

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

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  
OFFICE OF THE TREASURER  
NONFISCAL OFFICER RESPONSIBILITIES  
COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2015**

**TABLE OF CONTENTS**

	<b>Schedule</b>	<b>Page</b>
Treasurer's Office Officials		1
Management Assertion Letter		2
Compliance Report		
Summary		4
Independent Accountant's Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes		6
Schedule of Findings		
Current Findings – State Compliance		9
Prior Findings Not Repeated		14
Supplementary Information for State Compliance Purposes		
Summary		15
Fiscal Schedules and Analysis		
Schedule of Appropriations, Expenditures, and Lapsed Balances Fiscal Year 2015	1	16
Schedule of Appropriations, Expenditures, and Lapsed Balances Fiscal Year 2014	2	18
Comparative Schedule of Net Appropriations, Expenditures, and Lapsed Balances	3	20
Comparative Schedule of Receipts, Disbursements and Fund Balance (Cash Basis) – Locally Held Funds	4	25
Schedules of Changes in State Property	5	27
Comparative Schedule of Cash Receipts	6	28
Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller	7	30
Analysis of Significant Variations in Expenditures	8	32
Analysis of Significant Variations in Cash Receipts	9	35
Analysis of Significant Lapse Period Spending	10	37
Analysis of Operations (Not Examined)		
Agency Functions and Planning Program (Not Examined)		39
Average Number of Employees (Not Examined)		43
Emergency Purchases (Not Examined)		44
Service Efforts and Accomplishments (Not Examined)		45

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

**COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2015**

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**TREASURER'S OFFICE OFFICIALS**

Treasurer	Honorable Michael W. Frerichs (January 12, 2015 to present) Honorable Dan Rutherford (through January 11, 2015)
Deputy Treasurer	Mr. Jay Rowell (January 12, 2015 to present)
Chief of Staff	Mr. Justin Cajindos (January 1, 2015 to present) Mr. Kyle Ham (through December 14, 2014)
Chief Investment Officer/Chief Fiscal Officer	Mr. Rodrigo Garcia (January 13, 2015 to present) Ms. Bridget Byron (through January 29, 2015)
General Counsel	Mr. Keith Horton (January 12, 2015 to present) Mr. Neil Olson (through January 31, 2015) Ms. Maureen Lydon (through September 15, 2013)
Director of Accounting/Warrant	Ms. Anita Patel (November 16, 2015 to present) Ms. Jessica Olive (July 1, 2013 to December 4, 2015)
Inspector General	Mr. David Wells
Chief Internal Auditor	Ms. Leighann Manning (October 16, 2015 to present) Ms. Angela Bartlett (Acting) (April 1, 2015 to September 15, 2015) Ms. Barb Ringler (through March 31, 2015)

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



OFFICE OF THE ILLINOIS STATE TREASURER  
**MICHAEL W. FRERICHS**

February 25, 2016

RSM US LLP  
20 N. Martingale Road, Suite 500  
Schaumburg, IL 60173-2420

Ladies and Gentlemen:

We are responsible for identification of, and compliance with, all aspects of laws, regulations, contracts, and grant agreements that could have a material effect on the operations of the State of Illinois, Office of the Treasurer (Treasurer) NonFiscal Officer Responsibilities. 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, 2015. Based on this evaluation, we assert that during the two years ended June 30, 2015, 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 obligations, 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.

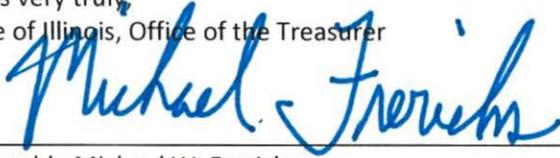
State Capitol  
Room 219  
Springfield, IL 62706  
Phone: (217) 782-2211  
Fax: (217) 785-2777  
TTY: (866) 877-6013

James R. Thompson Center  
100 West Randolph Street  
Suite 15600  
Chicago, IL 60601  
Phone: (312) 814-1700  
Fax: (312) 814-5930  
TTY: (866) 877-6013

Illinois Business Center  
400 West Monroe Street  
Suite 401  
Springfield, IL 62704  
Phone: (217) 782-6540  
Fax: (217) 524-3822  
TTY: (866) 877-6013

Myers Building  
One West Old State Capitol Plaza  
Suite 400  
Springfield, IL 62701  
Phone: (217) 785-6998  
Fax: (217) 557-9365  
TTY: (866) 877-6013

Yours very truly,  
State of Illinois, Office of the Treasurer



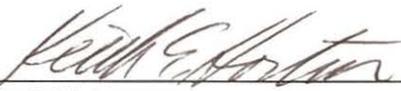
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Honorable Michael W. Frerichs  
State Treasurer



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Mr. Rodrigo Garcia  
Chief Investment Officer / Chief Fiscal Officer



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Mr. Keith Horton  
General Counsel

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

**COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2015**

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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	2
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>			
2015-001	9	Noncompliance with Office Personnel Policies and Procedures	Significant deficiency and noncompliance
2015-002	11	Noncompliance with Office Vehicle Policies and Procedures	Significant deficiency and noncompliance
2015-003	12	Inadequate Controls Over Unclaimed Property	Significant deficiency and noncompliance
<b>PRIOR FINDINGS NOT REPEATED</b>			
A	14	Inadequate Controls Over Internship Program	

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

**COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2015**

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**COMPLIANCE REPORT SUMMARY (CONTINUED)**

**EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with Treasurer personnel at an exit conference on February 9, 2016. Attending were:

**Office of the State Treasurer**

Justin Cajindos	Chief of Staff
Rodrigo Garcia	Chief Investment Officer / Chief Fiscal Officer
Keith Horton	General Counsel
Leighann Manning	Chief Internal Auditor
Nick Barnard	Internal Audit
Roxanna Hollenstine	Deputy Chief of Staff – Unclaimed Property
Rick Cory	Deputy Director – Unclaimed Property

**Office of the Auditor General**

Jon Fox	Audit Manager
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**RSM US LLP**

Linda Abernethy	Partner
Dan Sethness	Manager

The responses to the recommendations were provided by Leighann Manning, Chief Internal Auditor, in an email dated February 17, 2016.

**Independent Accountant's Report on State Compliance,  
on Internal Control Over Compliance, and on Supplementary Information  
for State Compliance Purposes**

RSM US LLP

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

**Compliance**

As Special Assistant Auditors for the Auditor General, we have examined the State of Illinois, 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, 2015. 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, 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, 2015-002, and 2015-003.

### **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 2015-001, 2015-002, and 2015-003 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, 2015 and June 30, 2014 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, 2015 and June 30, 2014 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, 2013 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 State of Illinois, Office of the Treasurer, NonFiscal Officer Responsibilities' management, and is not intended to be and should not be used by anyone other than these specified parties.

