	1,224,101	1,108,082
Telecommunications	71,492	86,393	88,851
Operation of auto equipment	9,642	10,673	8,957
Refunds of estate tax overpaid, and accrued interest thereon	-	8,354,300	8,354,278
Refunds of accrued interest on protested tax cases	145,700	145,700	145,722
Inspector General	98,400	78,671	128,084
Total Expenditures	7,458,442	16,421,697	16,029,216
Lapsed Balances	\$ 936,558	\$ 327,603	\$ 888,484

(Continued)

STATE OF ILLINOIS  
OFFICE OF THE TREASURER  
NONFISCAL OFFICER RESPONSIBILITIES  
COMPLIANCE EXAMINATION

Schedule 3 (Cont.)

COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES  
AND LAPSED BALANCES - CONTINUED

For the Years Ended June 30,

	2013	Fiscal Year 2012	2011
	PA 97-0726, PA 97-0685	PA 97-0055, PA 97-0056, PA 97-0063, PA 97-0642	PA 96-0956
<b>State Pensions Fund - 054</b>			
Appropriations (net after transfers)	\$ 9,343,930	\$ 8,543,930	\$ 8,543,930
<b>Expenditures</b>			
Personal services	2,841,872	2,616,497	2,448,953
Employee retirement - contributions paid by employer	67,852	64,969	57,529
State contribution to State Employees' Retirement System	1,082,308	896,389	719,619
State contribution to Social Security	233,522	215,021	199,378
Group insurance - contributions paid by employer	1,212,238	883,191	686,758
Contractual services	1,949,861	2,442,739	1,462,523
Travel	73,774	57,702	26,771
Commodities	46,731	25,759	36,200
Printing	12,261	4,964	2,058
Equipment	121,613	24,577	6,190
Electronic data processing	891,241	984,540	886,822
Telecommunications	68,847	39,697	26,433
Operation of auto equipment	7,030	5,284	4,872
<b>Total Expenditures</b>	<b>8,609,150</b>	<b>8,261,329</b>	<b>6,564,106</b>
<b>Lapsed Balances</b>	<b>\$ 734,780</b>	<b>\$ 282,601</b>	<b>\$ 1,979,824</b>
<b>General Obligation Bond Fund - 101</b>			
Appropriations (net after transfers)	\$ 3,146,213,210	\$ 5,033,149,176	\$ 4,282,073,525
<b>Expenditures</b>			
Payment of principal on general obligation bonds and short-term borrowing	1,527,070,751	1,465,673,439	2,954,355,030
Payment of interest on general obligation bonds and short-term borrowing	1,446,975,292	1,471,336,869	1,327,718,494
Payment to trustee for future bond debentures	-	1,934,434,704	-
<b>Total Expenditures</b>	<b>2,974,046,043</b>	<b>4,871,445,012</b>	<b>4,282,073,524</b>
<b>Lapsed Balances</b>	<b>\$ 172,167,167</b>	<b>\$ 161,704,164</b>	<b>\$ 1</b>

(Continued)

STATE OF ILLINOIS  
OFFICE OF THE TREASURER  
NONFISCAL OFFICER RESPONSIBILITIES  
COMPLIANCE EXAMINATION

Schedule 3 (Cont.)

COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES  
AND LAPSED BALANCES - CONTINUED

For the Years Ended June 30,

	2013	Fiscal Year 2012	2011
	PA 97-0726, PA 97-0685	PA 97-0055, PA 97-0056, PA 97-0063, PA 97-0642	PA 96-0956
<b>General Obligation Bond Rebate Fund - 107</b>			
Appropriations (net after transfers)	\$ 1,000,000	\$ 500,000	\$ 500,000
Expenditures			
Arbitrage tax rebate payments	-	237,119	-
Lapsed Balances	\$ 1,000,000	\$ 262,881	\$ 500,000
<b>Estate Tax Refund Fund - 121</b>			
Appropriations (net after transfers)	\$ 13,440,082	\$ -	\$ -
Expenditures			
Estate tax refunds	13,440,082	-	-
Lapsed Balances	\$ -	\$ -	\$ -
<b>Hospital Basic Services Preservation Fund - 284</b>			
Appropriations (net after transfers)	\$ -	\$ 5,000,000	\$ 5,000,000
Expenditures			
Awards and grants	-	-	-
Lapsed Balances	\$ -	\$ 5,000,000	\$ 5,000,000
<b>Bank Services Trust Fund - 373</b>			
Appropriations (net after transfers)	\$ 8,100,000	\$ 8,100,000	\$ 8,100,000
Expenditures			
Payments for banking services	3,067,288	3,371,639	4,012,691
Lapsed Balances	\$ 5,032,712	\$ 4,728,361	\$ 4,087,309
<b>Charitable Trust Stabilization Fund - 435</b>			
Appropriations (net after transfers)	\$ 2,000,000	\$ 2,500,000	\$ -
Expenditures			
Awards and grants, lump sums and other purposes	640	-	-
Lapsed Balances	\$ 1,999,360	\$ 2,500,000	\$ -

(Continued)

STATE OF ILLINOIS  
OFFICE OF THE TREASURER  
NONFISCAL OFFICER RESPONSIBILITIES  
COMPLIANCE EXAMINATION

Schedule 3 (Cont.)

COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES  
AND LAPSED BALANCES - CONTINUED

For the Years Ended June 30,

	2013	Fiscal Year 2012	2011
	PA 97-0726, PA 97-0685	PA 97-0055, PA 97-0056, PA 97-0063, PA 97-0642	PA 96-0956
Capital Litigation Trust Fund - 614			
Appropriations (net after transfers)	\$ -	\$ 7,666,200	\$ 13,142,100
Expenditures			
Lump sums and operations	-	145,813	252,899
Awards and grants	-	1,408,855	10,233,334
Total Expenditures	-	1,554,668	10,486,233
Lapsed Balances	\$ -	\$ 6,111,532	\$ 2,655,867
Matured Bond and Coupon Fund - 625			
Appropriations (net after transfers)	\$ 500,000	\$ 2,235,000	\$ 500,000
Expenditures			
Payment of matured bonds and interest coupons	170,000	2,235,000	167,500
Lapsed Balances	\$ 330,000	\$ -	\$ 332,500
Estate Tax Distributive Fund – 815			
Appropriations (net after transfers)	\$ 27,000,000	\$ 27,000,000	\$ 27,000,000
Expenditures			
Payments to counties	2,612,908	13,560,706	6,849,709
Lapsed Balances	\$ 24,387,092	\$ 13,439,294	\$ 20,150,291
Total All Appropriated Funds			
Appropriations (net after transfers)	\$ 3,215,992,222	\$ 5,111,443,606	\$ 4,361,777,255
Expenditures	3,009,404,553	4,917,087,170	4,326,182,979
Lapsed Balances	\$ 206,587,669	\$ 194,356,436	\$ 35,594,276

