

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

For the Two Years Ended June 30, 2012

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2012

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AGENCY OFFICIALS

DEPARTMENT OF MILITARY AFFAIRS

Adjutant General (Effective December 21, 2012)	Brigadier General Daniel Krumrei
Acting Adjutant General (June 7, 2012 - December 20, 2012)	Major General Dennis Celletti
Adjutant General (Through June 6, 2012)	Major General William Enyart
Chief of Staff, Air National Guard (Effective April 16, 2012)	Brigadier General James Schroeder
Assistant Adjutant General - Air (October 14, 2010 - April 15, 2012)	Brigadier General James Schroeder
Assistant Adjutant General - Air (Effective April 16, 2012)	Brigadier General William Cobetto
Assistant Adjutant General - Air (Through October 13, 2010)	Brigadier General John Hughes
Assistant Adjutant General - Army (Effective January 1, 2011)	Brigadier General Johnny Miller
Military Executive	Mr. James Smith
Chief Fiscal Officer (Through September 30, 2012)	Ms. Connie Sabo
Military Judge Advocate	Mr. Thomas Banning

Agency office is located at:

Camp Lincoln
1301 N. MacArthur Boulevard
Springfield, Illinois 62702



March 4, 2013

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

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grants that could have a material effect on the operations of the Illinois Department of Military Affairs. 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 Illinois Department of Military Affairs' compliance with the following assertions during the two-year period ended June 30, 2012. Based on this evaluation, we assert that during the years ended June 30, 2012 and June 30, 2011, the Illinois Department of Military Affairs has materially complied with the assertions below.

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

Yours very truly,

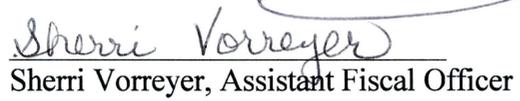
Illinois Department of Military Affairs



BG Daniel Krumrei, Adjutant General



Thomas Banning, Military Judge Advocate



Sherri Vorreyer, Assistant Fiscal Officer

COMPLIANCE REPORT

SUMMARY

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

ACCOUNTANTS' REPORTS

The Independent Accountants' Report on State Compliance, on Internal Control Over Compliance and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

<u>Number of Findings</u>	<u>Current Report</u>	<u>Prior Report</u>
Repeated findings	6	4
Prior recommendations implemented or not repeated	2	1
	2	3

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)			
12-1	9	Failure to establish an internal audit function	Significant Deficiency and Noncompliance
12-2	10	Property control weaknesses	Significant Deficiency and Noncompliance
12-3	12	Voucher processing weaknesses	Significant Deficiency and Noncompliance
12-4	13	Failure to maintain commodities inventory records	Significant Deficiency and Noncompliance
12-5	14	Lack of documentation for Lincoln's Challenge cadets	Significant Deficiency and Noncompliance
12-6	15	Failure to comply with the Identity Protection Act	Significant Deficiency and Noncompliance

PRIOR FINDINGS NOT REPEATED

- A 17 Inadequate control over contracts
- B 17 Non-Compliance with Military Code of Illinois

EXIT CONFERENCE

The Department waived an exit conference in correspondence dated December 18, 2012. Responses to the recommendations were provided by the Department's Military Executive, James Smith in correspondence dated December 18, 2012.

SPRINGFIELD OFFICE:
ILES PARK PLAZA
740 EAST ASH • 62703-3154
PHONE: 217/782-6046
FAX: 217/785-8222 • TTY: 888/261-2887



CHICAGO OFFICE:
MICHAEL A. BILANDIC BLDG. • SUITE S-900
160 NORTH LASALLE • 60601-3103
PHONE: 312/814-4000
FAX: 312/814-4006

OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

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

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have examined the Illinois Department of Military Affairs' compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2012. The management of the Illinois Department of Military Affairs is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Illinois Department of Military Affairs' compliance based on our examination.

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

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 Illinois Department of Military Affairs' compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Illinois Department of Military Affairs' compliance with specified requirements.

In our opinion, the Illinois Department of Military Affairs complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2012. However, the results of our procedures disclosed other 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 12-1 through 12-6.