*RSM US LLP*

Schaumburg, Illinois  
February 25, 2016

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

**COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2015**

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**Current Findings – State Compliance**

**Finding 2015-001 Noncompliance with Office Personnel Policies and Procedures**

The Office of the Treasurer (Office) did not consistently conduct employee performance appraisals as required by Office policies. In addition, the Office did not maintain adequate personnel files.

During our examination of employee personnel files, we noted the following:

- Six of 120 (5%) annual performance evaluations tested were missing, all of which occurred in fiscal year 2015.
- Three of 120 (3%) annual performance evaluations tested were not signed timely after the evaluation end date, ranging from 101 to 174 days past the evaluation end date, all of which occurred in fiscal year 2015.

During our current year examination our sample testing did not reveal any instances of employees without job descriptions developed by the Office as reported in the prior year's finding.

The Office's Personnel 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."

Office Management stated that the Human Resources Division has made a concerted effort to have all directors and managers conduct performance evaluations by their due date but due to competing priorities, some supervisors failed to complete them in a timely fashion.

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. (Finding Code Nos. 2015-001, 2013-002, 11-2, 09-1, 07-2, 05-1, 03-2)

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

**COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2015**

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**Current Findings – State Compliance (Continued)**

**Finding 2015-001 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.

**Treasurer's Response**

The Treasurer accepts the finding and will continue to emphasize the importance of timely completion of annual performance evaluations. For the 6 missing evaluations, 1 employee is no longer with the office and the remaining 5 have since been completed.

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

**COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2015**

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**Current Findings - State Compliance (Continued)**

**Finding 2015-002 Noncompliance with Office Vehicle Policies and Procedures**

The Office of the Treasurer (Office) does not have adequate controls over State vehicle use.

During our examination, we noted the following:

- One of 5 (20%) motor vehicle accidents tested was not reported to CMS.
- Nine of 25 (36%) State Vehicle Reservation Sign in/out sheets were not properly completed.
- Four of 14 (28%) auto vouchers tested did not have a proper employee signature on the charge ticket/invoice.

The Office follows CMS Auto Liability Policy. The policy states that the Auto Liability Coordinator is required to completely fill out the current edition of the Uniform Cover Letter and the SR1 (Motorist Report of Vehicle Accident) and send to Central Management Services (CMS) with seven (7) calendar days following the accident.

The Office's Vehicle Use Policy states that a log of beginning and ending mileage and the purpose of each trip must be maintained.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires each State Agency to establish and maintain a system or systems of internal controls, which would include controls over the payment of vendor invoices.

Office management stated that the motor vehicle accident was not reported due to an oversight. The new Chicago Vehicle Coordinator did not understand the correct procedure. Also, sixty-seven percent of the time vehicles were returned, the Vehicle Coordinator was absent because of turnover in the Vehicle Coordinator position and because vehicles were returned after hours or on weekends so the log sheets were not completed properly.

Failure to report motor vehicle accidents to CMS within the required time frame may result in untimely recovery of insurance claims under the CMS Auto Liability Policy. In addition, without proper controls over State vehicle usage, the risk of abuse of vehicle usage increases. (Finding Code No. 2015-002)

**Recommendation**

We recommend the Office communicate correct procedures to the Vehicle Coordinator so that the vehicle policies can be properly followed. We also recommend the Office develop additional procedures for proper completion of the log sheets, including when the vehicle coordinators are absent.

**Treasurer's Response**

The Treasurer accepts the finding and is implementing a new sign in/out process.

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

**COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2015**

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**Current Findings - State Compliance (Continued)**

**Finding 2015-003 Inadequate Controls Over Unclaimed Property**

The Office of the Treasurer (Office) did not exercise adequate control over unclaimed property (UP) inventory, receipts, and claims.

During our examination, we noted the following deficiencies pertaining to unclaimed property:

- Two of 60 (3%) inventory items tested were inaccurately reported on the UP Safekeeping listing, ranging from 1 less to 1 over the count.
- 91 checks, cash or coins from investment dividends and the recovery of unclaimed property amounting to \$1,530,712.39 were not deposited timely (ranging from 1 to 17 days late) into the Treasurer's Clearing Account.
- 39 "held-for-appraisal" safekeeping items amounting to \$17.99, were not deposited timely (ranging from 130 to 5,258 days late) into the Treasurer's Clearing Account.
- Two of 33 (6%) Receipt Deposit Transmittal forms tested were remitted 2 and 9 days late.
- Thirteen of 68 (19%) claims tested were not dropped in a timely manner, ranging from 123 to 195 days past the last correspondence with the claimant.
- One of 68 (1%) claims tested was erroneously dropped, with no correspondence to the claimant requesting additional information.

During the current year examination we noted from our sample testing pertaining to the prior engagement finding reported that:

- The Office published official notices of unclaimed property for firearms timely in a newspaper for general circulation;
- Firearms were remitted to the State Police in accordance with State statute and internal policy;
- The Office advertised sales of abandoned property at least three weeks in advance of the sale; and
- The Office followed its policies and procedures pertaining to reserve values at auction.

The State Officers and Employees Money Disposition Act (the "Act") (30 ILCS 230/2 (a)) requires agencies to deposit the gross amount of money so received on the day of actual physical receipt with respect to any single item of receipt exceeding \$10,000, within 24 hours of actual physical receipt with respect to an accumulation of receipts of \$10,000 or more, or within 48 hours of actual physical receipt with respect to an accumulation of receipts exceeding \$500 but less than \$10,000, disregarding holidays, Saturdays and Sundays. if the amount of money received does not exceed \$500, such money may be retained and need not be paid into the State treasury until the total amount of money so received exceeds \$500, or until the next succeeding 1st or 15th day of each month (or until the next business day if these days fall on Sunday or a holiday).

According to the Office's UP Custody Safekeeping Policies and Procedures, each employee shall verify, independently, in the presence of the other, the quantity of each item, as well as the entire contents of the box. A good system of internal control requires the safeguarding of assets including timely disposition of unclaimed property claims.

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

**COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2015**

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**Current Findings - State Compliance (Continued)**

**Finding 2015-003 Inadequate Controls Over Unclaimed Property (Continued)**

Office management stated that human error led to the variance in counts. They also state that the issues with timely deposits were due to various issues including human error by the reporting staff, the timing surrounding mutual funds to check the number of shares sold, and the lack of an appraisal for numismatic items. Management also stated that some claims were not dropped timely due to a competing job running in the system, which prevented the Office from running the drop claims job during normal business hours. This system weakness has been addressed and should from this date forward allow for the timely dropping of inactive claims.

Failure to exercise adequate controls over unclaimed property increases the potential for possible loss or theft of unclaimed property. Failure to timely deposit receipts increases the risk of loss and deprives the State of the timely use of those funds. (Finding Code Nos. 2015-003, 2013-003, 11-1)

**Recommendation**

We recommend the Office enhance its controls over the safeguarding of unclaimed property to ensure policies and procedures are followed. Further, the Office should improve controls over deposits to ensure they are made on a timely basis in compliance with the Act.