(Continued)

**STATE OF ILLINOIS  
OFFICE OF THE TREASURER  
NONFISCAL OFFICER RESPONSIBILITIES  
COMPLIANCE EXAMINATION**

**Schedule 3 (Cont.)**

**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES  
AND LAPSED BALANCES - CONTINUED**

**For the Years Ended June 30,**

Nonappropriated Funds	2013	Fiscal Year 2012	2011
<hr/>			
IPTIP Administrative Trust Fund - 195			
Administrative expenses of the Illinois Public Treasurer's Investment Pool	\$ 3,072,015	\$ 2,897,865	\$ 2,792,468
<hr/>			
Protest Fund – 401			
Refund of monies paid under protest	\$ 53,521,693	\$ 14,552,206	\$ 58,008,855
<hr/>			
Unclaimed Property Trust Fund - 482			
Refunds of assets claimed	\$ 107,156,875	\$ 88,620,140	\$ 67,222,933
Litigation expenses	948,602	-	-
<hr/>			
Total Unclaimed Property Trust Fund - 482	\$ 108,105,477	\$ 88,620,140	\$ 67,222,933
<hr/>			
Municipal Economic Development Fund - 650			
Payments to Cities/Villages	\$ 315,630	\$ 376,868	\$ 379,827
<hr/>			
College Savings Plan Administration Fund - 668			
College Savings Pool administrative costs	\$ 811,463	\$ 846,007	\$ 1,104,858
<hr/>			
Administration Chamber vs. Filan Fund- 837			
Payments pursuant to settlement agreement	\$ -	\$ -	\$ 1,003,000
<hr/>			
Claims Chamber vs. Filan Fund - 847			
Contractual Services	\$ -	\$ -	\$ 3,228,790
<hr/>			
Convention Center Support Fund - 933			
Grants to local governments	\$ 7,345,248	\$ 2,212,289	\$ 1,858,922
<hr/>			
Total Nonappropriated Funds	\$ 173,171,526	\$ 109,505,375	\$ 135,599,653
<hr/>			
Total - All Funds Expenditures	\$ 3,182,576,079	\$ 5,026,592,545	\$ 4,461,782,632
<hr/>			

The comparative schedule of net appropriations, expenditures and lapsed balances does not include State officers' salaries paid by the Office of the Comptroller. For the years ended June 30, 2013, 2012 and 2011, State officers' salaries paid from the Office of the Comptroller were as follows:

Salaries paid from the Comptroller's			
Illinois State Treasurer	\$ 135,669	\$ 135,669	\$ 130,539
Executive Inspector General	105,996	105,996	101,123
<hr/>			
Total Expenditures	\$ 241,665	\$ 241,665	\$ 231,662
<hr/>			

Fiscal Year 2011 expenditures and lapsed balances do not reflect interest payments approved and submitted after August.

STATE OF ILLINOIS  
OFFICE OF THE TREASURER  
NONFISCAL OFFICER RESPONSIBILITIES  
COMPLIANCE EXAMINATION

Schedule 4

COMPARATIVE SCHEDULE OF RECEIPTS, DISBURSEMENTS AND FUND  
BALANCE (CASH BASIS) - LOCALLY HELD FUNDS  
For the Two Years Ended June 30, 2013

Fund No. 1267 Illinois Insured Mortgage Pilot Program

Cash balance, July 1, 2011	\$ 539
Receipts	5,097,628
Disbursements	<u>5,098,166</u>
Cash balance, June 30, 2012	<u>\$ 1</u>
Cash balance, July 1, 2012	\$ 1
Receipts	87,647
Disbursements	<u>87,647</u>
Cash balance, June 30, 2013	<u>\$ 1</u>

Fund No. 1333 Treasurer's Securities in Safekeeping

Cash balance, July 1, 2011	\$ 215,081
Receipts	-
Disbursements	<u>-</u>
Cash balance, June 30, 2012	<u>\$ 215,081</u>
Cash balance, July 1, 2012	\$ 215,081
Receipts	-
Disbursements	<u>-</u>
Cash balance, June 30, 2013	<u>\$ 215,081</u>

(Continued)

**STATE OF ILLINOIS  
OFFICE OF THE TREASURER  
NONFISCAL OFFICER RESPONSIBILITIES  
COMPLIANCE EXAMINATION**

**Schedule 4 (Cont.)**

**COMPARATIVE SCHEDULE OF RECEIPTS, DISBURSEMENTS AND FUND  
BALANCE (CASH BASIS) - LOCALLY HELD FUNDS - CONTINUED  
For the Two Years Ended June 30, 2013**

Fund No. 1370 Home Loan Collateral Fund

Cash balance, July 1, 2011	\$ 6,126,983
Receipts	18,771
Disbursements	<u>13,000</u>
Cash balance, June 30, 2012	<u>\$ 6,132,754</u>
Cash balance, July 1, 2012	\$ 6,132,754
Receipts	35,161
Disbursements	<u>36,760</u>
Cash balance, June 30, 2013	<u>\$ 6,131,155</u>

Fund No. 1383 Hospital Basic Services Preservation Collateral Fund

Cash balance, July 1, 2011	\$ 5,000,000
Receipts	11,773
Disbursements	<u>31,222</u>
Cash balance, June 30, 2012	<u>\$ 4,980,551</u>
Cash balance, July 1, 2012	\$ 4,980,551
Receipts	6,404
Disbursements	<u>235,572</u>
Cash balance, June 30, 2013	<u>\$ 4,751,383</u>

STATE OF ILLINOIS  
OFFICE OF THE TREASURER  
NONFISCAL OFFICER RESPONSIBILITIES  
COMPLIANCE EXAMINATION

Schedule 5

SCHEDULES OF CHANGES IN STATE PROPERTY

For the Two Years Ended June 30, 2013

	<u>Equipment</u>
Balance at July 1, 2011	\$ 3,073,520
Additions	508,414
Deletions	(429,261)
Net transfers	<u>142,005</u>
Balance at June 30, 2012	<u>\$ 3,294,678</u>
Balance at July 1, 2012	\$ 3,294,678
Additions	280,686
Deletions	(387,964)
Net transfers	<u>229,153</u>
Balance at June 30, 2013	<u>\$ 3,416,553</u>

Note: This schedule has been reconciled to property reports submitted to the Department of Central Management Services and the Office of the Comptroller.