Internal Control

Management of the Illinois Department of Military Affairs is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the Illinois Department of Military Affairs' internal control over compliance with the requirements listed in the first paragraph of this report as a basis for designing our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Illinois Department of Military Affairs' internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we considered to be significant deficiencies as described in the accompanying schedule of findings as items 12-1 through 12-6. *A significant deficiency in an entity's 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.

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

The Illinois Department of Military Affairs' responses to the findings identified in our examination are described in the accompanying schedule of findings. We did not examine the Illinois Department of Military Affairs' responses and, accordingly, we express no opinion on the responses.

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information for the years ended June 30, 2012 and June 30, 2011 in Schedules 1 through 11 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, 2012 and June 30, 2011 accompanying supplementary information in Schedules 1 through 11. However, we do not express an opinion on the accompanying supplementary information.

We have not applied procedures to the June 30, 2010 accompanying supplementary information in Schedules 3, 4, 5, 6, 8, 9 and 11 and in the Analysis of Operations Section, and accordingly, we do not express an opinion or provide any assurance on it.

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


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

March 4, 2013

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2012

12-1. **FINDING** (Failure to establish an internal audit function)

The Illinois Department of Military Affairs (Department) did not comply with the Fiscal Control and Internal Auditing Act (Act) requirements for internal audit.

The Department had not appointed a chief internal auditor or established a program of internal auditing. The Fiscal Control and Internal Auditing Act (Act) (30 ILCS 10/2001), as amended 7/1/10, required each designated State agency, including the Department, to maintain a full-time program of internal auditing. Further, the Act required the Department to appoint a chief internal auditor by 8/1/10.

Department management stated they had not filled the position due to budget constraints.

Failure to establish an internal audit program is noncompliance with the Act. (Finding Code No. 12-1)

RECOMMENDATION

We recommend the Department establish an internal audit program and appoint a chief internal auditor.

DEPARTMENT RESPONSE

We agree with the finding and recommendation. The Department will establish a program by entering into an agreement with the Illinois Department of Veterans Affairs (IDVA) to share this function. IDVA and DMA are developing a Memorandum of Agreement and should have an active program shortly.

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2012

12-2. **FINDING** (Property control weaknesses)

The Illinois Department of Military Affairs (Department) did not maintain sufficient controls over its property control and related records.

We noted the following:

- The Department did not timely record 15 of 25 (60%) equipment additions tested, totaling \$60,282 on its property records. These items were recorded from 3 to 121 days late. In addition, the Department did not timely record 4 of 25 (16%) deletions tested totaling \$2,092. These items were deleted from 35 to 197 days late. The Illinois Administrative Code (Code) (44 Ill. Adm. Code 5010.400) requires agencies to adjust property records within 30 days of acquisition, change or deletion of equipment items.
- The Department could not locate 3 of 150 (2%) items from the property listing selected for testing totaling \$3,779.
- Five of 75 (7%) property items observed and selected for testing could not be traced to the property listing.

The State Property Control Act (Act) (30 ILCS 605/4) requires the Department to be accountable for the supervision, control and inventory of all property under its jurisdiction and control. In addition, the Act (30 ILCS 605/6.02) requires each responsible officer to maintain a permanent record of all items of property under his or her jurisdiction and control.

Department personnel stated during the prior period the errors were due to oversight. During the current period, Department personnel stated due to the various steps involved, additions and deletions were not always timely. In addition, some items may have been moved or taken to use for military tasks, and the information was not reported.

Failure to exercise adequate control over equipment increases the likelihood of inaccurate inventory records and the potential for fraud and possible loss or theft of State property. (Finding Code No. 12-2, 10-1, 08-2, 06-2, 04-3)

RECOMMENDATION

We recommend the Department strengthen controls over property control. Specifically, the Department should implement procedures to ensure all equipment transactions are recorded timely. We also recommend the Department ensure all property under its jurisdiction is properly recorded and maintained.

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2012

DEPARTMENT RESPONSE

We agree with the finding and are working to implement stronger controls.