**Treasurer's Response**

The Treasurer accepts the finding and continues to improve the unclaimed property process.

The 91 checks being deposited 1 to 17 days late is due largely to the sale of mutual funds. We do not deposit the check until we can confirm the mutual fund company processed the sale accurately. It may take several days or weeks to receive a confirmation statement used to determine if the mutual fund company sold the shares per the direction of the division. This process is done in order to ensure we have the ability to make necessary corrections when/if the fund companies mistakenly sell the incorrect number of shares. If the incorrect numbers of shares are sold, either short or long in the number, the division will be out of compliance. If short, shares will be held past the mandatory sale date and if long, non-eligible shares will have been liquidated. These errors must be identified prior to depositing the checks. The Treasurer is in the process of seeking an exception to the State Officers and Employees Money Disposition Act for this area. One batch of checks from the Reporting unit was one day late and accounts for the remaining late deposit.

The 39 items from Safekeeping were from boxes previously inventoried but for which the numismatic value could not be determined due to the lack of an appraiser. Staff, in an effort to preserve value for the box owner, inventoried the items until such time as an appraisal could be made and the numismatic value, if any, could be determined. The late deposits reflect those items for which it was determined there was no value beyond the face value. Even though some of these items were held for a long period of time, there was no depreciation that occurred as a result. This administration has hired an onsite appraiser who is currently going through the items that have previously been unable to determine the value. As this process continues, more deposits will be made. The Treasurer is making every attempt possible to preserve the integrity of the potential value of the items and is exercising caution and not allowing for these items to be auctioned until the appraisal is completed.

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

**COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2015**

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**PRIOR FINDINGS NOT REPEATED**

**A. Inadequate Controls Over Internship Program**

During the prior examination, the Office of the Treasurer (Office) did not exercise adequate controls over its internship program. We noted the Office had no formal written policies and procedures regarding the recruitment and management of interns. We also noted that interns tested did not have applications on file and did not have proper documentation that they met specific job qualifications. (Finding Code No. 2013-001)

During our current examination, we noted that the Office had adopted policies and procedures over its internship program including requiring a formal application and time tracking. Our sample testing also indicated that the instances of noncompliance with documentation requirements had decreased. Therefore we reported this finding in fiscal year 2015 in the immaterial letter.

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

**COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2015**

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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 2015
- Schedules of Appropriations, Expenditures and Lapsed Balances Fiscal Year 2014
- 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 Cash 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, 2015 and June 30, 2014 accompanying 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 2015  
Fourteen Months Ended August 31, 2015

Appropriated Funds	Appropriations (Net of Transfers)	Expenditures Through 06/30/2015	Lapse Period Expenditures 7/1 - 8/31/2015	Total Expenditures	Balances Lapsed
General Revenue Fund - 001 (PA 98-0679)					
Lump sum	\$ 7,601,800	\$ 6,479,522	\$ 820,342	\$ 7,299,864	\$ 301,936
Refunds of accrued interest on protested tax cases	1,000,000	237,314	-	237,314	762,686
Total General Revenue Fund	\$ 8,601,800	\$ 6,716,836	\$ 820,342	\$ 7,537,178	\$ 1,064,622
State Pensions Fund - 054 (PA 98-0679)					
Lump sum	\$ 11,051,660	\$ 8,858,756	\$ 209,654	\$ 9,068,410	\$ 1,983,250
General Obligation Bond Retirement & Interest Fund - 101 (PA 98-0680)					
Payment of principal on general obligation bonds and short-term borrowing	\$ 2,206,704,300	\$ 2,035,615,718	\$ -	\$ 2,035,615,718	\$ 171,088,582
Payment of interest on general obligation bonds and short-term borrowing	1,564,011,458	1,514,716,627	-	1,514,716,627	49,294,831
Total General Obligation Bond Retirement & Interest Fund	\$ 3,770,715,758	\$ 3,550,332,345	\$ -	\$ 3,550,332,345	\$ 220,383,413
General Obligation Bond Rebate Fund - 107 (PA 98-0679)					
Arbitrage tax rebate payments	\$ 1,000,000	\$ -	\$ -	\$ -	\$ 1,000,000
Estate Tax Refund Fund - 121 (Continuing Appropriation)					
Estate tax refunds	\$ 20,998,261	\$ 20,998,261	\$ -	\$ 20,998,261	\$ -
Bank Service Trust Fund - 373 (PA 98-0679)					
Payments for banking services	\$ 8,100,000	\$ 2,805,334	\$ 436,437	\$ 3,241,771	\$ 4,858,229
Charitable Trust Stabilization Fund - 435 (PA 98-0679)					
Awards and grants, lump sum and other purposes	\$ 500,000	\$ 354	\$ -	\$ 354	\$ 499,646
Total Appropriated Funds	\$ 3,820,967,479	\$ 3,589,711,886	\$ 1,466,433	\$ 3,591,178,319	\$ 229,789,160

**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 2015  
Fourteen Months Ended August 31, 2015**

Nonappropriated Funds	Expenditures Through 06/30/2015	Lapse Period Expenditures 7/1 - 8/31/2015	Total Expenditures
<hr/>			
IPTIP Administrative Trust Fund - 195			
Administrative expenses of the Illinois Public			
Treasurers' Investment Pool	\$ 2,370,124	\$ 17,488	\$ 2,387,612
	<hr/>		
Metropolitan Pier and Exposition Authority Trust Fund - 337			
Pay surplus revenues MPEA	\$ 29,580,712	\$ -	\$ 29,580,712
Payment of funds/bond payments	125,226,659	-	125,226,659
	<hr/>		
Total Metropolitan Pier and Exposition Authority Trust Fund	\$ 154,807,371	\$ -	\$ 154,807,371
	<hr/>		
Protest Fund - 401			
Refund of monies paid under protest	\$ 36,452,277	\$ -	\$ 36,452,277
	<hr/>		
Unclaimed Property Trust Fund - 482			
Refund of unclaimed property	\$ 109,967,890	\$ 246,950	\$ 110,214,840
	<hr/>		
College Savings Pool Administrative Trust Fund - 668			
College Savings Pool administrative costs	\$ 1,014,443	\$ 43,208	\$ 1,057,651
	<hr/>		
Convention Center Support Fund - 933			
Grants to The Village of Rosemont for the Donald E. Stephens Convention Center	\$ 2,184,050	\$ 482,647	\$ 2,666,697
	<hr/>		
Total All Nonappropriated Funds	\$ 306,796,155	\$ 790,293	\$ 307,586,448
	<hr/>		
Total All Funds	\$ 3,896,508,041	\$ 2,256,726	\$ 3,898,764,767
	<hr/>		