STATE OF ILLINOIS  
OFFICE OF THE TREASURER  
NONFISCAL OFFICER RESPONSIBILITIES  
COMPLIANCE EXAMINATION

Schedule 6

COMPARATIVE SCHEDULE OF CASH RECEIPTS

For the Years Ended June 30,

	Fiscal Year		
	2013	2012	2011
General Revenue Fund - 001			
Investment income	\$ 19,443,986	\$ 20,902,758	\$ 27,498,609
Miscellaneous receipts	9,303	6,687	8,835
Private organizations or Individuals	9,998	16,598	98,914
Reimbursement from employees for jury duty and personal phone calls	71	97	92
Prior year refund	74	138	657
Total General Revenue Fund	\$ 19,463,432	\$ 20,926,278	\$ 27,607,107
State Pensions Fund - 054			
Miscellaneous receipts	\$ 207	\$ -	\$ 32
General Obligation Bond Retirement and Interest Fund - 101			
Investment income	\$ 4,792,751	\$ 6,272,335	\$ 4,087,838
Estate Tax Refund Fund - 121			
Estate taxes	\$ 16,269,780	\$ -	\$ -
IPTIP Administrative Fund - 195			
State and local government	\$ 2,871,900	\$ 2,887,071	\$ 3,256,528
Reimbursement from employees for jury duty and personal phone calls	15	17	30
Prior year refund	-	741	-
Total IPTIP Administrative Fund	\$ 2,871,915	\$ 2,887,829	\$ 3,256,558
Methamphetamine Law Enforcement Fund - 283			
Fines, penalties or violations	\$ 22,154	\$ 20,322	\$ 15,748
Treasurer's Rental Fee Fund - 331			
Rental income	\$ 20,398	\$ 16,165	\$ 5,500
Metropolitan Pier and Exposition Authority Trust Fund - 337			
Investment income	\$ 105,948	\$ 87,878	\$ 140,810
Charitable Trust Stabilization Fund - 435			
Investment income	\$ 7,511	\$ 3,609	\$ -
Unclaimed Property Trust Fund - 482			
Unclaimed assets	\$ 299,806,795	\$ 260,896,233	\$ 227,589,548
Prior year refund	7,266	42	328,137
Total Unclaimed Property Trust Fund	\$ 299,814,061	\$ 260,896,275	\$ 227,917,685

(Continued)

**STATE OF ILLINOIS  
OFFICE OF THE TREASURER  
NONFISCAL OFFICER RESPONSIBILITIES  
COMPLIANCE EXAMINATION**

**Schedule 6 (Cont.)**

**COMPARATIVE SCHEDULE OF CASH RECEIPTS - CONTINUED**

**For the Years Ended June 30,**

	Fiscal Year		
	2013	2012	2011
Capital Litigation Trust Fund - 614			
Investment income	\$ -	\$ 2,164	\$ 9,661
Miscellaneous receipts	-	343	21,011
Total Capital Litigation Trust Fund	\$ -	\$ 2,507	\$ 30,672
Matured Bond and Coupon Fund - 625			
Matured and unredeemed bonds and coupons	\$ -	\$ 1,910,000	\$ 3,815,000
Municipal Economic Development Fund - 650			
Investment income	\$ 140	\$ 196	\$ 436
College Savings Plan Administrative Fund - 668			
Investment income	\$ 1,604	\$ 978	\$ 1,988
License fee or registration	1,336,995	1,168,446	1,073,950
Miscellaneous receipts	-	40,018	-
Prior year refund	-	-	4
Total College Savings Plan Administrative Fund	\$ 1,338,599	\$ 1,209,442	\$ 1,075,942
FY09 Budget Relief Fund - 678			
Prior year refund	\$ -	\$ -	\$ 78
Rate Adjustment Fund - 685			
Investment income	\$ 29,187	\$ 55,227	\$ 104,295
Capital Projects Fund - 694			
Investment income	\$ 79,073	\$ 100,690	\$ 121,607
State Treasurer Court Ordered Escrow Fund - 932			
Investment income	\$ 2,162	\$ 2,880	\$ 4,175
Convention Center Support Fund - 933			
Airport departure tax - increase	\$ 2,331,505	\$ 2,208,461	\$ 1,655,519
Industrial Commission Surcharge Escrow Fund - 937			
Investment income	\$ -	\$ -	\$ 16,605
MPEA Grants Fund - 941			
Airport departure tax - increase	\$ 6,994,514	\$ 6,625,384	\$ 4,966,558
Total Receipts	\$ 354,143,337	\$ 303,225,478	\$ 274,822,165

Note: This schedule represents cash receipts not reported in other reports. The Treasurer receives cash receipts from inheritance/estate taxes, bond issuance, and interest income. Inheritance/estate taxes, bond issuance, and interest income are included in a separate report – State of Illinois, Office of the Treasurer, Fiscal Officer Responsibilities.

STATE OF ILLINOIS  
OFFICE OF THE TREASURER  
NONFISCAL OFFICER RESPONSIBILITIES  
COMPLIANCE EXAMINATION

Schedule 7

RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS  
REMITTED TO THE STATE COMPTROLLER

Year Ended June 30, 2013

	General Revenue Fund	State Pensions Fund	General Obligation BR&I Fund	Estate Tax Refund	IPTIP Administrative Fund	Methamphetamine Law Enforcement Fund	Treasurer's Rental Fee Fund	MPEA Trust Fund	Charitable Trust Stabilization Fund
Receipts received by Treasurer deposited into clearing account	\$ 19,463,432	\$ 207	\$ 4,792,751	\$ 16,269,780	\$ 2,871,915	\$ 22,154	\$ 20,398	\$ 105,948	\$ 7,511
Plus deposits in transit, beginning of year	-	-	-	-	-	100	-	-	-
Less deposits in transit, end of year	-	-	-	(215,390)	-	-	-	-	-
Deposits remitted to Comptroller	<u>\$ 19,463,432</u>	<u>\$ 207</u>	<u>\$ 4,792,751</u>	<u>\$ 16,054,390</u>	<u>\$ 2,871,915</u>	<u>\$ 22,254</u>	<u>\$ 20,398</u>	<u>\$ 105,948</u>	<u>\$ 7,511</u>

	Unclaimed Property Trust Fund	Municipal Economic Development Fund	College Savings Plan Administrative Fund	Rate Adjustment Fund	Capital Projects Fund	State Treasurer Court Ordered Escrow Fund	Convention Center Support Fund	MPEA Grants Fund	Total
Receipts received by Treasurer deposited into clearing account	\$ 299,814,061	\$ 140	\$ 1,338,599	\$ 29,187	\$ 79,073	\$ 2,162	\$ 2,331,505	\$ 6,994,514	\$ 354,143,337
Plus deposits in transit, beginning of year	239,987	-	-	-	-	-	202,094	606,284	1,048,465
Less deposits in transit, end of year	(2,134,026)	-	-	-	-	-	(222,079)	(666,238)	(3,237,733)
Deposits remitted to Comptroller	<u>\$ 297,920,022</u>	<u>\$ 140</u>	<u>\$ 1,338,599</u>	<u>\$ 29,187</u>	<u>\$ 79,073</u>	<u>\$ 2,162</u>	<u>\$ 2,311,520</u>	<u>\$ 6,934,560</u>	<u>\$ 351,954,069</u>

STATE OF ILLINOIS  
OFFICE OF THE TREASURER  
NONFISCAL OFFICER RESPONSIBILITIES  
COMPLIANCE EXAMINATION

Schedule 7 (Cont.)

RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS  
REMITTED TO THE STATE COMPTROLLER

Year Ended June 30, 2012

	General Revenue Fund	General Obligation BR&I Fund	IPTIP Administrative Fund	Methamphetamine Law Enforcement Fund	Treasurer's Rental Fee Fund	MPEA Trust Fund	Charitable Trust Stabilization Fund	Unclaimed Property Trust Fund	Capital Litigation Trust Fund
Receipts received by Treasurer deposited into clearing account	\$ 20,926,278	\$ 6,272,335	\$ 2,887,829	\$ 20,322	\$ 16,165	\$ 87,878	\$ 3,609	\$ 260,896,275	\$ 2,507
Plus deposits in transit, beginning of year	215	-	-	-	-	-	-	9,617	-
Less deposits in transit, end of year	-	-	-	(100)	-	-	-	(239,987)	-
Deposits remitted to Comptroller	<u>\$ 20,926,493</u>	<u>\$ 6,272,335</u>	<u>\$ 2,887,829</u>	<u>\$ 20,222</u>	<u>\$ 16,165</u>	<u>\$ 87,878</u>	<u>\$ 3,609</u>	<u>\$ 260,665,905</u>	<u>\$ 2,507</u>

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	Matured Bond and Coupon Fund	Municipal Economic Development Fund	College Savings Plan Administrative Fund	Rate Adjustment Fund	Capital Projects Fund	State Treasurer Court Ordered Escrow Fund	Convention Center Support Fund	MPEA Grants Fund	Total
Receipts received by Treasurer deposited into clearing account	\$ 1,910,000	\$ 196	\$ 1,209,442	\$ 55,227	\$ 100,690	\$ 2,880	\$ 2,208,461	\$ 6,625,384	\$ 303,225,478
Plus deposits in transit, beginning of year	-	-	-	-	-	-	-	-	9,832
Less deposits in transit, end of year	-	-	-	-	-	-	(202,094)	(606,284)	(1,048,465)
Deposits remitted to Comptroller	<u>\$ 1,910,000</u>	<u>\$ 196</u>	<u>\$ 1,209,442</u>	<u>\$ 55,227</u>	<u>\$ 100,690</u>	<u>\$ 2,880</u>	<u>\$ 2,006,367</u>	<u>\$ 6,019,100</u>	<u>\$ 302,186,845</u>

**STATE OF ILLINOIS  
OFFICE OF THE TREASURER  
NONFISCAL OFFICER RESPONSIBILITIES  
COMPLIANCE EXAMINATION**

**Schedule 8**

**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**

The following is a summary of explanations for significant fluctuations in expenditures incurred by the Office for the fiscal year ended June 30, 2013 as compared to the fiscal year ended June 30, 2012 and for the fiscal year ended June 30, 2012 as compared to the fiscal year ended June 30, 2011. Included are explanations for variances greater than \$20,000 and 20%. Dollar amounts are expressed in whole dollars.

Fund, Account (if Applicable), and Explanation	2013	2012
General Revenue Fund (001)		
Travel	\$ 67,743	\$ 89,035
The decrease was due to limited marketing of certain General Revenue Fund programs.		
Equipment	27,005	63,546
The decrease was due to not replacing high dollar equipment during Fiscal Year 2013 as compared to Fiscal Year 2012.		
Refunds of estate taxes overpaid, and accrued interest thereon	-	8,354,300
The decrease was due to Public Act 97-0732, which established the Estate Tax Refund Fund (121) from which all estate tax refunds are now paid.		
State Pensions Fund (054)		
State contribution to State Employees' Retirement System	1,082,308	896,389
The increase was due to an increase in the total employer contribution rate from 34.19% in Fiscal Year 2012 to 37.987% in Fiscal Year 2013.		
Group insurance - contributions paid by employer	1,212,238	883,191
The increase was due to higher employee insurance premiums in Fiscal Year 2013 as compared to Fiscal Year 2012.		
Contractual services	1,949,861	2,442,739
The decrease was due to the ICash rebranding efforts in Fiscal Year 2012 that were not repeated in Fiscal Year 2013.		
Commodities	46,731	25,759
The increase was due to the Treasurer's Office purchasing additional supplies and promotional items for special events and various fairs throughout the state.		

(Continued)

**STATE OF ILLINOIS  
OFFICE OF THE TREASURER  
NONFISCAL OFFICER RESPONSIBILITIES  
COMPLIANCE EXAMINATION**

Schedule 8 (Cont.)

**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES - CONTINUED**

Fund, Account (if Applicable), and Explanation	2013	2012
State Pensions Fund (054)		
Equipment	\$ 121,613	\$ 24,577
The increase was due to the purchase of a vehicle and modular furniture for the Unclaimed Property Division during Fiscal Year 2013.		
Telecommunications	68,847	39,697
The increase was due to the Fiscal Year 2013 purchase of the Angel Telephone Software Program, a virtual call center service, to increase productivity in the Unclaimed Property Division.		
General Obligation Bond Fund (101)		
Payment to trustee for future bond debentures	-	1,934,434,704
Proceeds from the issuance of refunding bonds are paid to and held by trustees for the purpose of defeasing general obligation bonds originally issued at higher interest rates. This expenditure item is related to the State general obligation bond refunding issues executed during the prior fiscal year. There were no refunding bond issues in Fiscal Year 2013.		
General Obligation Bond Rebate Fund (107)		
Arbitrage tax rebate payments	-	237,119
There were no Arbitrage Tax Rebate Payments due for Fiscal Year 2013.		
Estate Tax Refund Fund (121)		
Estate tax refunds	13,440,082	-
The increase was due to Public Act 97-0732, which established the Estate Tax Refund Fund from which all estate tax refunds are now paid.		
Protest Fund (401)		
Refund of monies paid under protest	53,521,693	14,552,206
Refunds of tax monies paid under protest are dependent on the number and size of protested tax cases that come from and are resolved by the Attorney General in any given fiscal year. The interest for these refunds was paid from the General Revenue Fund. The increase was directly related to the corresponding increase in Attorney General court ordered distributions in Fiscal Year 2013.		
Unclaimed Property Trust Fund (482)		
Refunds of assets claimed	107,156,875	88,620,140
Refunds of assets claimed by the State is solely dependent on individuals submitting requests for refunds. The increase in refunds of assets claimed is directly related to more individuals requesting refunds on their held assets in Fiscal Year 2013 as compared to Fiscal Year 2012.		