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2012

12-3. **FINDING** (Voucher processing weaknesses)

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

During testing, we noted the following:

- Six of 229 (3%) vouchers tested, totaling \$26,878 were approved for payment from 3 to 38 days late. The Department incurred and paid \$215 in interest on these vouchers. The Illinois Administrative Code (74 Ill. Adm. Code Section 900.70) requires an agency to review a bill and either deny the bill in whole or part, ask for more information necessary to review the bill, or approve the bill in whole or in part, within 30 days after physical receipt of bill.
- Nine of 229 (4%) vouchers tested, totaling \$49,775 were not signed and dated by the receiving officer. The Statewide Accounting Management System (SAMS) (Procedure 17.20.20) states that each invoice-voucher, upon receipt of goods or services, must be signed by the receiving officer verifying goods or services meet the stated specifications.

Department personnel stated, as they did during the prior engagement, that the delays were due to oversight. In addition, due to the various locations the Department operates and the events occurring affecting the personnel at those locations, invoices are not always processed in the same manner.

Failure to promptly approve vouchers may result in late payment of bills to vendors and result in interest charges owed by the Department. In addition, the lack of a receiving officer's signature reduces the overall control over expenditures and may lead to inappropriate expenditures. (Finding Code No. 12-3, 10-4)

RECOMMENDATION

We recommend the Department implement procedures to ensure that all vouchers are approved or denied within 30 days of receipt as required by the Illinois Administrative Code and require the receiving officer to sign and date all vendor invoices upon receipt.

DEPARTMENT RESPONSE

We agree with the finding and recommended corrective action.

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2012

12-4. **FINDING** (Failure to maintain commodities inventory records)

The Illinois Department of Military Affairs (Department) did not maintain adequate controls over its commodities inventory records.

The Department expended \$581,059 and \$562,859 on commodities during FY11 and FY12, respectively. The Department's inventory consists of various items such as janitorial and cleaning items, lamps, flags and safety items. The Department only maintains a listing of the types of products purchased but does not maintain commodities inventory amounts or perform formal inventories.

The Statewide Accounting Management System (SAMS) (02.50.20) requires detailed subsidiary records be maintained for significant categories of inventories and for the inventories to be periodically reconciled to control accounts.

Department personnel stated they monitor quantities on hand and ensure order amounts are reasonable. They also stated they have looked into a system; however, budget constraints have prevented any implementation.

Failure to keep accurate records of the amounts of inventory on hand increases the potential for possible loss or theft of State property. (Finding Code No. 12-4)

RECOMMENDATION

We recommend the Department implement procedures to keep records of commodities inventory amounts and perform inventories as required.

DEPARTMENT RESPONSE

We agree with the finding and recommendation.

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2012

12-5. **FINDING** (Lack of documentation for Lincoln's Challenge cadets)

The Illinois Department of Military Affairs' (Department) Lincoln's Challenge Academy (LCA) did not maintain all documentation to substantiate cadets met the requirements for enrollment.

We noted the following:

- Thirteen of 15 (87%) cadet files tested did not have documentation noting that the juvenile dropped out of school.
- Eleven of 15 (73%) cadet files tested did not have evidence that a background check was conducted before admission.

The National Guard Challenge Program Cooperative Agreement, (Article II, Section 201e), requires cadets to be a high school dropout, an individual who is no longer attending any school and who has not received a secondary school diploma or certificate from a program of equivalency for such diploma and not currently on parole or probation for other than juvenile status offenses, not awaiting sentencing, and not under indictment, charged, or convicted of a crime that is considered a felony if charged as an adult.

Department personnel stated the lack of documentation was due to oversight. Department personnel also stated there was a lack of consistency in ordering background checks during part of the engagement period.

Failure to maintain records to substantiate the cadets' qualifications for the program could result in noncompliance with the Cooperative Agreement and could result in the Department enrolling cadets who do not meet the standards for enrollment in LCA. (Finding Code No. 12-5)

RECOMMENDATION

We recommend the Department ensure all cadets meet all the required criteria for entry into the program and maintain documentation to substantiate the qualifications.