**Note:**

Appropriations, expenditures, and lapsed balances were obtained from Agency records and have been reconciled to the records of the State Comptroller. Expenditures 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 2014  
Fourteen Months Ended August 31, 2014

Appropriated Funds	Appropriations (Net After Transfers)	Expenditures Through 06/30/2014	Lapse Period Expenditures 7/1 - 8/31/2014	Total Expenditures	Balances Lapsed
General Revenue Fund - 001 (PA 98-0064)					
Lump Sum	\$ 8,001,800	\$ 7,202,045	\$ 385,081	\$ 7,587,126	\$ 414,674
Refunds of accrued interest on protested tax cases	1,000,000	999,939	-	999,939	61
Total General Revenue Fund	\$ 9,001,800	\$ 8,201,984	\$ 385,081	\$ 8,587,065	\$ 414,735
State Pensions Fund - 054 (PA 98-0064)					
Lump sum	\$ 9,343,930	\$ 8,166,165	\$ 847,462	\$ 9,013,627	\$ 330,303
General Obligation Bond Retirement & Interest Fund - 101 (PA 98-0017)					
Payment of principal on general obligation bonds and short-term borrowing	\$ 1,668,414,608	\$ 1,668,414,608	\$ -	\$ 1,668,414,608	\$ -
Payment of interest on general obligation bonds and short-term borrowing	1,468,096,452	1,468,096,452	-	1,468,096,452	-
Total General Obligation Bond Retirement & Interest Fund	\$ 3,136,511,060	\$ 3,136,511,060	\$ -	\$ 3,136,511,060	\$ -
General Obligation Bond Rebate Fund - 107 (PA 98-0064)					
Arbitrage tax rebate payments	\$ 1,000,000	\$ -	\$ -	\$ -	\$ 1,000,000
Estate Tax Refund Fund - 121 (Continuing Appropriation)					
Estate tax refunds	\$ 17,395,864	\$ 17,395,864	\$ -	\$ 17,395,864	\$ -
Bank Service Trust Fund - 373 (PA 98-0064)					
Payments for banking services	\$ 8,100,000	\$ 2,031,634	\$ 852,890	\$ 2,884,524	\$ 5,215,476
Charitable Trust Stabilization Fund - 435 (PA 98-0064)					
Awards and grants, lump sum and other purposes	\$ 2,000,000	\$ 2,237	\$ -	\$ 2,237	\$ 1,997,763
Total Appropriated Funds	\$ 3,183,352,654	\$ 3,172,308,944	\$ 2,085,433	\$ 3,174,394,377	\$ 8,958,277

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 2014  
Fourteen Months Ended August 31, 2014

Nonappropriated Funds	Expenditures Through 06/30/2014	Lapse Period Expenditures 7/1 - 8/31/2014	Total Expenditures
<hr/>			
IPTIP Administrative Trust Fund - 195			
Administrative expenses of the Illinois Public Treasurers' Investment Pool	\$ 2,731,405	\$ 27,594	\$ 2,758,999
<hr/>			
Metropolitan Pier and Exposition Authority Trust Fund - 337			
Pay surplus revenues MPEA	\$ 23,400,229	\$ -	\$ 23,400,229
Payment of funds/bond payments	101,684,723	-	101,684,723
<hr/>			
Total Metropolitan Pier and Exposition Authority Trust Fund	\$ 125,084,952	\$ -	\$ 125,084,952
<hr/>			
Protest Fund - 401			
Refund of monies paid under protest	\$ 45,408,653	\$ -	\$ 45,408,653
<hr/>			
Unclaimed Property Trust Fund - 482			
Refund of unclaimed property	\$ 118,032,953	\$ 418,823	\$ 118,451,776
<hr/>			
Municipal Economic Development Fund - 650			
Operational expenses	\$ 16,149	\$ 1	\$ 16,150
<hr/>			
College Savings Pool Administrative Trust Fund - 668			
College Savings Pool administrative costs	\$ 1,048,055	\$ 60,772	\$ 1,108,827
<hr/>			
Convention Center Support Fund - 933			
Grants to The Village of Rosemont for the Donald E. Stephens Convention Center	\$ 2,034,996	\$ 482,022	\$ 2,517,018
Payments to the Village of Rosemont	5,000,000	-	5,000,000
<hr/>			
Total Convention Center Support Fund	\$ 7,034,996	\$ 482,022	\$ 7,517,018
<hr/>			
Total All Nonappropriated Funds	\$ 299,357,163	\$ 989,212	\$ 300,346,375
<hr/>			
Total All Funds	\$ 3,471,666,107	\$ 3,074,645	\$ 3,474,740,752
<hr/>			

Note:

Appropriations, expenditures, and lapsed balances were obtained from Agency records and have been reconciled to the records of the State Comptroller. Expenditures 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 Fiscal Years Ended June 30, 2015, 2014 and 2013

	Fiscal Year		
	2015	2014	2013
	PA 98-0679, PA 98-0680	PA 98-0017, PA 98-0064	PA 97-0726, PA 97-0685
General Revenue Fund - 001			
Appropriations (net after transfers)	\$ 8,601,800	\$ 9,001,800	\$ 8,395,000
Expenditures			
Personal services	4,309,355	4,654,266	4,729,739
Employee retirement - contributions paid by employer	123,235	135,939	133,756
State contribution to social security	317,470	343,575	350,595
Contractual services	730,619	765,770	701,740
Travel	75,095	70,842	67,743
Commodities	50,930	17,346	32,106
Printing	7,433	4,842	9,279
Equipment	55,317	14,675	27,005
Electronic data processing	1,475,971	1,429,335	1,081,245
Telecommunications	78,451	70,178	71,492
Operation of auto equipment	8,955	8,121	9,642
Refunds of accrued interest on protested tax cases	237,314	999,939	145,700
Inspector General	67,033	72,237	98,400
Total Expenditures	7,537,178	8,587,065	7,458,442
Lapsed Balances	\$ 1,064,622	\$ 414,735	\$ 936,558

(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 Fiscal Years Ended June 30, 2015, 2014 and 2013