(Continued)

STATE OF ILLINOIS  
OFFICE OF THE TREASURER  
NONFISCAL OFFICER RESPONSIBILITIES  
COMPLIANCE EXAMINATION

Schedule 8 (Cont.)

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES - CONTINUED

Fund, Account (if Applicable), and Explanation	2013	2012
Unclaimed Property Trust Fund (482)		
Litigation expenses	\$ 948,602	\$ -
Court ordered expenses were paid during Fiscal Year 2013 in accordance with a settlement agreement regarding unclaimed property.		
Capital Litigation Fund (614)		
Lump sums and operations	-	145,813
The decrease was due to Public Act 96-1543, which abolished the death penalty effective July 1, 2011. This fund was subsequently closed.		
Awards and grants	-	1,408,855
The decrease was due to Public Act 96-1543, which abolished the death penalty effective July 1, 2011. This fund was subsequently closed.		
Matured Bond and Coupon Fund (625)		
Payment of matured bonds and interest coupons	170,000	2,235,000
The decrease was due to a change in the statutory language. 30 ILCS 105/6u required the Treasurer to transfer all unobligated moneys remaining in the Matured Bond and Coupon Fund into the Unclaimed Property Trust Fund. Payments for presentation of bonds or coupons is now paid from the Unclaimed Property Trust Fund rather than the Matured Bond and Coupon Fund.		
Estate Tax Distributive Fund (815)		
Payments to counties	2,612,908	13,560,706
The decrease is a result of Public Act 97-0732. All estate taxes are now remitted directly to the Treasurer's Office, with 6% of the total collection being deposited into the Estate Tax Refund Fund (121) instead of sent to the counties as the counties no longer collect the tax.		
Convention Center Support Fund (933)		
Grants to local governments	7,345,248	2,212,289
The increase was due to a new statutory requirement for the Treasurer's Office to make a \$5 million payment to the Village of Rosemont.		

(Continued)

STATE OF ILLINOIS  
OFFICE OF THE TREASURER  
NONFISCAL OFFICER RESPONSIBILITIES  
COMPLIANCE EXAMINATION

Schedule 8 (Cont.)

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES - CONTINUED

Fund, Account (if Applicable), and Explanation	2012	2011
General Revenue Fund (001)		
Equipment	\$ 63,546	\$ 11,829
The increase was due to purchasing a large marketing display, a folder/perforating machine and a shrink wrap machine during Fiscal Year 2012.		
Inspector General	78,671	128,084
The decrease was due to the retirement of a longtime State employee in Fiscal Year 2011.		
State Pensions Fund (054)		
State contribution to State Employees' Retirement System	896,389	719,619
The increase was due to an increase in the total employer contribution rate from 30.253% in Fiscal Year 2011 to 34.19% in Fiscal Year 2012.		
Group insurance - contributions paid by employer	883,191	686,758
The increase was due to higher employee insurance premiums in Fiscal Year 2012 as compared to Fiscal Year 2011.		
Contractual services	2,442,739	1,462,523
The increase was due to the rebranding of Cash Dash to ICash during Fiscal Year 2012.		
Travel	57,702	26,771
The increase was due to increased efforts to promote the ICash program and improve customer service.		
General Obligation Bond Fund (101)		
Payment of principal on GO bonds and short-term borrowing	1,465,673,439	2,954,355,030
The decrease was due to no short-term borrowing in Fiscal Year 2012.		
Payment to trustee for future bond debentures	1,934,434,704	-
Proceeds from the issuance of refunding bonds are paid to and held by trustees for the purpose of defeasing general obligation bonds originally issued at higher interest rates. This expenditure item increase was related to the State general obligation bond refunding issues executed during Fiscal Year 2012.		

(Continued)

**STATE OF ILLINOIS  
OFFICE OF THE TREASURER  
NONFISCAL OFFICER RESPONSIBILITIES  
COMPLIANCE EXAMINATION**

**Schedule 8 (Cont.)**

**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES - CONTINUED**

Fund, Account (if Applicable), and Explanation	2012	2011
General Obligation Bond Rebate Fund (107)		
Arbitrage tax rebate payments	\$ 237,119	\$ -
There was an arbitrage rebate tax payment due and made for Fiscal Year 2012.		
Protest Fund (401)		
Refund of monies paid under protest	14,552,206	58,008,855
Refunds of tax monies paid under protest are dependent on the number and size of protested tax cases that come from and are resolved by the Attorney General in a given fiscal year. The interest for these refunds was paid from the General Revenue Fund. The decrease was directly related to the corresponding decrease in court ordered distributions in Fiscal Year 2012.		
Unclaimed Property Trust Fund (482)		
Refunds of assets claimed	88,620,140	67,222,933
Refunds of assets claimed by the State is solely dependent on individuals submitting requests for refunds. The increase in refunds of assets claimed is directly related to more individuals requesting refunds on their held assets in Fiscal Year 2012 as compared to Fiscal Year 2011.		
Capital Litigation Fund (614)		
Lump sums and operations	145,813	252,899
The decrease was due to Public Act 96-1543, which abolished the death penalty effective July 1, 2011. The Act gave 6 months to close down the program.		
Awards and grants	1,408,855	10,233,334
The decrease was due to Public Act 96-1543, which abolished the death penalty effective July 1, 2011. The Act gave 6 months to close down the program.		

(Continued)

STATE OF ILLINOIS  
OFFICE OF THE TREASURER  
NONFISCAL OFFICER RESPONSIBILITIES  
COMPLIANCE EXAMINATION

Schedule 8 (Cont.)