DEPARTMENT RESPONSE

We agree with the finding and recommendation. Corrective procedures have been put in place to correct this finding. The admission process is under review and the admissions checklists will be adjusted.

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2012

12-6. **FINDING** (Failure to comply with the Identity Protection Act)

The Illinois Department of Military Affairs (Department) failed to implement the provisions of the Identity Protection Act (Act).

The Identity Protection Act (5 ILCS 179) required the Department to draft and approve an identity-protection policy by June 1, 2011. Per the Act, the Policy must:

- Identify the Act.
- Require all employees identified as having access to social security numbers in the course of performing their duties to be trained to protect the confidentiality of social security numbers.
- Direct that only employees who are required to use or handle information or documents that contain social security numbers have access to such information or documents.
- Require that social security numbers requested from an individual be placed in a manner that makes the social security number easily redacted if required to be released as part of a public records request.
- Require that, when collecting a social security number or upon request by the individual, a statement of the purpose or purposes for which the agency is collecting and using the social security number be provided.

During our testing, we noted that the Department had not issued an identity protection policy.

Department officials stated that the Department has not drafted and approved an Identity Protection Policy, and therefore has not covered these steps in accordance with the statute.

Failure to implement provisions of the Act results in noncompliance with the Act, does not promote the security and control of social security numbers, and increases the likelihood of identity theft. (Finding Code No. 12-6)

RECOMMENDATION

We recommend the Department develop and approve an identity protection policy as required in the Identity Protection Act.

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2012

DEPARTMENT RESPONSE

We agree with the finding and recommendation. The Department has incorporated the requirements of “The Identity Protection Act” in the Personnel Handbook which will be published in January. Corrective action has been taken internally to ensure on board staff are in compliance.

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
PRIOR FINDINGS NOT REPEATED
For the Two Years Ended June 30, 2012

A. **FINDING** (Inadequate control over contracts)

During the prior period, the Department did not reduce contractual agreements to writing and ensure contracts and interagency agreements were signed by all parties prior to the beginning of the contract terms.

During the current period, our sample testing showed the Department's contractual agreements were reduced in writing and signed by all parties prior to the beginning of the contract terms. (Finding Code No. 10-2)

B. **FINDING** (Non-Compliance with the Military Code of Illinois)

During the prior period, the Department did not create a Division of Family Affairs as required by the Military Code of Illinois (Code).

During the current period, the Department complied with the Code by creating the Division of Family Affairs to assist family members of military members who are mobilized or in service abroad. (Finding Code No. 10-3)

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2012

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
 - Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller
 - Analysis of Significant Variations in Expenditures
 - Analysis of Significant Variations in Receipts
 - Analysis of Significant Lapse Period Spending
 - Analysis of Accounts Receivable

- Analysis of Operations (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 accountants' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the auditors have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2012 and June 30, 2011 in Schedules 1 through 11. However, the accountants do not express an opinion on the supplementary information. The accountants' 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
DEPARTMENT OF MILITARY AFFAIRS
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Appropriations For Fiscal Year 2012