	Fiscal Year		
	2015	2014	2013
	PA 98-0679, PA 98-0680	PA 98-0017, PA 98-0064	PA 97-0726, PA 97-0685
<b>State Pensions Fund - 054</b>			
Appropriations (net after transfers)	\$ 11,051,660	\$ 9,343,930	\$ 9,343,930
Expenditures			
Personal services	3,397,286	3,156,274	2,841,872
Employee retirement - contributions paid by employer	76,205	72,211	67,852
State contribution to State Employees' Retirement System	1,439,197	1,274,021	1,082,308
State contribution to Social Security	261,294	248,028	233,522
Group insurance - contributions paid by employer	1,069,774	1,188,804	1,212,238
Contractual services	1,720,448	1,729,253	1,949,861
Travel	53,689	57,854	73,774
Commodities	36,571	35,004	46,731
Printing	9,753	12,508	12,261
Equipment	24,459	7,175	121,613
Electronic data processing	829,342	1,016,127	891,241
Telecommunications	145,910	209,095	68,847
Operation of auto equipment	4,482	7,273	7,030
Total Expenditures	9,068,410	9,013,627	8,609,150
Lapsed Balances	\$ 1,983,250	\$ 330,303	\$ 734,780
<b>General Obligation Bond Retirement &amp; Interest Fund - 101</b>			
Appropriations (net after transfers)	\$ 3,770,715,758	\$ 3,136,511,060	\$ 3,146,213,210
Expenditures			
Payment of principal on general obligation bonds and short-term borrowing	2,035,615,718	1,668,414,608	1,527,070,751
Payment of interest on general obligation bonds and short-term borrowing	1,514,716,627	1,468,096,452	1,446,975,292
Total Expenditures	3,550,332,345	3,136,511,060	2,974,046,043
Lapsed Balances	\$ 220,383,413	\$ -	\$ 172,167,167

(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 Fiscal Years Ended June 30, 2015, 2014 and 2013

	2015	Fiscal Year 2014	2013
	PA 98-0679, PA 98-0680	PA 98-0017, PA 98-0064	PA 97-0726, PA 97-0685
General Obligation Bond Rebate Fund - 107			
Appropriations (net after transfers)	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Expenditures			
Arbitrage tax rebate payments	-	-	-
Lapsed Balances	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Estate Tax Refund Fund - 121			
Appropriations (net after transfers)	\$ 20,998,261	\$ 17,395,864	\$ 13,440,082
Expenditures			
Estate tax refunds	20,998,261	17,395,864	13,440,082
Lapsed Balances	\$ -	\$ -	\$ -
Bank Services Trust Fund - 373			
Appropriations (net after transfers)	\$ 8,100,000	\$ 8,100,000	\$ 8,100,000
Expenditures			
Payments for banking services	3,241,771	2,884,524	3,067,288
Lapsed Balances	\$ 4,858,229	\$ 5,215,476	\$ 5,032,712
Charitable Trust Stabilization Fund - 435			
Appropriations (net after transfers)	\$ 500,000	\$ 2,000,000	\$ 2,000,000
Expenditures			
Awards and grants, lump sums and other purposes	354	2,237	640
Lapsed Balances	\$ 499,646	\$ 1,997,763	\$ 1,999,360

(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 Fiscal Years Ended June 30, 2015, 2014 and 2013

	2015	Fiscal Year 2014	2013
	PA 98-0679, PA 98-0680	PA 98-0017, PA 98-0064	PA 97-0726, PA 97-0685
Matured Bond and Coupon Fund - 625			
Appropriations (net after transfers)	\$ -	\$ -	\$ 500,000
Expenditures			
Payment of matured bonds and interest coupons	-	-	170,000
Lapsed Balances	\$ -	\$ -	\$ 330,000
Transfer Tax Collection Distributive Fund – 815			
Appropriations (net after transfers)	\$ -	\$ -	\$ 27,000,000
Expenditures			
Payments to counties	-	-	2,612,908
Lapsed Balances	\$ -	\$ -	\$ 24,387,092
Total All Appropriated Funds			
Appropriations (net after transfers)	\$ 3,820,967,479	\$ 3,183,352,654	\$ 3,215,992,222
Expenditures	3,591,178,319	3,174,394,377	3,009,404,553
Lapsed Balances	\$ 229,789,160	\$ 8,958,277	\$ 206,587,669

(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 Fiscal Years Ended June 30, 2015, 2014 and 2013**

Nonappropriated Funds	2015	Fiscal Year 2014	2013
<hr/>			
IPTIP Administrative Trust Fund - 195			
Administrative expenses of the Illinois			
Public Treasurer's Investment Pool	\$ 2,387,612	\$ 2,758,999	\$ 3,072,015
<hr/>			
Metropolitan Pier and Exposition Authority Trust Fund - 337			
Pay surplus revenues MPEA	\$ 29,580,712	\$ 23,400,229	\$ 8,269,583
Payment of funds/bond payments	125,226,659	101,684,723	105,087,956
Total Expenditures	<u>\$ 154,807,371</u>	<u>\$ 125,084,952</u>	<u>\$ 113,357,539</u>
<hr/>			
Protest Fund – 401			
Court ordered fund transfer	\$ -	\$ -	\$ 10,673,161
Refund of monies paid under protest	36,452,277	45,408,653	42,848,532
Total Expenditures	<u>\$ 36,452,277</u>	<u>\$ 45,408,653</u>	<u>\$ 53,521,693</u>
<hr/>			
Unclaimed Property Trust Fund - 482			
Refunds of unclaimed property	\$ 110,214,840	\$ 118,451,776	\$ 107,156,875
Litigation expenses	-	-	948,602
Total Expenditures	<u>\$ 110,214,840</u>	<u>\$ 118,451,776</u>	<u>\$ 108,105,477</u>
<hr/>			
Municipal Economic Development Fund - 650			
Payments to Cities/Villages	\$ -	\$ 16,150	\$ 315,630
<hr/>			
College Savings Pool Administrative Trust Fund - 668			
College Savings Pool administrative costs	\$ 1,057,651	\$ 1,108,827	\$ 811,463
<hr/>			
Convention Center Support Fund - 933			
Grants to The Village of Rosemont for the Donald E.			
Stephens Convention Center	\$ 2,666,697	\$ 2,517,018	\$ 2,345,248
Payments to the Village of Rosemont	-	5,000,000	5,000,000
Total Expenditures	<u>\$ 2,666,697</u>	<u>\$ 7,517,018</u>	<u>\$ 7,345,248</u>
<hr/>			
Total Nonappropriated Funds	<u>\$ 307,586,448</u>	<u>\$ 300,346,375</u>	<u>\$ 286,529,065</u>
<hr/>			
Total - All Funds			
Expenditures	<u>\$ 3,898,764,767</u>	<u>\$ 3,474,740,752</u>	<u>\$ 3,295,933,618</u>

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, 2015, 2014 and 2013, State officers' salaries paid from the Office of the Comptroller were as follows:

Salaries paid from the Comptroller's			
Illinois State Treasurer	\$ 136,257	\$ 135,669	\$ 135,669
Executive Inspector General	105,996	105,996	105,996
Total Expenditures	<u>\$ 242,253</u>	<u>\$ 241,665</u>	<u>\$ 241,665</u>

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, 2015

Fund No. 1267 Illinois Insured Mortgage Pilot Program

Cash balance, July 1, 2013	\$	1
Receipts		66,767
Disbursements		66,767
		<hr/>
Cash balance, June 30, 2014	\$	1
		<hr/> <hr/>
Cash balance, July 1, 2014	\$	1
Receipts		60,949
Disbursements		60,949
		<hr/>
Cash balance, June 30, 2015	\$	1
		<hr/> <hr/>

