

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

COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2017

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

**STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2017**

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**STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2017**

AGENCY OFFICIALS

Director (01/16/18 to Present)	Hans Zigmund
Director (01/01/17 to 01/15/18)	Scott Harry
Director (01/15/15 to 12/31/16)	Tim Nuding
Chief of Staff (12/01/17 to Present)	Jim Foys
Chief of Staff (01/01/17 to 11/30/17)	Alexis Sturm
Chief of Staff (01/16/15 to 12/31/16)	Scott Harry
General Counsel (10/16/17 to Present)	Robert Steere
General Counsel (01/15/15 to 11/30/17)	Kim Fowler
Deputy General Counsel	Roma Larson
Director of Capital Markets (11/15/15 to Present)	Kelly Hutchinson
Director of Capital Markets (09/01/15 to 11/14/15)	Vacant
Director of Capital Markets (06/01/15 to 08/31/15)	Jessica Akey
Technology and Fiscal Operations Manager	Jennifer Cavanaugh
Chief Information Officer	Aaron Doty
Fiscal Manager	Layla McLean

Agency offices are located at the following locations:

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

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



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

Bruce Rauner
GOVERNOR

February 5, 2018

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

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the State of Illinois, Governor's Office of Management and Budget. We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the State of Illinois, Governor's Office of Management and Budget's compliance with the following assertions during the two-year period ended June 30, 2017. Based on this evaluation, we assert that during the years ended June 30, 2017 and June 30, 2016, the State of Illinois, Governor's Office of Management and Budget has materially complied with the assertions below.

- A. The State of Illinois, Governor's Office of Management and Budget has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The State of Illinois, Governor's Office of Management and Budget has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The State of Illinois, Governor's Office of Management and Budget has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

- D. State revenues and receipts collected by the State of Illinois, Governor's Office of Management and Budget are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the State of Illinois, Governor's Office of Management and Budget on behalf of the State or held in trust by the State of Illinois, Governor's Office of Management and Budget have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours truly,

Governor's Office of Management and Budget

SIGNED ORIGINAL ON FILE

Hans Zigmund, Director

SIGNED ORIGINAL ON FILE

Roma Larson, Deputy General Counsel

SIGNED ORIGINAL ON FILE

Jennifer Cavanaugh, Technology and Fiscal Operations Manager

**STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2017**

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

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
CURRENT FINDINGS (STATE COMPLIANCE)			
2017-001	9	Inadequate control over collection of federal interest subsidy receipts	Significant Deficiency and Noncompliance
2017-002	11	Inaccurate locally held fund reports	Significant Deficiency and Noncompliance
2017-003	13	Contracts lack required subcontractor agreements	Significant Deficiency and Noncompliance
PRIOR FINDINGS NOT REPEATED			
A	14	Inadequate controls over monthly reconciliations	

**STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2017**

EXIT CONFERENCE

The State of Illinois, Governor's Office of Management and Budget declined an exit conference in correspondence dated January 31, 2018.

Responses to recommendations were provided by Jennifer Cavanaugh on January 18, 2018 and January 30, 2018.

MEMBERS

BRIAN E. DANIELL
JANICE K. ROMACK
DIANA R. SMITH
D. RAIF PERRY
JOHN H. VOGT
JOSHUA D. LOWE
DAVID W. FALLER
ALEXANDER M. HAGEN

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

Honorable Frank J. Mautino
Auditor General
State of Illinois

Compliance

As Special Assistant Auditors for the Auditor General, we have examined the State of Illinois, Governor's Office of Management and Budget's compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2017. The management of the State of Illinois, Governor's Office of Management and Budget is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Governor's Office of Management and Budget's compliance based on our examination.

- A. The State of Illinois, Governor's Office of Management and Budget has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The State of Illinois, Governor's Office of Management and Budget has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The State of Illinois, Governor's Office of Management and Budget has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the State of Illinois, Governor's Office of Management and Budget are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the State of Illinois, Governor's Office of Management and Budget on behalf of the State or held in trust by the State of Illinois, Governor's Office of Management and Budget have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act (the Audit Guide). Those standards, the Act, and the Audit Guide require that we plan and perform the examination to obtain reasonable assurance about whether the State of Illinois, Governor's Office of Management and Budget complied, in all material respects, with the specified requirements listed above. An examination involves performing procedures to obtain evidence about whether the State of Illinois, Governor's Office of Management and Budget complied with the specified requirements listed above. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error.

We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the State of Illinois, Governor's Office of Management and Budget's compliance with specified requirements.

In our opinion, the State of Illinois, Governor's Office of Management and Budget complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2017. 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 2017-001, 2017-002, and 2017-003.

The State of Illinois, Governor's Office of Management and Budget's responses to the findings identified in our examination are described in the accompanying schedule of findings. The State of Illinois, Governor's Office of Management and Budget's responses were not subjected to the procedures applied in the compliance examination and, accordingly, we express no opinion on the responses.

The purpose of this report on compliance is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the Audit Guide issued by the Illinois Office of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Internal Control

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the requirements listed in the first paragraph of this report on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph of this report will not be

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings as items 2017-001, 2017-002, and 2017-003, 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, Governor's Office of Management and Budget's responses to the internal control findings identified in our examination are described in the accompanying schedule of findings. The State of Illinois, Governor's Office of Management and Budget's responses were not subjected to the procedures applied in the compliance examination and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Audit Guide, issued by the Illinois Office of the Auditor General. Accordingly, this report is not suitable for any other purpose.

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, 2017 and June 30, 2016 in Schedules 1 through 6 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, 2017 and June 30, 2016 accompanying supplementary information in Schedules 1 through 6. However, we do not express an opinion on the accompanying supplementary information.

We have not applied procedures to the June 30, 2015 accompanying supplementary information in Schedules 3 and 6 and in the Analysis of Operations Section, and accordingly, we do not express an opinion or provide any assurance on it.

SIGNED ORIGINAL ON FILE

Greenville, Illinois
February 5, 2018

**STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2017**

CURRENT FINDINGS (STATE COMPLIANCE)

2017-001 **FINDING** (Inadequate control over collection of federal interest subsidy receipts)

The Governor's Office of Management and Budget (Office) did not exercise adequate controls over the collection of federal interest subsidy receipts.

The State of Illinois issued Build America Bonds allowed under the American Recovery and Reinvestment Act of 2009 and was entitled to receive interest subsidies from the federal government when debt service payments were made to bond holders. The Office utilized the Federal Interest Subsidy Receipts Tracker (Tracker) to track the rebates submitted and received. Rebates totaled \$57,009,327 and \$54,116,494 in Fiscal Years 2016 and 2017, respectively. During our testing we noted the following:

- One expected rebate totaling \$2,426,928, due March 1, 2016, was not received from the federal government and there was no documentation to support collection efforts.
- Five of 22 (23%) rebate receipts tested were not received in full from the federal government. The expected total of these rebates was \$27,120,870, but the Office only received partial payments totaling \$26,937,818 and failed to pursue the additional \$183,052.

The Statewide Accounting Management Systems (SAMS) Manual (Procedure 26.40.10) states each agency must individually pursue all reasonable and appropriate procedures available to the agency to effectuate collection of amounts due. 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 fiscal and administrative controls, to provide assurance revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

Office officials stated there was follow-up performed through phone calls to the Internal Revenue Service (IRS), but progress was not tracked due to a lack of a formal protocol being in place to pursue subsidy payments.

Failure to pursue outstanding rebates could result in loss of funds owed to the State. (Finding Code No. 2017-001)

RECOMMENDATION

We recommend the Office pursue the collection of outstanding interest subsidy receipts on a timely basis.

STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2017

CURRENT FINDINGS (STATE COMPLIANCE)

2017-001 **FINDING** (Inadequate control over collection of federal interest subsidy receipts) (Continued)

OFFICE RESPONSE

The Office accepts the Auditors finding and recommendation. Staff analysts as well as the Director of the Office have contacted the IRS on several separate occasions to reconcile the collection of federal interest subsidy receipts. The IRS does not have a process for reconciling payment amounts. The Office contacted the IRS multiple times regarding the missing rebate payment of \$2,426,928 via phone. IRS representatives were unable to track the payment and denied a request for Build America Bonds (BABs) subsidy payment records via email. The IRS instructed the Office to send a record request via post mail, which was done on November 13, 2017. The office has not yet received a response.

The Office is not guaranteed full subsidy amounts. In addition to reductions due to federal sequestration, the IRS may take a portion of the subsidy payment due to the Office at their discretion as payment of taxes owed by other offices or departments within the State. As a result, many of these payments are not always received by the Office in full.

The Office has established a protocol that outlines a timeline for following up on BABs rebates and requires written documentation to record the date, time and method of those efforts.

**STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2017**

CURRENT FINDINGS (STATE COMPLIANCE)

2017-002 **FINDING** (Inaccurate locally held fund reports)

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

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

- One of 56 (2%) C-17s tested, prepared on the cash basis of accounting, improperly included \$40,344 of accrued investment income.
- Eight of 56 (14%) Office monthly website disclosures tested were inaccurate. Four of the disclosures reported incorrect amounts; misstatements totaled between \$55 and \$28,943,883. The Office also failed to post four disclosures for Certificates of Participation, which totaled \$16,644 at December 31, 2015.

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

During the prior examination, Office officials indicated the inaccuracies in C-17s and monthly disclosures were caused by clerical and inadvertent errors by the preparer and a lack of supervisory review controls. During the current examination, Office officials stated the accrued investment income was recorded on the C-17s due to a clerical error in the calculation of investment income for that quarter. Additionally, Office officials stated the incorrect and omitted disclosures on their website were due to staff errors.

Failure to submit accurate C-17s to the Comptroller represents noncompliance with SAMS and could result in inaccurate Statewide financial reporting. Failure to provide accurate reporting of investment of public funds information on the Office's website is a violation of the Act. (Finding Code No. 2017-002, 2015-001, 2013-001, 11-2)

**STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2017**

CURRENT FINDINGS (STATE COMPLIANCE)

2017-002 **FINDING** (Inaccurate locally held fund reports) (Continued)

RECOMMENDATION

We recommend the Office implement procedures to review all C-17s for accuracy prior to submission. Also, we recommend the Office implement procedures to review all monthly disclosures for accuracy prior to posting on the Office's website and ensure all required disclosures are posted.

OFFICE RESPONSE

The Office accepts the Auditor's finding and recommendation. The Office has implemented corrective action to resolve the finding including: establishing new procedures for the preparation of the C-17 and monthly disclosure reports; enhanced supervisory review control to approve both reports before they are filed or released. The agency plans to train additional staff to prepare the reports as well as provide additional staff training related to the review and approval of the reports. All mistakes on the C-17 reports during the audit period were corrected in the subsequent quarter or at the end of the fiscal year prior to the Office submitting its GAAP package to the State Comptroller.

**STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2017**

CURRENT FINDINGS (STATE COMPLIANCE)

2017-003 **FINDING** (Contracts lack required subcontractor agreements)

The Governor's Office of Management and Budget (Office) did not obtain all statutorily required information related to subcontractors.

We noted two of six (33%) contracts tested for professional services did not contain the required subcontractor agreements or related subcontractor standard certifications accompanied by financial disclosures and conflicts of interest forms. The contracts totaled \$1,763,289, of which subcontractors accounted for \$558,938.

In accordance with the terms of the contracts as well as with requirements of the Illinois Procurement Code (30 ILCS 500/35-40(c)), each subcontractor shall complete the State of Illinois Chief Procurement Office General Services Financial Disclosures and Conflicts of Interest form. In addition, Subcontractors are required to make the same certifications that the vendor must make as a condition of the contract.

Office officials stated the information was omitted unintentionally.

Failure to obtain contractually required information related to subcontractors prevents the Office from identifying potential conflicts of interest and possible financial improprieties prior to entering into a contractual relationship with the entity. (Finding Code No. 2017-003)

RECOMMENDATION

We recommend the Office implement procedures to ensure contracts include all required language and certifications.

OFFICE RESPONSE

The Office accepts the Auditor's finding and recommendation. Checking for subcontractor certifications and disclosures has been added to our procurement file checklist. The subcontractor certification and disclosure has been given greater emphasis in the newest version of the standard contract template recently released by the Chief Procurement Office for General Services, which the Office has adopted.

STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2017

PRIOR FINDINGS NOT REPEATED

A. **FINDING** (Inadequate controls over monthly reconciliations)

During the prior examination period, we noted the Governor's Office of Management and Budget (Office) did not have adequate controls over monthly appropriation reconciliations. The Office failed to properly complete reconciliations whereby reconciling items were not identified. Additionally, Monthly Appropriation Status Report (SB01) reconciliations were not fully documented in a timely manner.

During the current examination period, our sample testing of the monthly reconciliations showed the Office properly completed reconciliations and documented reconciliations timely. (Finding Code No. 2015-002)

**STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2017**

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

- Fiscal Schedules and Analysis:
 - Schedule of Appropriations, Expenditures and Lapsed Balances
 - Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
 - Comparative Schedule of Receipts, Disbursements and Fund Balance
(Cash Basis) – Locally Held Funds
 - Schedule of Changes in State Property
 - Comparative Schedule of Cash Receipts and Reconciliation of Cash Receipts
to Deposits Remitted to the State Comptroller

- Analysis of Operations (Not Examined):
 - Agency Functions and Planning Program (Not Examined)
 - Analysis of Significant Variations in Expenditures (Not Examined)
 - Analysis of Significant Variations in Receipts (Not Examined)
 - Analysis of Significant Lapse Period Spending (Not Examined)
 - Analysis of Accounts Receivable (Not Examined)
 - Budget Impasse Disclosures (Not Examined)
 - Alternative Financing in Lieu of Appropriations and Programs to Address Untimely
Payments to Vendors (Not Examined)
 - Interest Costs on Fiscal Year 2016 and Fiscal Year 2017 Invoices (Not Examined)
 - Average Number of Employees (Not Examined)
 - Cash Management Improvement Act Summary (Not Examined)
 - Service Efforts and Accomplishments (Not Examined)
 - General Obligation Bond Indebtedness Summary (Not Examined)
 - Build Illinois Bond Indebtedness Summary (Not Examined)

The accountant's report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the accountants have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2017 and June 30, 2016 accompanying supplementary information in Schedules 1 through 6. However, the accountants do not express an opinion on the supplementary information. The accountant's report also states that they have not applied procedures to the Analysis of Operations Section, and accordingly, they do not express an opinion or provide any assurance on it.

STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Expenditure Authority for Fiscal Year 2017

Fifteen Months Ended September 30, 2017

Public Act 99-0524, Public Act 100-0021, and Court-Ordered Expenditures FISCAL YEAR 2017	Expenditure Authority (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to September 30	Total Expenditures 15 Months Ended September 30	Balances Lapsed September 30
<u>APPROPRIATED FUNDS</u>					
<u>GENERAL REVENUE FUND - 001</u>					
Personal services		\$ 1,073,506	\$ -	\$ 1,073,506	
State contributions to Social Security		78,945	-	78,945	
Ordinary and contingent expenses, not including personal services	\$ 100,000	94,399	-	94,399	\$ 5,601
For deposit into the Grant Accountability and Transparency Fund	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>	<u>-</u>
Subtotal fund - 001		<u>2,246,850</u>	<u>-</u>	<u>2,246,850</u>	
<u>ILLINOIS CIVIC CENTER BOND RETIREMENT AND INTEREST FUND - 105</u>					
Principal, interest and premium	<u>14,500,000</u>	<u>14,427,083</u>	<u>-</u>	<u>14,427,083</u>	<u>72,917</u>
<u>CAPITAL DEVELOPMENT FUND - 141</u>					
Expenses for the sale and administration of State bonds	<u>1,590,000</u>	<u>978,616</u>	<u>5,638</u>	<u>984,254</u>	<u>605,746</u>

STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Expenditure Authority for Fiscal Year 2017

Fifteen Months Ended September 30, 2017

Public Act 99-0524, Public Act 100-0021, and Court-Ordered Expenditures FISCAL YEAR 2017	Expenditure Authority (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to September 30	Total Expenditures 15 Months Ended September 30	Balances Lapsed September 30
<u>APPROPRIATED FUNDS (Continued)</u>					
<u>GRANT ACCOUNTABILITY AND TRANSPARENCY FUND - 407</u>					
Implementation and administration costs of the Grant Accountability Act and Transparency and the Budgeting for Results initiative	\$ 4,000,000	\$ 1,371,307	\$ 423,281	\$ 1,794,588	\$ 2,205,412
<u>SCHOOL INFRASTRUCTURE FUND - 568</u>					
Operational expenses related to the School Infrastructure Program	113,400	112,583	-	112,583	817
<u>FUND FOR ILLINOIS' FUTURE FUND - 611</u>					
For Deposit into Grant Accountability and Transparency Fund	2,150,000	2,083,543	16,858	2,100,401	49,599
<u>BUDGET STABILIZATION FUND - 686</u>					
Ordinary and contingent expenses, not including personal services	150,000	94,601	23,063	117,664	32,336

STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Expenditure Authority for Fiscal Year 2017

Fifteen Months Ended September 30, 2017

Public Act 99-0524, Public Act 100-0021, and Court-Ordered Expenditures FISCAL YEAR 2017	Expenditure Authority (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to September 30	Total Expenditures 15 Months Ended September 30	Balances Lapsed September 30
<u>APPROPRIATED FUNDS (Continued)</u>					
<u>BUILD ILLINOIS BOND RETIREMENT AND INTEREST FUND - 970</u>					
Trustee payments under Master Indenture as defined by Build Illinois Bond Act	<u>\$ 480,000,000</u>	<u>\$ 455,230,487</u>	<u>\$ -</u>	<u>\$ 455,230,487</u>	<u>\$ 24,769,513</u>
<u>BUILD ILLINOIS BOND FUND - 971</u>					
Expenses for the sale and administration of State bonds	650,000	580,798	48	580,846	69,154
In accordance with the Build Illinois Bond Act	<u>390,678,507</u>	<u>390,678,507</u>	<u>-</u>	<u>390,678,507</u>	<u>-</u>
Subtotal fund - 971	<u>\$ 391,328,507</u>	<u>391,259,305</u>	<u>48</u>	<u>391,259,353</u>	<u>\$ 69,154</u>
TOTAL - ALL APPROPRIATED FUNDS		<u>\$ 867,804,375</u>	<u>\$ 468,888</u>	<u>\$ 868,273,263</u>	

STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Expenditure Authority for Fiscal Year 2017

Fifteen Months Ended September 30, 2017

Public Act 99-0524, Public Act 100-0021, and Court-Ordered Expenditures FISCAL YEAR 2017	Expenditure Authority (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to September 30	Total Expenditures 15 Months Ended September 30	Balances Lapsed September 30
<u>NON-APPROPRIATED FUNDS</u>					
<u>FEDERAL FINANCING COST REIMBURSEMENT</u>					
<u>FUND - 212</u>					
Other interest penalty		\$ 407,100	\$ -	\$ 407,100	
TOTAL - ALL NON-APPROPRIATED FUNDS		\$ 407,100	\$ -	\$ 407,100	
GRAND TOTAL - ALL FUNDS		\$ 868,211,475	\$ 468,888	\$ 868,680,363	

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller records as of September 30, 2017, and have been reconciled to the Governor's Office of Management and Budget (Office) records.

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

Note 3: The Circuit Court of St. Clair County in AFSCME Council 31 v. Munger (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay." As Public Act 100-0021 states appropriation authority granted by the General Assembly does not supersede any court order directing the expenditure of funds and states such payments are added to the appropriations granted by the General Assembly, the Office was able to submit vouchers to pay its employees in full from Fund 001 without a maximum expenditure limit for personal service costs during Fiscal Year 2017.

STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Expenditure Authority for Fiscal Year 2017

Fifteen Months Ended September 30, 2017

- Note 4: Public Act 99-524 authorized the Office to pay Fiscal Year 2016 costs using its Fiscal Year 2017 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 48 includes information from Office management about the number of invoices and the total dollar amount of invoices held by the Office submitted against its Fiscal Year 2017 appropriation.
- Note 5: During Fiscal Year 2017, the Office operated without enacted appropriations until Public Act 100-0021 was approved on July 6, 2017. During the impasse, the Office incurred non-payroll obligations within Fund 001 and Fund 686, which the Office was unable to pay until the passage of Public Act 100-0021.
- Note 6: Notwithstanding anything within Public Act 100-0021 to the contrary, Public Act 100-0021 authorized the Office to pay for all costs incurred prior to July 1, 2018, using either its Fiscal Year 2017 or Fiscal Year 2018 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 48 includes information from Office management about the number of invoices and the total dollar amount of invoices from Fiscal Year 2016 and Fiscal Year 2017 held by the Office to be submitted against either its Fiscal Year 2017 or Fiscal Year 2018 appropriations.

STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Expenditure Authority for Fiscal Year 2016

Fourteen Months Ended August 31, 2016

Public Act 99-0491, Public Act 99-0524, and Court-Ordered Expenditures FISCAL YEAR 2016	Expenditure Authority (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
<u>APPROPRIATED FUNDS</u>					
<u>GENERAL REVENUE FUND - 001</u>					
Personal services		\$ 1,258,524	\$ 375	\$ 1,258,899	
State contributions to Social Security		<u>91,969</u>	<u>29</u>	<u>91,998</u>	
Subtotal fund - 001		<u>1,350,493</u>	<u>404</u>	<u>1,350,897</u>	
<u>ILLINOIS CIVIC CENTER BOND RETIREMENT AND INTEREST FUND - 105</u>					
Principal, interest and premium	<u>\$ 14,000,000</u>	<u>13,850,319</u>	<u>-</u>	<u>13,850,319</u>	<u>\$ 149,681</u>
<u>CAPITAL DEVELOPMENT FUND - 141</u>					
Expenses for the sale and administration of State bonds					
State bonds	<u>1,590,000</u>	<u>860,550</u>	<u>63,489</u>	<u>924,039</u>	<u>665,961</u>
<u>GRANT ACCOUNTABILITY AND TRANSPARENCY FUND - 407</u>					
Implementation and administration costs of the Grant Accountability Act and Transparency and the Budgeting for Results initiative	<u>4,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,000,000</u>

STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Expenditure Authority for Fiscal Year 2016

Fourteen Months Ended August 31, 2016

Public Act 99-0491, Public Act 99-0524, and Court-Ordered Expenditures FISCAL YEAR 2016	Expenditure Authority (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
<u>APPROPRIATED FUNDS (Continued)</u>					
<u>SCHOOL INFRASTRUCTURE FUND - 568</u>					
Operational expenses related to the School Infrastructure Program	\$ 113,400	\$ 109,960	\$ 83	\$ 110,043	\$ 3,357
<u>BUILD ILLINOIS BOND RETIREMENT AND INTEREST FUND - 970</u>					
Trustee payments under Master Indenture as defined by Build Illinois Bond Act	460,000,000	459,913,550	-	459,913,550	86,450
<u>BUILD ILLINOIS BOND FUND - 971</u>					
Expenses for the sale and administration of State bonds	\$ 650,000	584,604	1,502	586,106	\$ 63,894
TOTAL - ALL APPROPRIATED FUNDS		\$ 476,669,476	\$ 65,478	\$ 476,734,954	

**STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Expenditure Authority for Fiscal Year 2016**

Fourteen Months Ended August 31, 2016

Public Act 99-0491, Public Act 99-0524, and Court-Ordered Expenditures FISCAL YEAR 2016	Expenditure Authority (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
<u>NON-APPROPRIATED FUNDS</u>					
<u>FEDERAL FINANCING COST REIMBURSEMENT</u>					
<u>FUND - 212</u>					
Other interest penalty		\$ 47,803	\$ -	\$ 47,803	
TOTAL - ALL NON-APPROPRIATED FUNDS		<u>\$ 47,803</u>	<u>\$ -</u>	<u>\$ 47,803</u>	
GRAND TOTAL - ALL FUNDS		<u><u>\$ 476,717,279</u></u>	<u><u>\$ 65,478</u></u>	<u><u>\$ 476,782,757</u></u>	

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller records as of September 30, 2016, and have been reconciled to Governor's Office of Management and Budget (Office) records.

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

Note 3: The Circuit Court of St. Clair County in AFSCME Council 31 v. Munger (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay." As the Office never received enacted personal services appropriations for Fund 001, the Office was able to submit vouchers to pay its employees in full without a maximum expenditure limit for personal service costs during Fiscal Year 2016.

STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Expenditure Authority for Fiscal Year 2016

Fourteen Months Ended August 31, 2016

- Note 4: During Fiscal Year 2016, the Office operated without enacted appropriations until Public Act 99-0491 and Public Act 99-0524 were signed into law on December 7, 2015 and June 30, 2016, respectively. During the impasse, the Circuit Court of St. Clair County in AFSCME Council 31 v. Munger (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to “draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay.” As such, the Office's court-ordered payroll payments were merged into the enacted appropriation for Funds 141, 568, and 971. Further, the Office incurred non-payroll obligations, which the Office was unable to pay until the passage of Public Act 99-0491 and Public Act 99-0524.
- Note 5: Public Act 99-0524 authorized the Office to pay Fiscal Year 2016 costs using its Fiscal Year 2017 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 48 includes information from Office management about the number of invoices and the total dollar amount of invoices held by the Office to be submitted against its Fiscal Year 2017 appropriation.

STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES AND LAPSED BALANCES
For the Fiscal Years Ended June 30, 2017, 2016, and 2015

	FISCAL YEAR		
	2017	2016	2015
	P.A. 99-0524, P.A. 100-0021, and Court-Ordered Expenditures	P.A. 99-0491, P.A. 99-0524, and Court-Ordered Expenditures	P.A. 98-0679, P.A. 99-0001
<u>GENERAL REVENUE FUND - 001</u>			
Appropriations (net after transfers)			\$ 1,533,400
Expenditures			
Personal services	\$ 1,073,506	\$ 1,258,899	1,266,858
State contributions to			
Social Security	78,945	91,998	92,455
Contractual services	-	-	48,349
Travel	-	-	22,274
Commodities	-	-	712
Printing	-	-	2,563
Equipment	-	-	1,440
Electronic data processing	-	-	13,079
Telecommunications	-	-	34,368
Ordinary and contingent expenses, not including personal services	94,399	-	-
For deposit into the Grant Accountability and Transparency Fund	1,000,000	-	-
Total expenditures	<u>\$ 2,246,850</u>	<u>\$ 1,350,897</u>	<u>1,482,098</u>
Lapsed balances fund - 001			<u>\$ 51,302</u>

STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES AND LAPSED BALANCES
For the Fiscal Years Ended June 30, 2017, 2016, and 2015

	FISCAL YEAR		
	2017	2016	2015
	P.A. 99-0524, P.A. 100-0021, and Court-Ordered Expenditures	P.A. 99-0491, P.A. 99-0524, and Court-Ordered Expenditures	P.A. 98-0679, P.A. 99-0001
<u>ILLINOIS CIVIC CENTER BOND</u>			
<u>RETIREMENT AND INTEREST</u>			
<u>FUND - 105</u>			
Appropriations (net after transfers)	\$ 14,500,000	\$ 14,000,000	\$ 14,000,000
Principal, interest and premium	14,427,083	13,850,319	13,907,231
Lapsed Balances fund - 105	<u>\$ 72,917</u>	<u>\$ 149,681</u>	<u>\$ 92,769</u>
<u>CAPITAL DEVELOPMENT FUND - 141</u>			
Appropriations (net after transfers)	\$ 1,590,000	\$ 1,590,000	\$ 1,543,100
Expenses for the sale and administration of State bonds	984,254	924,039	1,390,847
Lapsed balances fund - 141	<u>\$ 605,746</u>	<u>\$ 665,961</u>	<u>\$ 152,253</u>
<u>GRANT ACCOUNTABILITY AND</u>			
<u>TRANSPARENCY FUND - 407</u>			
Appropriations (net after transfers)	\$ 4,000,000	\$ 4,000,000	\$ -
Implementation and administration costs of the Grant Accountability and Transparency Act and the Budgeting for Results initiative	1,794,588	-	-
Lapsed balances fund - 407	<u>\$ 2,205,412</u>	<u>\$ 4,000,000</u>	<u>\$ -</u>

STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES AND LAPSED BALANCES
For the Fiscal Years Ended June 30, 2017, 2016, and 2015

	FISCAL YEAR		
	2017	2016	2015
	P.A. 99-0524, P.A. 100-0021, and Court-Ordered Expenditures	P.A. 99-0491, P.A. 99-0524, and Court-Ordered Expenditures	P.A. 98-0679, P.A. 99-0001
<u>SCHOOL INFRASTRUCTURE</u>			
<u>FUND - 568</u>			
Appropriations (net after transfers)	\$ 113,400	\$ 113,400	\$ 113,400
Operational expenses related to the School Infrastructure Program	112,583	110,043	112,148
Lapsed balances fund - 568	\$ 817	\$ 3,357	\$ 1,252
<u>FUND FOR ILLINOIS' FUTURE</u>			
<u>FUND - 611</u>			
Appropriations (net after transfers)	\$ 2,150,000	\$ -	\$ -
For Deposit into Grant Accountability and Transparency Fund	2,100,401	-	-
Lapsed balances fund - 611	\$ 49,599	\$ -	\$ -
<u>BUDGET STABILIZATION FUND - 686</u>			
Appropriations (net after transfers)	\$ 150,000	\$ -	\$ -
Ordinary and contingent expenses, not including personal services	117,664	-	-
Lapsed balances fund - 686	\$ 32,336	\$ -	\$ -

STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES AND LAPSED BALANCES
For the Fiscal Years Ended June 30, 2017, 2016, and 2015

	FISCAL YEAR		
	2017	2016	2015
	P.A. 99-0524, P.A. 100-0021, and Court-Ordered Expenditures	P.A. 99-0491, P.A. 99-0524, and Court-Ordered Expenditures	P.A. 98-0679, P.A. 99-0001
<u>BUILD ILLINOIS BOND RETIREMENT AND INTEREST FUND - 970</u>			
Appropriations (net after transfers)	\$ 480,000,000	\$ 460,000,000	\$ 500,094,881
Trustee payments under Master Indenture as defined by Build Illinois Bond Act	455,230,487	459,913,550	485,931,827
Lapsed balances fund - 970	\$ 24,769,513	\$ 86,450	\$ 14,163,054
<u>BUILD ILLINOIS BOND FUND - 971</u>			
Appropriations (net after transfers)	\$ 391,328,507	\$ 650,000	\$ 650,000
Expenses for the sale and administration of State bonds In accordance with the Build Illinois Bond Act	580,846	586,106	447,688
	390,678,507	-	-
Total expenditures	391,259,353	586,106	447,688
Lapsed balances fund - 971	\$ 69,154	\$ 63,894	\$ 202,312
<u>GRAND TOTAL - ALL APPROPRIATED FUNDS</u>			
Appropriations (net after transfers)			\$ 517,934,781
Total appropriated funds expenditures	\$ 868,273,263	\$ 476,734,954	503,271,839
Lapsed balances appropriated funds			\$ 14,662,942

STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES AND LAPSED BALANCES
For the Fiscal Years Ended June 30, 2017, 2016, and 2015

	FISCAL YEAR		
	2017	2016	2015
	P.A. 99-0524, P.A. 100-0021, and Court-Ordered Expenditures	P.A. 99-0491, P.A. 99-0524, and Court-Ordered Expenditures	P.A. 98-0679, P.A. 99-0001
NON-APPROPRIATED FUNDS			
<u>FEDERAL FINANCING COST</u>			
<u>REIMBURSEMENT FUND - 212</u>			
Other interest penalty	\$ 407,100	\$ 47,803	\$ 68,177
<u>GRAND TOTAL - ALL FUNDS</u>			
Total expenditures - all funds	868,680,363	476,782,757	503,340,016

Note 1: For Fiscal Year 2017, expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records as of September 30, 2017, and have been reconciled to the Governor's Office of Management and Budget (Office) records. For Fiscal Year 2016, expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records as of September 30, 2016, and have been reconciled to Office records. For Fiscal Year 2015, appropriations, expenditures, and lapsed balances were taken directly from the records of the State Comptroller and have been reconciled to records of the Office.

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

Note 3: During Fiscal Year 2016 and Fiscal Year 2017, the Circuit Court of St. Clair County in AFSCME Council 31 v. Munger (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay." As the Office never received enacted personal services appropriations for Fund 001, the Office was able to submit vouchers to pay its employees in full without a maximum expenditure limit for personal service costs during Fiscal Year 2016 and Fiscal Year 2017.

STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES AND LAPSED BALANCES
For the Fiscal Years Ended June 30, 2017, 2016, and 2015

- Note 4: During Fiscal Year 2016, the Office operated without enacted appropriations until Public Act 99-0491 and Public Act 99-0524 were signed into law on December 7, 2015, and June 30, 2016, respectively. During the impasse, the Circuit Court of St. Clair County in AFSCME Council 31 v. Munger (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay." As such, the Office's court-ordered payroll payments were merged into the enacted appropriation for Funds 141, 568, and 971. Further, the Office incurred non-payroll obligations, which the Office was unable to pay until the passage of Public Act 99-0491 and Public Act 99-0524.
- Note 5: During Fiscal Year 2017, the Office operated without enacted appropriations until Public Act 100-0021 was approved on July 6, 2017. During the impasse, the Office incurred non-payroll obligations within Fund 001 and Fund 686, which the Office was unable to pay until the passage of Public Act 100-0021.
- Note 6: Public Act 99-524 authorized the Office to pay Fiscal Year 2016 costs using its Fiscal Year 2017 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 48 includes information from Office management about the number of invoices and the total dollar amount of invoices held by the Office to be submitted against its Fiscal Year 2017 appropriation.
- Note 7: Notwithstanding anything within Public Act 100-0021 to the contrary, Public Act 100-0021 authorized the Office to pay for all costs incurred prior to July 1, 2018, using either its Fiscal Year 2017 or Fiscal Year 2018 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 48 includes information from Office management about the number of invoices and the total dollar amount of invoices from Fiscal Year 2016 and Fiscal Year 2017 held by the Office to be submitted against either its Fiscal Year 2017 or Fiscal Year 2018 appropriations.

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

	FISCAL YEAR	
	2017	2016
<u>1995A COP CAPITAL PROJECTS FUND - 1319</u>		
Beginning cash balance	\$ 6,880	\$ 10,603
Cash receipts:		
Investment income	4	-
Transfers from other funds	-	-
Other	-	1
Cash disbursements:		
Contractual services	-	3,724
Debt service	-	-
Transfers to other funds	-	-
Other - trustee fees	2,860	-
Ending cash balance fund - 1319	<u>\$ 4,024</u>	<u>\$ 6,880</u>

	FISCAL YEAR	
	2017	2016
<u>1995A COP DEBT SERVICE FUND - 1320</u>		
Beginning cash balance	\$ 1,652,579	\$ 1,610,064
Cash receipts:		
Investment income	13	-
Transfers from other funds	1,773,956	1,737,630
Other	-	-
Cash disbursements:		
Contractual services	-	-
Debt service	1,692,680	1,695,115
Transfers to other funds	-	-
Other	1	-
Ending cash balance fund - 1320	<u>\$ 1,733,867</u>	<u>\$ 1,652,579</u>

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

	FISCAL YEAR	
	2017	2016
<u>1996A COP CAPITAL PROJECTS FUND - 1323</u>		
Beginning cash balance	\$ -	\$ 1,136
Cash receipts:		
Investment income	-	-
Transfers from other funds	-	-
Other	-	-
Cash disbursements:		
Contractual services	-	1,136
Debt service	-	-
Transfers to other funds	-	-
Ending cash balance fund - 1323	<u>\$ -</u>	<u>\$ -</u>

	FISCAL YEAR	
	2017	2016
<u>1996A COP DEBT SERVICE FUND - 1324</u>		
Beginning cash balance	\$ 1,454,888	\$ 1,415,847
Cash receipts:		
Investment income	3	-
Transfers from other funds	1,547,753	1,544,775
Other	-	-
Cash disbursements:		
Contractual services	-	-
Debt service	1,501,265	1,505,734
Transfers to other funds	-	-
Ending cash balance fund - 1324	<u>\$ 1,501,379</u>	<u>\$ 1,454,888</u>

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

	FISCAL YEAR	
	2017	2016
<u>BUILD ILLINOIS FUND - 1231</u>		
Beginning cash balance	\$ 126,224,415	\$ 128,206,385
Cash receipts:		
Investment income	1,426,038	683,635
Transfers from other funds	455,232,487	459,913,550
Other	517,372	-
Cash disbursements:		
Contractual services	551,405	165,218
Debt service	328,726,229	353,702,789
Transfers to other funds	138,803,836	108,711,148
Other	2	-
Ending cash balance fund - 1231	<u>\$ 115,318,840</u>	<u>\$ 126,224,415</u>

	FISCAL YEAR	
	2017	2016
<u>CIVIC CENTER 1985 & 2000 FUND - 1230</u>		
Beginning cash balance	\$ 16,777,365	\$ 16,783,183
Cash receipts:		
Investment income	71,799	12,695
Transfers from other funds	14,427,083	13,850,319
Other	1	-
Cash disbursements:		
Contractual services	14,313	18,513
Debt service	14,434,688	13,850,319
Transfers to other funds	2,000	-
Other	2	-
Ending cash balance fund - 1230	<u>\$ 16,825,245</u>	<u>\$ 16,777,365</u>

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

<u>OCTOBER 2003 FUND - 2101</u>	FISCAL YEAR	
	2017	2016
Beginning cash balance	\$ 11,972,548	\$ 10,063,505
Cash receipts:		
Investment income	41,862	6,792
Transfers from other funds	672,632,984	48,300,000
Other	539,324	2,700,055
Cash disbursements:		
Contractual services	8,722,791	16,932,932
Debt service	634,064,338	22,266,106
Transfers to other funds	36,300,613	9,843,764
Other - cost related to bond restructuring	568,500	
Other - ratings	5,000	55,000
Other	1	2
Ending cash balance fund - 2101	\$ 5,525,475	\$ 11,972,548

STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
SCHEDULE OF CHANGES IN STATE PROPERTY
For the Two Years Ended June 30, 2017

	<u>Equipment</u>
Balance at July 1, 2015	\$ 189,981
Additions	1,565
Deletions	(6,357)
Net transfers	<u>(12,701)</u>
Balance at June 30, 2016	<u>\$ 172,488</u>
Balance at July 1, 2016	\$ 172,488
Additions	10,890
Deletions	(975)
Net transfers	<u>(15,732)</u>
Balance at June 30, 2017	<u>\$ 166,671</u>

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

STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
COMPARATIVE SCHEDULE OF CASH RECEIPTS AND RECONCILIATION OF
CASH RECEIPTS TO DEPOSITS REMITTED TO THE STATE COMPTROLLER
For the Fiscal Years Ended June 30, 2017, 2016, and 2015

	FISCAL YEAR		
	2017	2016	2015
<u>GENERAL REVENUE FUND - 001</u>			
Miscellaneous	\$ 418,196	\$ 25	\$ 402
Prior year refunds	-	-	-
Total cash receipts per Agency	418,196	25	402
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Total cash receipts per State Comptroller's records	<u>\$ 418,196</u>	<u>\$ 25</u>	<u>\$ 402</u>
<u>GENERAL OBLIGATION BR&I FUND -101</u>			
Federal Interest Subsidy Build America Bonds	\$ 54,116,494	\$ 57,009,327	\$ 58,249,140
Miscellaneous	-	-	16
Total cash receipts per Agency	54,116,494	57,009,327	58,249,156
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Total cash receipts per State Comptroller's records	<u>\$ 54,116,494</u>	<u>\$ 57,009,327</u>	<u>\$ 58,249,156</u>
<u>GRANT ACCOUNTABILITY AND TRANSPARENCY</u> <u>FUND - 407</u>			
Other Illinois State Agencies	\$ 520,479	\$ -	\$ -
Fund for Illinois' Future	3,083,544	-	-
Total cash receipts per Agency	3,604,023	-	-
Less - In transit at End of Year	43,690	-	-
Plus - In transit at Beginning of Year	-	-	-
Total cash receipts per State Comptroller's records	<u>\$ 3,647,713</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
COMPARATIVE SCHEDULE OF CASH RECEIPTS AND RECONCILIATION OF
CASH RECEIPTS TO DEPOSITS REMITTED TO THE STATE COMPTROLLER
For the Fiscal Years Ended June 30, 2017, 2016, and 2015

	FISCAL YEAR		
	2017	2016	2015
<u>GRAND TOTAL - ALL FUNDS</u>			
Total cash receipts per Agency	\$ 58,138,713	\$ 57,009,352	\$ 58,249,558
Less - In transit at End of Year	43,690	-	-
Plus - In transit at Beginning of Year	-	-	-
Total cash receipts per State Comptroller's records - all funds	<u>\$ 58,182,403</u>	<u>\$ 57,009,352</u>	<u>\$ 58,249,558</u>

**STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
AGENCY FUNCTIONS AND PLANNING PROGRAM (NOT EXAMINED)
For the Two Years Ended June 30, 2017**

AGENCY FUNCTIONS

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

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

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

**STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
AGENCY FUNCTIONS AND PLANNING PROGRAM (NOT EXAMINED)
For the Two Years Ended June 30, 2017**

AGENCY FUNCTIONS (Continued)

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

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

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

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

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

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

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

STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
AGENCY FUNCTIONS AND PLANNING PROGRAM (NOT EXAMINED)
For the Two Years Ended June 30, 2017

AGENCY FUNCTIONS (Continued)

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

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

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

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

Legal: Responsible for providing legal representation to the Office. The legal division manages all litigation involving the Office, oversees the Office's Freedom of Information Act responses, ethics training and compliance, drafts and/or approves the legal content of all contracts and intergovernmental agreements, reviews proposed legislation concerning the office and coordinates the State's preparation of and interactions with federal agencies on the federal OMB A-133 Statewide Single Audit.

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

**STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
AGENCY FUNCTIONS AND PLANNING PROGRAM (NOT EXAMINED)
For the Two Years Ended June 30, 2017**

PLANNING PROGRAM

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

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

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

**STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES (NOT EXAMINED)
For the Two Years Ended June 30, 2017**

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2016 AND 2017

GENERAL REVENUE FUND – 001

Ordinary and contingent expenses, not including personal services

In Fiscal Year 2016, the Office did not receive an appropriation from the General Revenue Fund (GRF) for the Office's ordinary and contingent expenses as it did during Fiscal Year 2017.

For deposit into the Grant Accountability and Transparency Fund

In Fiscal Year 2017, the Office received an appropriation from the GRF to utilize to implement the Grant Accountability and Transparency Act.

GRANT ACCOUNTABILITY AND TRANSPARENCY FUND – 407

Implementation and administration costs of the Grant Accountability and Transparency Act (Act) and the Budgeting for Results initiative

The increase was due to the Office implementing Act. The expenditures were used to create a new unit within the Office to fulfill the Act's statutory requirements.

FUND FOR ILLINOIS' FUTURE FUND – 611

For deposit into Grant Accountability and Transparency Fund

The increase was due to the appropriation from this fund being new to the Office in Fiscal Year 2017. The expenditures were used to fund the Grant Accountability and Transparency Act's statutory requirements.

BUDGET STABILIZATION FUND – 686

Ordinary and contingent expenses, not including personal services

The increase was due to the appropriation from this fund being new to the Office in Fiscal Year 2017. The expenditures were used for the Office's incurred expenses which included both Fiscal Year 2016 and Fiscal Year 2017 due to the budget impasse.

BUILD ILLINOIS BOND FUND – 971

In accordance with the Build Illinois Bond Act

The increase was due to the Office paying off previously issued bonds and costs incurred with the September 2016 refunding bonds.

STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES (NOT EXAMINED)
For the Two Years Ended June 30, 2017

**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL
YEARS 2016 AND 2017 (Continued)**

NON-APPROPRIATED FUNDS

FEDERAL FINANCING COST REIMBURSEMENT FUND – 212

Other interest penalty

The increase was mainly due to the interest liability remitted on behalf of the Department of Healthcare and Family Services for amounts due from the Medical Assistance Program.

STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES (NOT EXAMINED)
For the Two Years Ended June 30, 2017

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2015 AND 2016

GENERAL REVENUE FUND – 001

Contractual services, Travel, Telecommunications

For Fiscal Year 2016, no appropriations were issued to the Office for operational expenses from the General Revenue Fund (GRF). Therefore, the only expenditures paid during Fiscal Year 2016 from the GRF were court-ordered expenditures for payroll.

CAPITAL DEVELOPMENT FUND – 141

Expenses for the sale and administration of State bonds

The decrease was due to fewer personal services expenditures from this fund. During Fiscal Year 2015, there were higher paid employees leaving the Office with benefit time payouts in addition to more employees paid from this fund, for a period of time, to help manage the administration transition.

BUILD ILLINOIS BOND FUND – 971

Expenses for the sale and administration of State bonds

The increase was due to an increase in personal services expenditures. The Office had a transition from Fiscal Year 2015 to Fiscal Year 2016, with the new administration, and some approvals for new hires in certain areas were delayed.

STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS (NOT EXAMINED)
For the Two Years Ended June 30, 2017

**ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL
YEARS 2016 AND 2017**

GENERAL REVENUE FUND – 001

Miscellaneous

The increase was due to a reimbursement received for bond payments made by the State to the Southwestern Illinois Authority on an entity's behalf under the State's moral obligation pledge.

GRANT ACCOUNTABILITY AND TRANSPARENCY FUND – 407

Other Illinois State Agencies

The increase was due to the Grant Accountability and Transparency Act unit beginning operations and billing other State agencies for costs incurred in Fiscal Year 2017.