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES - CONTINUED

Fund, Account (if Applicable), and Explanation	2012	2011
Matured Bond and Coupon Fund (625)		
Payment of matured bonds and interest coupons	\$ 2,235,000	\$ 167,500
This expenditure item was in place to accommodate late claims (after the two-year redemption period) by bondholders holding matured bond and interest coupons issued by the State of Illinois. An appropriation was maintained in the Treasurer's budget for the purpose of paying these claims legally required by bond covenants. The increase was due to more late claims filed in Fiscal Year 2012 as compared to Fiscal Year 2011. The Treasurer has no control over spending in this area.		
College Savings Plan Administration Fund (668)		
College Savings Pool Administrative costs	846,007	1,104,858
The decrease was due to fewer employees in the College Savings Division during Fiscal Year 2012 compared to Fiscal Year 2011.		
Estate Tax Distributive Fund (815)		
Payments to counties	13,560,706	6,849,709
Illinois County Treasurers collect and remit estate taxes to the State Treasurer. Per statute, the State Treasurer then pays back to the County Treasurers a "fee" amounting to 6% of their net collections. The increase was due to the increase in collections and remittances of estate taxes in Fiscal Year 2012 as compared to Fiscal Year 2011.		
Administration Chamber vs. Filan Fund (837)		
Payments pursuant to settlement agreement	-	1,003,000
The decrease was due to administrative costs outlined in the settlement agreement being paid in Fiscal Year 2011 and the fund having no further activity until the date of dissolution.		
Claims Chamber vs. Filan Fund (847)		
Contractual services	-	3,228,790
The decrease was due to the claims costs outlined in the settlement agreement being paid in Fiscal Year 2011 and the fund having no further activity until the date of dissolution.		

**STATE OF ILLINOIS  
OFFICE OF THE TREASURER  
NONFISCAL OFFICER RESPONSIBILITIES  
COMPLIANCE EXAMINATION**

**Schedule 9**

**ANALYSIS OF SIGNIFICANT VARIATIONS IN CASH RECEIPTS**

Explanations provided for changes greater than \$20,000 and 20%.

Fund, Account (if Applicable), and Explanation	2013	2012
General Obligation Bond Retirement and Interest Fund (101)		
Investment income	\$ 4,792,751	\$ 6,272,335
The Treasurer has no control over the investment market. The decrease was due to the decrease in interest rates for Fiscal Year 2013.		
Estate Tax Refund Fund (121)		
Estate taxes	16,269,780	-
This was a new fund that was established during Fiscal Year 2013. Public Act 97-0732 requires that all estate tax payments be made directly to the Treasurer and 6% of all payments received be deposited into this fund.		
Matured Bond and Coupon Fund (625)		
Matured and unredeemed bonds and coupons	-	1,910,000
The decrease was due to a change in statutory language. 30 ILCS 105/6u now requires all money received from payments for matured bonds and coupons issued by the State of Illinois that remained unredeemed after the standard two-year period to be deposited into the Unclaimed Property Trust Fund.		
College Savings Plan Administrative Fund (668)		
Miscellaneous receipts	-	40,018
The decrease was due to no Fiscal Year 2013 reimbursements for marketing costs from the Bright Start program manager.		
Rate Adjustment Fund (685)		
Investment Income	29,187	55,227
The Treasurer has no control over the investment market. The decrease was due to the decrease in average fund balance and interest rates for Fiscal Year 2013.		
Capital Projects Fund (694)		
Investment income	79,073	100,690
The Treasurer has no control over the investment market. The decrease was due to the decrease in interest rates for Fiscal Year 2013.		

(Continued)

**STATE OF ILLINOIS  
OFFICE OF THE TREASURER  
NONFISCAL OFFICER RESPONSIBILITIES  
COMPLIANCE EXAMINATION**

**Schedule 9 (Cont.)**

**ANALYSIS OF SIGNIFICANT VARIATIONS IN CASH RECEIPTS**

Fund, Account (if Applicable), and Explanation	2012	2011
General Revenue Fund (001)		
Investment income	\$ 20,902,758	\$ 27,498,609
The Treasurer has no control over the investment market. The decrease was due to the decrease in interest rates for Fiscal Year 2012.		
Private organizations or individuals	16,598	98,914
The decrease was due to fewer payments of lost interest from various financial institutions not depositing Treasurer's funds on a timely basis. The Treasurer has no control over receipt of funds due to financial institution errors in any given year.		
General Obligation Bond Retirement and Interest Fund (101)		
Investment income	6,272,335	4,087,838
The Treasurer has no control over the investment market. The increase was due to the increase in average fund balance for Fiscal Year 2012.		
Metropolitan Pier and Exposition Authority Trust Fund (337)		
Investment income	87,878	140,810
The Treasurer has no control over the investment market. The decrease was due to the decrease in interest rates for Fiscal Year 2012.		
Unclaimed Property Trust Fund (482)		
Prior year refund	42	328,137
The decrease was due to the return of the original funds for several claimant payments that were voided or escheated during Fiscal Year 2011.		
Capital Litigation Trust Fund (614)		
Miscellaneous receipts	343	21,011
The decrease was due to receiving reimbursed funds during Fiscal Year 2011 in accordance with a court order.		

(Continued)

STATE OF ILLINOIS  
OFFICE OF THE TREASURER  
NONFISCAL OFFICER RESPONSIBILITIES  
COMPLIANCE EXAMINATION

Schedule 9 (Cont.)

ANALYSIS OF SIGNIFICANT VARIATIONS IN CASH RECEIPTS - CONTINUED

Fund, Account (if Applicable), and Explanation	2012	2011
Matured Bond and Coupon Fund (625)		
Matured and unredeemed bonds and coupons	\$ 1,910,000	\$ 3,815,000
The decrease was due to the decrease in payments for matured bonds and coupons issued by the State of Illinois that remained unredeemed after the standard two-year redemption period. The receipt source is dependent on the amount of unredeemed items remitted by the paying agents to the Treasurer. The Treasurer has no control over receipt amount in any given year.		
College Savings Plan Administrative Fund (668)		
Miscellaneous receipts	40,018	-
The increase was due to receiving reimbursement for marketing costs from the Bright Start program manager.		
Rate Adjustment Fund (685)		
Investment income	55,227	104,295
The Treasurer has no control over the investment market. The decrease was due to the decrease in interest rates for Fiscal Year 2012.		
Convention Center Support Fund (933)		
Airport departure tax - increase	2,208,461	1,655,519
Public Act 96-0898 requires the Treasurer's Office to deposit 25% of the increase in airport departure taxes in the Convention Center Support Fund. The increase is due to increased taxes in Fiscal Year 2012 as compared to Fiscal Year 2011.		
MPEA Grants Fund (941)		
Airport departure tax - increase	6,625,384	4,966,558
Public Act 96-0898 requires the Treasurer's Office to deposit 75% of the increase in airport departure taxes in the MPEA Grant Fund. The increase is due to increased taxes in Fiscal Year 2012 as compared to Fiscal Year 2011.		