Fund No. 1333 Treasurer's Securities in Safekeeping

Cash balance, July 1, 2013	\$	215,081
Receipts		-
Disbursements		-
		<hr/>
Cash balance, June 30, 2014	\$	215,081
		<hr/> <hr/>
Cash balance, July 1, 2014	\$	215,081
Receipts		-
Disbursements		-
		<hr/>
Cash balance, June 30, 2015	\$	215,081
		<hr/> <hr/>

(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, 2015

Fund No. 1370 Home Loan Collateral Fund

Cash balance, July 1, 2013	\$ 6,131,155
Receipts	29,328
Disbursements	32,086
	<hr/>
Cash balance, June 30, 2014	<u>\$ 6,128,397</u>
Cash balance, July 1, 2014	\$ 6,128,397
Receipts	15,726
Disbursements	967,882
	<hr/>
Cash balance, June 30, 2015	<u>\$ 5,176,241</u>

Fund No. 1383 Hospital Basic Services Preservation Collateral Fund

Cash balance, July 1, 2013	\$ 4,751,383
Receipts	5,177
Disbursements	188,512
	<hr/>
Cash balance, June 30, 2014	<u>\$ 4,568,048</u>
Cash balance, July 1, 2014	\$ 4,568,048
Receipts	4,985
Disbursements	173,053
	<hr/>
Cash balance, June 30, 2015	<u>\$ 4,399,980</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, 2015

	2015	2014
Equipment		
Balances, beginning of fiscal year	\$ 3,504,120	\$ 3,416,553
Additions		
Purchases	171,633	474,450
Inter-agency transfers	67,054	190,722
	<u>238,687</u>	<u>665,172</u>
Deductions		
Inter-agency transfers	280,167	568,060
Inventory adjustments	2,581	9,545
	<u>282,748</u>	<u>577,605</u>
Balance, end of fiscal year	<u>\$ 3,460,059</u>	<u>\$ 3,504,120</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		
	2015	2014	2013
General Revenue Fund - 001			
Investment income	\$ 23,914,614	\$ 19,123,437	\$ 19,443,986
Miscellaneous receipts	7,216	8,051	9,303
Private organizations or Individuals	2,872	10,344	9,998
Reimbursement from employees for jury duty and personal phone calls	78	64	71
Returned Collateral	910,000	-	-
Prior year refund/voided warrants	84	1,008	74
Total General Revenue Fund	<u>24,834,864</u>	<u>19,142,904</u>	<u>19,463,432</u>
State Pensions Fund - 054			
Miscellaneous receipts	171	228	207
Prior year refund/voided warrants	-	2,164	-
Total State Pensions Fund	<u>171</u>	<u>2,392</u>	<u>207</u>
General Obligation Bond Retirement and Interest Fund - 101			
Investment income	<u>5,635,130</u>	<u>5,220,857</u>	<u>4,792,751</u>
Estate Tax Refund Fund - 121			
Estate taxes	22,273,870	17,658,809	16,269,780
Prior year refund/voided warrants	684,928	-	-
Total Estate Tax Refund Fund	<u>22,958,798</u>	<u>17,658,809</u>	<u>16,269,780</u>
IPTIP Administrative Fund - 195			
State and local government	2,647,605	2,577,139	2,871,900
Reimbursement from employees for jury duty and personal phone calls	102	-	15
Prior year refund/voided warrants	68	-	-
Total IPTIP Administrative Fund	<u>2,647,775</u>	<u>2,577,139</u>	<u>2,871,915</u>
Methamphetamine Law Enforcement Fund - 283			
Fines, penalties or violations	<u>30,807</u>	<u>29,052</u>	<u>22,154</u>
Hospital Basic Services Preservation Fund - 284			
Returned collateral	<u>168,068</u>	<u>183,335</u>	<u>229,169</u>
Treasurer's Rental Fee Fund - 331			
Rental income	<u>35,928</u>	<u>39,212</u>	<u>20,398</u>
Metropolitan Pier and Exposition Authority Trust Fund - 337			
Investment income	<u>109,261</u>	<u>130,529</u>	<u>105,948</u>
Charitable Trust Stabilization Fund - 435			
Investment income	<u>12,634</u>	<u>9,689</u>	<u>7,511</u>

(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		
	2015	2014	2013
Unclaimed Property Trust Fund - 482			
Unclaimed assets	\$ 328,767,690	\$ 308,316,378	\$ 299,806,795
Prior year refund	8,501	13,046	7,266
Total Unclaimed Property Trust Fund	<u>328,776,191</u>	<u>308,329,424</u>	<u>299,814,061</u>
Municipal Economic Development Fund - 650			
Investment income	<u>-</u>	<u>26</u>	<u>140</u>
College Savings Pool Administrative Trust Fund - 668			
Investment income	480	429	1,604
License fee or registration	1,890,509	1,634,246	1,336,995
Total College Savings Pool Administrative Trust Fund	<u>1,890,989</u>	<u>1,634,675</u>	<u>1,338,599</u>
Rate Adjustment Fund - 685			
Investment income	<u>40,297</u>	<u>35,084</u>	<u>29,187</u>
Capital Projects Fund - 694			
Investment income	<u>150,718</u>	<u>108,639</u>	<u>79,073</u>
State Treasurer Court Ordered Escrow Fund - 932			
Investment income	<u>2,521</u>	<u>2,300</u>	<u>2,162</u>
Convention Center Support Fund - 933			
Airport departure tax - increase	<u>2,909,126</u>	<u>2,255,970</u>	<u>2,331,505</u>
MPEA Grants Fund - 941			
Airport departure tax - increase	<u>8,727,379</u>	<u>6,767,911</u>	<u>6,994,514</u>
Total Receipts	<u>\$ 398,930,657</u>	<u>\$ 364,127,947</u>	<u>\$ 354,372,506</u>

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, 2015

	General Revenue Fund	State Pensions Fund	General Obligation BR&I Fund	Estate Tax Refund	IPTIP Administrative Fund	Methamphetamine Law Enforcement Fund	Hospital Basic Services Preservation Fund	Treasurer's Rental Fee Fund	MPEA Trust Fund
Receipts received by Treasurer deposited into clearing account	\$ 24,834,864	\$ 171	\$ 5,635,130	\$ 22,958,798	\$ 2,647,775	\$ 30,807	\$ 168,068	\$ 35,928	\$ 109,261
Plus deposits in transit, beginning of year	1,460	-	-	225,960	-	1,124	-	-	-
Less deposits in transit, end of year	(25)	(15)	-	(1,225,664)	-	(1,291)	-	(2,248)	-
Deposits remitted to Comptroller	<u>\$ 24,836,299</u>	<u>\$ 156</u>	<u>\$ 5,635,130</u>	<u>\$ 21,959,094</u>	<u>\$ 2,647,775</u>	<u>\$ 30,640</u>	<u>\$ 168,068</u>	<u>\$ 33,680</u>	<u>\$ 109,261</u>