Fund for Illinois' Future

The increase was due to the receipt of State monies for the implementation of the Grant Accountability and Transparency Act.

**STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING (NOT EXAMINED)
For the Two Years Ended June 30, 2017**

ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING

FISCAL YEAR 2017

GRANT ACCOUNTABILITY AND TRANSPARENCY FUND – 407

Implementation and administration costs of the Grant Accountability and Transparency Act (Act) and the Budgeting for Results initiative

Significant lapse period spending was due to the fund being new to the Office and the budget impasse. The expenditures were used for the new unit within the Office to implement the Act.

BUDGET STABILIZATION FUND – 686

Ordinary and contingent expenses, not including personal services

Significant lapse period spending was a result of the Office paying invoices for dissemination services, storage fees, and equipment invoices during the Fiscal Year 2017 lapse period due to the budget impasse.

STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
ANALYSIS OF ACCOUNTS RECEIVABLE (NOT EXAMINED)
For the Two Years Ended June 30, 2017
(amounts expressed in thousands)

GRANT ACCOUNTABILITY AND TRANSPARENCY FUND - 407

<u>Aging Schedule</u>	<u>2017</u>	<u>2016</u>
Current	\$ -	\$ -
1-30 days	74	-
31-90 days	606	-
91-180 days	-	-
181 days to 1 year	-	-
Over 1 year	-	-
	<hr/>	<hr/>
Accounts receivable gross balance	680	-
Less: estimated uncollectibles	-	-
	<hr/>	<hr/>
Accounts receivable net balance	<u>\$ 680</u>	<u>\$ -</u>

These amounts represent receivables related to billings to other State Agencies for the cost of services rendered pursuant to the Grant Accountability and Transparency Act.

The Office utilizes internal collection techniques to collect unpaid receivables.

STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
BUDGET IMPASSE DISCLOSURES (NOT EXAMINED)
For the Two Years Ended June 30, 2017

PAYMENT OF FISCAL YEAR 2016 COSTS IN FUTURE FISCAL YEARS

Article 74 of Public Act 99-0524 authorized the Governor's Office of Management and Budget (Office) to pay Fiscal Year 2016 costs using the Office's Fiscal Year 2017 appropriations for non-payroll expenditures. In addition, Article 998 of Public Act 100-0021 authorized the Office to pay its unpaid Fiscal Year 2016 and Fiscal Year 2017 costs using either the Office's Fiscal Year 2017 or Fiscal Year 2018 appropriations for non-payroll expenditures. The following chart shows the Office's plan to pay its prior costs using future appropriations:

		FISCAL YEAR 2016 INVOICES			
Fund #	Fund Name	Paid From Fiscal Year 2017 Appropriations		Expect Payment from Fiscal Year 2018 Appropriations	
		Number	Dollar Value	Number	Dollar Value
686	Budget Stabilization	88	\$ 43,819	-	\$ -
	Total	88	\$ 43,819	-	\$ -

		FISCAL YEAR 2017 INVOICES			
Fund #	Fund Name	Paid From Fiscal Year 2017 Appropriations		Expect Payment from Fiscal Year 2018 Appropriations	
		Number	Dollar Value	Number	Dollar Value
001	General Revenue Fund	14	\$ 1,094,399	-	\$ -
105	Illinois Civic Center Bond Retirement and Interest Fund	2	14,427,083	-	-
141	Capital Development Fund	85	984,254	-	-
407	Grant Accountability and Transparency Fund	92	1,794,588	-	-
568	School Infrastructure Fund	16	112,583	-	-
611	Fund For Illinois' Future Fund	4	2,100,401	-	-
686	Budget Stabilization Fund	32	73,845	-	-
970	Build Illinois Bond Retirement and Interest Fund	12	455,230,487	-	-
971	Build Illinois Bond Fund	31	580,846	-	-
	Total	288	\$ 476,398,486	-	\$ -

STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
ALTERNATIVE FINANCING IN LIEU OF APPROPRIATIONS AND PROGRAMS
TO ADDRESS UNTIMELY PAYMENTS TO VENDORS (NOT EXAMINED)
For the Two Years Ended June 30, 2017

TRANSACTIONS INVOLVING THE ILLINOIS FINANCE AUTHORITY

The Governor's Office of Management and Budget (Office) and its vendors did not participate in alternative financing in lieu of enacted appropriations involving the Illinois Finance Authority during Fiscal Year 2016 and Fiscal Year 2017.

TRANSACTIONS INVOLVING THE VENDORS PAYMENT PROGRAM AND VENDOR SUPPORT INITIATIVE PROGRAM

None of the Office's vendors participated in the Vendor Payment Program (VPP) or the Vendor Support Initiative Program (VSI) during Fiscal Year 2016 and Fiscal Year 2017.

**STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
INTEREST COSTS ON FISCAL YEAR 2016 AND FISCAL YEAR 2017
INVOICES (NOT EXAMINED)
For the Two Years Ended June 30, 2017**

PROMPT PAYMENT INTEREST COST

The Governor's Office of Management and Budget (Office) plans to calculate prompt payment interest due to vendors under the State Prompt Payment Act (Act) (30 ILCS 540) using the vendor's proper bill date through the date the State Comptroller issues a warrant to the vendor, regardless of when and if an enacted appropriation existed during Fiscal Year 2016 and Fiscal Year 2017. The Act (30 ILCS 540/3-2) and the Illinois Administrative Code (74 Ill. Admin. Code 900.100) require interest to be paid under a daily simple interest rate of .033% (1% over a 30-day period) for every day elapsed following the 90th day after a vendor submits an eligible proper bill to the Office. The following chart shows the Office's prompt payment interest incurred related to Fiscal Year 2016 and Fiscal Year 2017 invoices, calculated on the accrual basis of accounting, through June 30, 2016 and June 30, 2017, by fund:

PROMPT PAYMENT INTEREST INCURRED

Year Ended June 30, 2016

Fund #	Fund Name	Invoices	Vendors	Dollar Value
141	General Revenue Fund	2	2	\$ 355
568	School Infrastructure Fund	1	1	5
971	Build Illinois Bond Fund	3	3	29
				\$ 389

PROMPT PAYMENT INTEREST INCURRED

Year Ended June 30, 2017

Fund #	Fund Name	Invoices	Vendors	Dollar Value
141	General Revenue Fund	3	2	\$ 49
407	Grant Accountability and Transparency Fund	2	1	69
686	Budget Stabilization Fund	26	7	914
971	Build Illinois Bond Fund	3	2	48
				\$ 1,080

STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
AVERAGE NUMBER OF EMPLOYEES (NOT EXAMINED)
For the Fiscal Years Ended June 30, 2017, 2016, and 2015

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

	FISCAL YEAR		
	2017	2016	2015
Director's Office	9	5	11
Operations	8	10	11
Budget Analyst	13	16	17
Debt & Capital	3	4	5
Framework	6	4	4
Health Insurance Marketplace	-	-	18
Grant Accountability and Transparency Act	6	3	-
Total average number of employees	<u>45</u>	<u>42</u>	<u>66</u>

**STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
CASH MANAGEMENT IMPROVEMENT ACT SUMMARY (NOT EXAMINED)
For Fiscal Years 2016 and 2015**

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

The first agreement between the U.S. Department of the Treasury and the State of Illinois, called the Treasury-State Agreement (TSA), was in effect for the State's Fiscal Year 1994 and covered 18 programs in nine different state agencies. The Fiscal Year 2015 TSA covered 26 programs in seven different state agencies, and the Fiscal Year 2016 TSA covered 25 programs in seven different state agencies.