STATE OF ILLINOIS  
OFFICE OF THE TREASURER  
NONFISCAL OFFICER RESPONSIBILITIES  
COMPLIANCE EXAMINATION

Schedule 10

ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING

Fund, Account (if Applicable), and Explanation	Disbursements During Lapse Period	Disbursements for Fourteen Months Ended August 31, 2013	Percentage of Expenditures in Lapse Period
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There was no significant lapse period spending (accounts with lapse spending greater than \$5,000 and 20% of total expenditures) requiring detailed explanations for Fiscal Year 2013.

**STATE OF ILLINOIS  
OFFICE OF THE TREASURER  
NONFISCAL OFFICER RESPONSIBILITIES  
COMPLIANCE EXAMINATION**

**Schedule 10 (Cont.)**

**ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING - CONTINUED**

Explanations provided for lapse spending greater than \$5,000 and 20% of total expenditures.

Fund, Account (if Applicable), and Explanation	Disbursements During Lapse Period	Disbursements for Fourteen Months Ended August 31, 2012	Percentage of Expenditures in Lapse Period
<b>General Revenue Fund (001)</b>			
Printing	\$ 6,803	\$ 10,323	65.90%
The lapse period spending was for print shop supplies and paper ordered late in the fiscal year.			
Equipment	48,626	63,546	76.52%
The lapse period spending was for a large marketing display, a folding/perforating machine and a shrink wrap machine purchased for general office operations.			
Electronic data processing	267,977	1,224,101	21.89%
The lapse period spending was for replacing outdated computers, laptops, printers, servers and other technology.			
<b>State Pensions Fund (054)</b>			
Commodities	10,701	25,759	41.54%
The lapse period spending was for promotional items for various events in addition to other supplies being replenished that were ordered late in the fiscal year.			
Equipment	15,954	24,577	64.91%
The lapse period spending was for a 20 X 40 custom exhibit display for marketing the Unclaimed Property Division.			
Electronic data processing	198,661	984,540	20.18%
The lapse period spending was for replacing outdated computers, laptops, printers, servers and other technology.			
Telecommunications	9,930	39,697	25.01%
The lapse period spending was for May and June telecommunication billings received from CMS during the lapse period.			

**STATE OF ILLINOIS  
OFFICE OF THE TREASURER  
NONFISCAL OFFICER RESPONSIBILITIES  
COMPLIANCE EXAMINATION**

**AGENCY FUNCTIONS AND PLANNING PROGRAM (NOT EXAMINED)  
For the Two Years Ended June 30, 2013**

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The State of Illinois, Office of the Treasurer, is authorized by the State Treasurer Act (15 ILCS 505 et seq.). The State Treasurer receives the revenues and all other monies of the State of Illinois, and all other monies authorized by law to be paid to him and safely keep the same. The Treasurer serves as the State's banker and has responsibility to protect and invest State funds. In accordance with Chapter 22 of the "Audit Guide for Performing Financial Audits and Compliance Attestation Engagements of Illinois State Agencies" (August 2013) issued by the Office of the Auditor General – State of Illinois, we evaluated the "Agency Functions and Planning Program" of the Office of the Treasurer. The following information was prepared based on that evaluation.

Treasury Functions

The principal constitutional and statutory powers related to the State of Illinois, Office of the Treasurer, currently held by Dan Rutherford, are as follows:

1. Receipt, disbursement and custody of funds in the State Treasury.
2. Investment of funds in the State Treasury.
3. Ex-officio custodianship of funds controlled by certain other agencies of the State.
4. Custody of securities deposited within the State Treasury as collateral or for safekeeping.
5. Assurance that monies are available to pay principal and interest on general obligation bonds issued by the State.
6. Administration of certain trust funds.
7. Joint administration with the Attorney General of the Illinois Estate Tax Law, including receipt and accounting for tax collections.
8. Administration of the Illinois Public Treasurer's Investment Pool (Illinois Funds).
9. Administration of the Bright Start and Bright Directions College Savings Programs.
10. Administration of Unclaimed Property.

**STATE OF ILLINOIS  
OFFICE OF THE TREASURER  
NONFISCAL OFFICER RESPONSIBILITIES  
COMPLIANCE EXAMINATION**

**AGENCY FUNCTION AND PLANNING PROGRAM (NOT EXAMINED) - CONTINUED  
For the Two Years Ended June 30, 2013**

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To fulfill these Fiscal Responsibilities, the Treasurer's Office has been organized into the following divisions:

- Executive Office, which has ultimate administrative responsibility for the entire organization and provides control and direction of all operations.
- Accounting/Warrant Division, which is responsible for general accounting activities including the general ledger, processing accounts payable, reconciling bank accounts, and compiling budget estimates for the appropriation process. This includes the Estate Tax unit, which is responsible for the administration of the funds collected as a result of the Illinois Estate Tax law. The Accounting Division also includes the Warrant unit. The Treasurer is mandated by law to cancel and record all State warrants presented for payment. The Treasurer is also mandated by law to assure that all State warrants drawn on the State Treasury have sufficient fund balances to support the payment. All warrants that do not pass this critical test are held until sufficient monies become available.
- College Savings Division, which is under the administration of the Treasurer, provides investment opportunities available under Section 529 of the Internal Revenue Code to the general public which enables them to earn a competitive rate of return on investments to be used on qualified higher education.
- Communications Division, which provides for the creation and development of all publications and printed materials for the Treasurer's Office, as well as the development and maintenance of the Treasurer's websites.
- Community Affairs & Marketing Division, which provides outreach services promoting office programs to entities such as: elected officials, local governments, labor unions, religious groups, chambers of commerce, ethnic groups, boards and commissions, and nonprofit groups.
- Human Resources Division, which is responsible for development and implementation of a comprehensive system of human resource management for the Treasurer's Office, which includes development and publication of office policies and procedures relating to such issues as collective bargaining, ethics, a job classification system and an office pay plan.
- Illinois Funds Division, which is under the administration of the Treasurer, provides custodians of public funds with an investment opportunity which enables them to earn a competitive rate of return on fully collateralized investments, while maintaining immediate access to invested funds.