	Charitable Trust Stabilization Fund	Unclaimed Property Trust Fund	College Savings Pool Administrative Trust Fund	Rate Adjustment Fund	Capital Projects Fund	State Treasurer Court Ordered Escrow Fund	Convention Center Support Fund	MPEA Grants Fund
Receipts received by Treasurer deposited into clearing account	\$ 12,634	\$ 328,776,191	\$ 1,890,989	\$ 40,297	\$ 150,718	\$ 2,521	\$ 2,909,126	\$ 8,727,379
Plus deposits in transit, beginning of year	-	1,704,712	-	-	-	-	-	-
Less deposits in transit, end of year	-	(3,351,047)	-	-	-	-	-	-
Deposits remitted to Comptroller	<u>\$ 12,634</u>	<u>\$ 327,129,856</u>	<u>\$ 1,890,989</u>	<u>\$ 40,297</u>	<u>\$ 150,718</u>	<u>\$ 2,521</u>	<u>\$ 2,909,126</u>	<u>\$ 8,727,379</u>

Total

Receipts received by Treasurer deposited into clearing account	\$ 398,930,657
Plus deposits in transit, beginning of year	1,933,256
Less deposits in transit, end of year	<u>(4,580,290)</u>
Deposits remitted to Comptroller	<u>\$ 396,283,623</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, 2014

	General Revenue Fund	State Pensions Fund	General Obligation BR&I Fund	Estate Tax Refund	IPTIP Administrative Fund	Methamphetamine Law Enforcement Fund	Hospital Basic Services Preservation Fund	Treasurer's Rental Fee Fund	MPEA Trust Fund
Receipts received by Treasurer deposited into clearing account	\$ 19,142,904	\$ 2,392	\$ 5,220,857	\$ 17,658,809	\$ 2,577,139	\$ 29,052	\$ 183,335	\$ 39,212	\$ 130,529
Plus deposits in transit, beginning of year	-	-	-	215,390	-	-	-	-	-
Less deposits in transit, end of year	(1,460)	-	-	(225,960)	-	(1,124)	-	-	-
Deposits remitted to Comptroller	<u>\$ 19,141,444</u>	<u>\$ 2,392</u>	<u>\$ 5,220,857</u>	<u>\$ 17,648,239</u>	<u>\$ 2,577,139</u>	<u>\$ 27,928</u>	<u>\$ 183,335</u>	<u>\$ 39,212</u>	<u>\$ 130,529</u>
	Charitable Trust Stabilization Fund	Unclaimed Property Trust Fund	Municipal Economic Development Fund	College Savings Pool Administrative Trust Fund	Rate Adjustment Fund	Capital Projects Fund	State Treasurer Court Ordered Escrow Fund	Convention Center Support Fund	MPEA Grants Fund
Receipts received by Treasurer deposited into clearing account	\$ 9,689	\$ 308,329,424	\$ 26	\$ 1,634,675	\$ 35,084	\$ 108,639	\$ 2,300	\$ 2,255,970	\$ 6,767,911
Plus deposits in transit, beginning of year	-	2,134,026	-	-	-	-	-	222,079	666,238
Less deposits in transit, end of year	-	(1,704,712)	-	-	-	-	-	-	-
Deposits remitted to Comptroller	<u>\$ 9,689</u>	<u>\$ 308,758,738</u>	<u>\$ 26</u>	<u>\$ 1,634,675</u>	<u>\$ 35,084</u>	<u>\$ 108,639</u>	<u>\$ 2,300</u>	<u>\$ 2,478,049</u>	<u>\$ 7,434,149</u>
<u>Total</u>									
Receipts received by Treasurer deposited into clearing account	\$364,127,947								
Plus deposits in transit, beginning of year	3,237,733								
Less deposits in transit, end of year	<u>(1,933,256)</u>								
Deposits remitted to Comptroller	<u>\$365,432,424</u>								

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

**Schedule 8**

**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**

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

Fund, Account (if Applicable), and Explanation	2015	2014
General Revenue Fund (001)		
Commodities	\$ 50,930	\$ 17,346
The increase was due to the Treasurer's Office purchasing additional supplies and promotional items for special events and various fairs throughout the state.		
Equipment	55,317	14,675
The increase was due to the purchase of two vehicles during Fiscal Year 2015.		
Refunds of accrued interest on protested tax cases	237,314	999,939
The decrease was due to paying off the backlog of accrued interest on protested tax cases in Fiscal Year 2014.		
State Pensions Fund (054)		
Telecommunications	145,910	209,095
The decrease was due to no fiber network cable installation costs during Fiscal Year 2015.		
General Obligation Bond Retirement & Interest Fund (101)		
Payment of principal on general obligation bonds and short-term borrowing	2,035,615,718	1,668,414,608
Payments are based on bond maturity schedules. The increase was due to higher maturities due in Fiscal Year 2015.		
Estate Tax Refund Fund (121)		
Estate Tax Refunds	20,998,261	17,395,864
The increase was due to the timing of receipts and an increase in revenues allowing more of the Estate Tax Refund backlog to be paid.		
Metropolitan Pier and Exposition Authority Trust Fund (337)		
Pay surplus revenues MPEA	29,580,712	23,400,229
The increase is based on statutory requirements.		
Payment of funds/bond payments	125,226,659	101,684,723
The increase is based on statutory requirements.		
Convention Center Support Fund (933)		
Payments to the Village of Rosemont	-	5,000,000
The decrease was due to a \$5 million statutorily required transfer from the General Revenue Fund to the Convention Center Support Fund being held by the Comptroller. The corresponding \$5 million payment to the Village of Rosemont cannot be made until the transfer is complete.		

(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	2014	2013
General Revenue Fund (001)		
Electronic Data Processing	\$ 1,429,335	\$ 1,081,245
The increase was due to costs associated with application development needed to replace and update outdated systems.		
Refunds of accrued interest on protested tax cases	999,939	145,700
The increase was due to receiving a sufficient appropriation to pay off the backlog of accrued interest on protested tax cases.		
Inspector General	72,237	98,400
The decrease was due to a new vehicle purchased in Fiscal Year 2013.		
State Pensions Fund (054)		
Equipment	7,175	121,613
The decrease was due to new cubicles purchased in Fiscal Year 2013.		
Telecommunications	209,095	68,847
The increase was due to the fees associated with the new telephone software program and the installation of fiber network cable in Fiscal Year 2014.		
Estate Tax Refund Fund (121)		
Estate Tax Refunds	17,395,864	13,440,082
The increase was due to the timing of receipts and an increase in revenues allowing more of the Estate Tax Refund backlog to be paid.		
Metropolitan Pier and Exposition Authority Trust Fund (337)		
Pay surplus revenues MPEA	23,400,229	8,269,583
The increase is based on statutory requirements.		
Protest Fund (401)		
Court ordered fund transfer	-	10,673,161
The decrease is based on statutory requirements.		