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

The Fiscal Year 2015 net State liability under the Treasury-State is as follows:

State Agency/Development	Total State Interest Liability	Total Federal Interest Liability	Direct State Costs	Net State Liability
Department of Human Services	\$ 6	\$ 383	\$ 1,394	\$ (1,771)
Department of Healthcare and Family Services	42,763	-	-	42,763
Department of Employment Security	7,104	-	1,371	5,733
Department of Commerce & Economic Opportunity	86	-	-	86
State Board of Education	2,677	-	1,685	992
	<u>\$ 52,636</u>	<u>\$ 383</u>	<u>\$ 4,450</u>	<u>\$ 47,803</u>

The Fiscal Year 2016 net State liability under the Treasury-State Agreement is as follows:

State Agency/Development	Total State Interest Liability	Total Federal Interest Liability	Direct State Costs	Net State Liability
Department of Human Services	\$ 3,833	\$ 2,354	\$ 2,516	\$ (1,037)
Department of Healthcare and Family Services	370,407	-	-	370,407
Department of Employment Security	12,133	-	2,343	9,790
Department of Commerce & Economic Opportunity	694	-	-	694
State Board of Education	29,415	-	2,169	27,246
	<u>\$ 416,482</u>	<u>\$ 2,354</u>	<u>\$ 7,028</u>	<u>\$ 407,100</u>

**STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED)
For the Two Years Ended June 30, 2017**

BUDGET PROCESS

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

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

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

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

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

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

The related bond issuances described above for Fiscal Year 2016 and Fiscal Year 2017 are shown on the following schedules.

**STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED)
For the Two Years Ended June 30, 2017**

FISCAL YEAR 2016 BOND ISSUES	Amount	Closing
State of Illinois General Obligation Bonds, Series of January 2016	\$ 480,000,000	1/26/2016
State of Illinois General Obligation Bonds, Series of June 2016	550,000,000	6/29/2016
Total	<u>\$ 1,030,000,000</u>	

FISCAL YEAR 2017 BOND ISSUES	Amount	Closing
State of Illinois Build Illinois Bonds (Sales Tax Revenue Bonds), Junior Obligation Series of September 2016	\$ 548,790,000	9/15/2016
State of Illinois General Obligation Refunding Bonds, Series of October 2016	1,303,145,000	11/2/2016
State of Illinois General Obligation Bonds, Series of November 2016	480,000,000	11/17/2016
Total	<u>\$ 2,331,935,000</u>	

**STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED)
For the Two Years Ended June 30, 2017**

PERFORMANCE INDICATORS

	FISCAL YEAR	
	2017	2016
General Obligation Bond Rating (as of June 30):		
Moody's Investors Service	Baa3	Baa2
Standard & Poor's	BBB-	BBB+
Fitch, Inc.	BBB	BBB+
Special Obligation Bond Ratings (as of June 30):		
Build Illinois Bonds:		
Moody's Investors Service	Baa3	Baa2
Standards & Poor's	AA-	AAA
Fitch, Inc.	AA+	AA+

OUTSTANDING DEBT MANAGEMENT

According to the General Obligation Bond Act (30 ILCS 330/9(b)), the director of the Governor's Office of Management and Budget (Office) may, with respect to bonds issued or anticipated to be issued, participate in and enter into arrangements with respect to interest rate protection or exchange agreements, guarantees, or financial futures contracts for the purpose of limiting, reducing, or managing interest rate exposure.

During Fiscal Year 2016 and Fiscal Year 2017, the Office managed the State's outstanding variable rate debt. The Office replaced expiring letters of credit on the October 2003B bonds with a direct placement structure. The direct placement structure will achieve lower costs than renewed letters of credit.

Additionally, during Fiscal Year 2017 the Office negotiated lower ratings triggers on the existing interest rate exchange agreements. The favorable lower rating triggers help prevent the State from incurring fees for termination of the agreements at this time.

STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
GENERAL OBLIGATION BOND INDEBTEDNESS SUMMARY (NOT EXAMINED)
June 30, 2017
(expressed in thousands)

GENERAL OBLIGATION BONDS

	Capital Development	Transportation Series A	Series B	School Construction	Anti- Pollution	Coal Development	Multi- Purpose	Multi-Purpose Pension	Refunding	Total
Bonds Authorized by Statute	\$1,737,000	\$1,326,000	\$403,000	\$330,000	\$599,000	\$35,000	\$31,624,577	\$17,562,348	\$4,839,025 (1)	\$58,455,950
Bonds Issued (by Fiscal Year):										
Prior to 1990	1,737,000	1,326,000	403,000	330,000	599,000	35,000	1,560,003		449,905	6,439,908
1990							340,000		100,000	440,000
1991							375,000			375,000
1992							312,794		297,000	609,794
1993							428,452		485,944	914,396
1994							519,379		249,525	768,904
1995							649,816			649,816
1996							659,205		315,795	975,000
1997							350,055		84,945	435,000
1998							598,480		119,850	718,330
1999							603,079		169,255	772,334
2000							860,000			860,000
2001							1,165,045		112,810	1,277,855
2002							1,500,000		398,470	1,898,470
2003							1,712,079	10,000,000	564,900	12,276,979
2004							1,175,000		617,175	1,792,175
2005							875,000			875,000
2006							925,000		274,950	1,199,950
2007							258,000		329,000	587,000
2008							125,000			125,000
2009							150,000			150,000
2010							2,702,095	3,466,000	1,501,300	7,669,395
2011							1,200,000	3,700,000		4,900,000
2012							1,375,000		1,797,740	3,172,740
2013							850,000			850,000
2014							3,675,000			3,675,000
2015										
2016							1,030,000			1,030,000
2017							480,000		1,303,145	1,783,145
Total Bonds Issued	\$1,737,000	\$1,326,000	\$403,000	\$330,000	\$599,000	\$35,000	\$26,453,482	\$17,166,000	\$9,171,709	\$57,221,191
Plus: Refunding Bonds Matured									\$5,777,194	\$5,777,194
Bonds Authorized But Not Issued	\$0	\$0	\$0	\$0	\$0	\$0	\$5,171,095	\$396,348	\$1,444,510 (1)	\$7,011,953

(1) At any time, the State is authorized to issue, for the purpose of refunding, the eligible portion of outstanding General Obligation bonds, which was \$4,839,025 at June 30, 2017. Therefore, the unissued amount is the difference between the amount authorized of \$4,839,025 and the amount of total bonds issued of \$9,171,709, plus the amount of refunding bonds matured of \$5,777,194.

STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
BUILD ILLINOIS BOND INDEBTEDNESS SUMMARY (NOT EXAMINED)
June 30, 2017
(expressed in thousands)

BUILD ILLINOIS BONDS

	Sales Tax Based Revenue	Refunding (1)	Total
Bonds Authorized by Statute	\$6,246,009	\$2,973,522	\$9,219,531
Bonds Issued (by Fiscal Year):			
Prior to 1990	606,254	95,475	701,729
1990	300,002		300,002
1991	255,000		255,000
1992	215,783	150,057	365,840
1993	100,000	416,890	516,890
1994	174,830	256,815	431,645
1995	135,000		135,000
1996	80,000		80,000
1997	60,000		60,000
1998		145,475	145,475
1999	60,000		60,000
2000	125,000		125,000
2001	125,000	125,165	250,165
2002	150,000	255,575	405,575
2003	182,225	130,125	312,350
2004	350,000		350,000
2005	200,000		200,000
2006	215,000		215,000
2007			
2008	50,000		50,000
2009			
2010	529,920	455,080	985,000
2011			
2012	725,040		725,040
2013	300,000	604,110	904,110
2014	402,000		402,000
2015			
2016			
2017	210,035	338,755	548,790
Total Bonds Issued	\$5,551,089	\$2,973,522	\$8,524,611
Bonds Authorized But Not Issued	\$694,920	\$0	\$694,920

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