**STATE OF ILLINOIS  
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NONFISCAL OFFICER RESPONSIBILITIES  
COMPLIANCE EXAMINATION**

**AGENCY FUNCTION AND PLANNING PROGRAM (NOT EXAMINED) - CONTINUED  
For the Two Years Ended June 30, 2013**

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- Information Technology Division (IT), which is responsible for meeting the data processing needs of the operational divisions of the Treasurer's Office through the provision of the most up-to-date electronic solutions available in the marketplace. This division also maintains all operational systems and provides both hardware and software support for the Treasurer's mainframe computer and wide area network.
- Internal Audit Division, which is responsible for conducting a comprehensive program of internal audits under the Fiscal Control and Internal Auditing Act.
- Invest in Illinois Division, which oversees many programs administered by the Illinois State Treasurer's Office. These programs are community development oriented and range from assistance to farmers to economic development projects.
- Legal Division, which is responsible for handling the legal affairs of the Treasurer's Office including negotiating and drafting contracts and other legal agreements, performing legal analysis and offering legal opinions, coordinating representation of the Treasurer's Office by outside legal counsel, and providing legal support to the other divisions of the Treasurer's Office.
- Legislative Affairs Division, which is responsible for the legislative activities affecting the Treasurer's Office. Duties include developing and monitoring legislative initiatives, researching, analyzing and drafting legislation, working with the members of the General Assembly and keeping the Treasurer advised on all pertinent legislation.
- Scheduling, Logistics, and Events Division, which is responsible for the scheduling and coordination of all Treasurer's Office events and special activities.
- State Portfolio & Banking Division, which is responsible for management of the short-term investment portfolio, deposits of public funds in Illinois financial institutions and the protection of public funds, collection of various fees from all State agencies, and ensuring that the State's financial obligations are paid on a daily basis.
- Support Services Division, which provides administrative support through general services for such areas as printing, telecommunications, maintenance, vehicles, etc.

**STATE OF ILLINOIS  
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COMPLIANCE EXAMINATION**

**AGENCY FUNCTION AND PLANNING PROGRAM (NOT EXAMINED) - CONTINUED  
For the Two Years Ended June 30, 2013**

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- Unclaimed Property Division, which is responsible for reuniting rightful owners with their lost and abandoned property and receiving and safeguarding property and personal information reported to the Illinois State Treasurer pursuant to the Illinois Uniform Disposition of Unclaimed Property Act. Unclaimed Property consists of money and other assets that are considered lost or abandoned after an owner cannot be located for a specific period of time, generally five years (or seven years if held by a governmental entity).

Treasurer's Planning Program

The Office of the Treasurer is responsible for the safekeeping and investing of monies deposited with his Office and for disbursing monies upon order of the Comptroller. The Treasurer's investment policies are governed by State statute. In addition, the Treasurer's Office has adopted its own investment practices which supplement the statutory requirements.

The Treasurer has created an Investment Policy Committee to provide guidance in the allocation of State assets within the Treasurer's investment portfolio. The committee also develops strategy for the selection of State's depositories and designs and implements programmatic initiatives to address community development needs throughout the State.

**STATE OF ILLINOIS  
OFFICE OF THE TREASURER  
NONFISCAL OFFICER RESPONSIBILITIES  
COMPLIANCE EXAMINATION**

**AVERAGE NUMBER OF EMPLOYEES (NOT EXAMINED)  
For the Years Ended June 30,**

TREASURER'S PERSONNEL

The average number of personnel employed at the Treasurer's Office is as follows:

	2013	2012	2011
Executive Offices	8	7	11
Accounting/Warrant Division	18	15	13
State Portfolio & Banking Division	16	18	19
Communications Division	3	4	5
Community Affairs & Marketing Division	20	24	2
Invest in Illinois Division	5	7	11
Financial Education Division (consolidated with Community Affairs in FY12)	0	0	6
Fiscal Operations Division (consolidated with Support Services in FY12)	0	0	6
Human Resources Division	3	3	5
Information Technology Division	5	5	8
Inspector General Division	1	1	1
Internal Audit Division	3	2	2
Legal Division	5	5	6
Legislative Affairs Division	3	3	4
Policy and Programs Division (Eliminated in FY12)	0	0	3
Scheduling Logistics and Events Division	6	9	6
Support Services Division	12	11	2
Unclaimed Property Division	44	39	37
Technology Development Division (consolidated with Invest in IL in FY12)	0	0	1
Warrant Division (consolidated with Accounting in FY13)	0	6	6
Subtotal - personnel compensated through appropriated funds	<u>152</u>	<u>159</u>	<u>154</u>
Illinois Funds - IPTIP Administrative Trust Fund employees (compensated through nonappropriated State Treasury Fund)	13	12	21
College Savings Administrative Trust Fund employees (compensated through nonappropriated State Treasury Fund)	<u>2</u>	<u>2</u>	<u>5</u>
Total average number of Treasurer personnel	<u><u>167</u></u>	<u><u>173</u></u>	<u><u>180</u></u>

**STATE OF ILLINOIS  
OFFICE OF THE TREASURER  
NONFISCAL OFFICER RESPONSIBILITIES  
COMPLIANCE EXAMINATION**

**EMERGENCY PURCHASES (NOT EXAMINED)**

The Office reported the following emergency purchases to the Office of the Auditor General during the two fiscal years ending June 30, 2013:

Vendor/Description	2012	2013
Harris Bank Extension of contract for custody and safekeeping services contract for one month to allow the new custody and safekeeping institutions to transition existing collateral for time deposits at no cost to the Office.	\$ -	N/A
JP Morgan Chase Extension of contract for custody and safekeeping services contract for one month to allow the new custody and safekeeping institutions to transition existing collateral for time deposits at no cost to the Office.	-	N/A
United Missouri Bank Extension of contract for custody and safekeeping services contract for one month to allow the new custody and safekeeping institutions to transition existing collateral for time deposits at no cost to the Office.	-	N/A
Wells Fargo Bank Extension of contract for custody and safekeeping services contract for one month to allow the new custody and safekeeping institutions to transition existing collateral for time deposits at no cost to the Office.	-	N/A
Total Cost	\$ -	\$ -

**STATE OF ILLINOIS  
OFFICE OF THE TREASURER  
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COMPLIANCE EXAMINATION**

**SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED)**

The following table details various data representative of the Treasurer's operations:

For the Fiscal Year Ended June 30	2013	2012
Warrant Division		
Number of warrants issued	4,789,267	6,053,283
Number of warrants paid	4,709,864	5,988,401
Number of forgery claims	269	300
Amount of forgery claims	\$ 163,430	\$ 198,994
Number of warrants outstanding as confirmed with the Comptroller's Office	208,458	259,403
Unclaimed Property Division		
Number of written unclaimed property inquiries processed	82,006	60,634
Amount of unclaimed property remittances received	\$ 246,814,128	\$ 211,090,676
Number of unclaimed property claims paid	62,267	56,119
Amount of unclaimed property claims paid	\$ 134,903,495	\$ 115,768,619