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	2014	2013
Unclaimed Property Trust Fund (482)		
Litigation Expenses	\$ -	\$ 948,602
The decrease was due to no court ordered litigation expenses paid out during Fiscal Year 2014.		
Matured Bond and Coupon Fund (625)	-	170,000
Payment of Matured Bonds and Interest Coupons		
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. Payment for presentation of bonds or coupons is now paid from the Unclaimed Property Trust Fund rather than the Matured Bond and Coupon Fund.		
Municipal Economic Development Fund (650)		
Payments to Cities/Villages	16,150	315,630
The decrease was due to statutorily required transfer certifications ceasing in Fiscal Year 2014 resulting in a lower fund balance and lower quarterly distribution payments to the Village of Robbins.		
College Savings Pool Administrative Trust Fund (668)		
College Savings Pool Administrative Costs	1,108,827	811,463
The increase was due to the continued growth in assets and increase in participants of the College Savings Pool Program leading to increased expenditures during Fiscal Year 2014.		
Transfer Tax Collection Distributive Fund (815)		
Payments to Counties	-	2,612,908
The decrease was 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 taxes.		

**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	2015	2014
General Revenue Fund (001)		
Investment Income	\$ 23,914,614	\$ 19,123,437
The Treasurer has no control over the investment market. The increase was due to the increase in interest rates for Fiscal Year 2015.		
Returned Collateral	910,000	-
The Finally Home Program earned \$1,100,000 over the initial program funding. It was determined a portion of the excess income would be transferred back to the Treasurer's Office during Fiscal Year 2015.		
Estate Tax Refund Fund (121)		
Estate Taxes	22,273,870	17,658,809
The Treasurer has no control over collection of Estate Tax receipts. The increase was due to an increased collection of Estate Taxes during Fiscal Year 2015.		
Prior Year Refund/Voided Warrant	684,928	-
The increase was due to the return of a refund for an Estate that owed additional taxes during Fiscal Year 2015.		
Capital Projects Fund (694)		
Investment Income	150,718	108,639
The Treasurer has no control over the investment market. The increase was due to the increase in interest rates for Fiscal Year 2015.		
Convention Center Support Fund (933)		
Airport Departure Tax - Increase	2,909,126	2,255,970
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 was due to the timing of receiving these taxes from the City of Chicago in Fiscal Year 2015.		
MPEA Grants Fund (941)		
Airport Departure Tax - Increase	8,727,379	6,767,911
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 was due to the timing of receiving these taxes from the City of Chicago in Fiscal Year 2015.		

**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	2014	2013
Hospital Basic Services Preservation Fund (284)		
Returned Collateral	\$ 183,335	\$ 229,169
The decrease was due to a lower balance available for reinvestment as collateral is being returned to the fund.		
Metropolitan Pier and Exposition Authority Trust Fund (337)		
Investment Income	130,529	105,948
The Treasurer has no control over the investment market. The increase was due to the increase in interest rates for Fiscal Year 2014.		
College Savings Pool Administrative Trust Fund (668)		
License Fee or Registration	1,634,246	1,336,995
License Fees or Registrations are directly related to the size of the College Savings Program assets and fund balance. The increase was due to the increase in fund balance during Fiscal Year 2014.		
Capital Projects Fund (694)		
Investment Income	108,639	79,073
The Treasurer has no control over the investment market. The increase was due to the increase in interest rates for Fiscal Year 2014.		

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

Schedule 10

**ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING**

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, 2015	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 2015.

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, 2014	Percentage of Expenditures in Lapse Period
Bank Service Trust Fund (373)			
Payments for banking services	\$ 852,890	\$ 2,884,524	29.57%
The significant lapse period spending was due to Bank Service Trust Fund billings being 1 to 2 months in arrears.			

**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, 2015**

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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, Michael Frerichs (as of January 12, 2015), and Dan Rutherford (through January 11, 2015), 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 FUNCTIONS AND PLANNING PROGRAM (NOT EXAMINED) - CONTINUED  
For the Two Years Ended June 30, 2015**

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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/Budget/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.
- Civic 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  
OFFICE OF THE TREASURER  
NONFISCAL OFFICER RESPONSIBILITIES  
COMPLIANCE EXAMINATION**

**AGENCY FUNCTIONS AND PLANNING PROGRAM (NOT EXAMINED) - CONTINUED  
For the Two Years Ended June 30, 2015**

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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.
- 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).

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

**AGENCY FUNCTIONS AND PLANNING PROGRAM (NOT EXAMINED) - CONTINUED  
For the Two Years Ended June 30, 2015**

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Treasurer's Planning Program

The Office of the Treasurer is responsible for the safekeeping and investing of monies deposited with the 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:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Accounting/Warrant Division	18	17	18
Civic Engagement Division (Formerly Community Affairs & Marketing Division)	16	19	20
Communications Division	2	2	3
Executive Offices	7	9	8
Human Resources Division	3	3	3
Information Technology Division	4	6	5
Inspector General Division	1	1	1
Internal Audit Division	3	3	3
Invest in Illinois Division	3	4	5
Legal Division	4	4	5
Legislative Division	3	4	3
Policy and Programs Division (new division for FY15)	2	0	0
Scheduling and Events Division	2	5	6
State Portfolio & Banking Division	17	17	16
Support Services Division	12	13	12
Unclaimed Property Division	<u>46</u>	<u>49</u>	<u>44</u>
Subtotal - personnel compensated through appropriated funds	143	156	152
Illinois Funds - IPTIP Administrative Trust Fund employees (compensated through nonappropriated State Treasury Fund)	13	15	13
College Savings Administrative Trust Fund employees (compensated through nonappropriated State Treasury Fund)	<u>4</u>	<u>3</u>	<u>2</u>
Total average number of Treasurer personnel	<u><u>160</u></u>	<u><u>174</u></u>	<u><u>167</u></u>

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

**EMERGENCY PURCHASES (NOT EXAMINED)**

There were no emergency purchases during the two fiscal years ending June 30, 2015.

**STATE OF ILLINOIS  
OFFICE OF THE TREASURER  
NONFISCAL OFFICER RESPONSIBILITIES  
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	2015	2014
<b>Warrant Division</b>		
Number of warrants issued	3,390,276	3,782,687
Number of warrants paid	3,278,167	3,672,793
Number of forgery claims	110	125
Amount of forgery claims	\$ 125,263	\$ 138,564
Number of warrants outstanding as confirmed with the Comptroller's Office	198,998	184,308
<b>Unclaimed Property Division</b>		
Number of written unclaimed property inquiries processed	67,538	71,558
Amount of unclaimed property remittances received	\$ 233,379,369	\$ 214,691,296
Number of unclaimed property claims paid	61,611	66,863
Amount of unclaimed property claims paid	\$ 150,288,218	\$ 153,573,783