Fourteen Months Ended August 31, 2012

P.A. 97-0063 FISCAL YEAR 2012	Appropriations (Net of Transfers)	Expenditures Through June 30	Approximate Lapse Period Expenditures July 1 to August 31	Approximate Total Expenditures	Approximate Balances Lapsed
<u>General Revenue Fund - 001</u>					
<i>Office of the Adjutant General:</i>					
Personal Services	\$ 1,497,200	\$ 1,492,817	\$ 1,928	\$ 1,494,745	\$ 2,455
State Contributions to Social Security	111,500	110,885	147	111,032	468
Contractual Services	17,300	5,873	482	6,355	10,945
Travel	23,000	4,729	122	4,851	18,149
Commodities	20,100	9,548	5,516	15,064	5,036
Printing	3,600	-	2,136	2,136	1,464
Equipment	4,900	3,313	-	3,313	1,587
Electronic Data Processing	39,300	35,403	1,822	37,225	2,075
Telecommunications Services	31,400	17,095	9,775	26,870	4,530
Operation of Auto Equipment	33,800	24,680	5,532	30,212	3,588
State Officers' Candidate School	700	-	-	-	700
Lincoln's Challenge	2,200,000	2,199,881	-	2,199,881	119
Lincoln's Challenge Allowances	-	-	-	-	-
Care/Preservation of Historical Artifacts	7,400	2,480	2,958	5,438	1,962
Cash Transfer to the IL Military Family Relief Fund	434,200	434,200	-	434,200	-
<i>Total Adjutant General</i>	<u>\$ 4,424,400</u>	<u>\$ 4,340,904</u>	<u>\$ 30,418</u>	<u>\$ 4,371,322</u>	<u>\$ 53,078</u>
<i>Facilities Operations:</i>					
Personal Services	\$ 5,540,400	\$ 5,197,787	\$ 22,914	\$ 5,220,701	\$ 319,699
State Contributions to Social Security	423,800	384,279	1,753	386,032	37,768
Contractual Services	4,020,300	2,334,142	695,849	3,029,991	990,309
Commodities	95,200	76,133	7,930	84,063	11,137
Equipment	84,800	21,145	44,235	65,380	19,420
<i>Total Facilities Operations</i>	<u>\$ 10,164,500</u>	<u>\$ 8,013,486</u>	<u>\$ 772,681</u>	<u>\$ 8,786,167</u>	<u>\$ 1,378,333</u>
Total Fund 001	<u>\$ 14,588,900</u>	<u>\$ 12,354,390</u>	<u>\$ 803,099</u>	<u>\$ 13,157,489</u>	<u>\$ 1,431,411</u>

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Appropriations For Fiscal Year 2012

Fourteen Months Ended August 31, 2012

P.A. 97-0063 FISCAL YEAR 2012	Appropriations (Net of Transfers)	Expenditures Through June 30	Approximate Lapse Period Expenditures July 1 to August 31	Approximate Total Expenditures	Approximate Balances Lapsed
<u>Military Affairs Trust Fund - 043</u>					
<i>Office of the Adjutant General:</i>					
Youth and Other Programs	\$ 1,000,000	\$ 19,632	\$ 11	\$ 19,643	\$ 980,357
Total Fund 043	<u>\$ 1,000,000</u>	<u>\$ 19,632</u>	<u>\$ 11</u>	<u>\$ 19,643</u>	<u>\$ 980,357</u>
<u>Federal Support Agreement Revolving Fund - 333</u>					
<i>Office of the Adjutant General:</i>					
Lincoln's Challenge	\$ 6,600,000	\$ 5,864,759	\$ 377,561	\$ 6,242,320	\$ 357,680
Lincoln's Challenge Allowances	1,200,000	358,262	-	358,262	841,738
<i>Total Adjutant General</i>	<u>\$ 7,800,000</u>	<u>\$ 6,223,021</u>	<u>\$ 377,561</u>	<u>\$ 6,600,582</u>	<u>\$ 1,199,418</u>
<i>Facilities Operations:</i>					
Army/Air Reimbursable Positions	\$ 11,922,900	\$ 9,795,564	\$ 28,222	\$ 9,823,786	\$ 2,099,114
Expenses Related to Army National Guard Facilities					
Operations and Maintenance	11,500,000	5,894,372	800,386	6,694,758	4,805,242
Expenses of Joint-Use Agreements for Operations and Maintenance	1,500,000	640,984	30,673	671,657	828,343
<i>Total Facilities Operations</i>	<u>\$ 24,922,900</u>	<u>\$ 16,330,920</u>	<u>\$ 859,281</u>	<u>\$ 17,190,201</u>	<u>\$ 7,732,699</u>
Total Fund 333	<u>\$ 32,722,900</u>	<u>\$ 22,553,941</u>	<u>\$ 1,236,842</u>	<u>\$ 23,790,783</u>	<u>\$ 8,932,117</u>

STATE OF ILLINOIS
 DEPARTMENT OF MILITARY AFFAIRS
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
 Appropriations For Fiscal Year 2012

Fourteen Months Ended August 31, 2012

P.A. 97-0063 FISCAL YEAR 2012	Appropriations (Net of Transfers)	Expenditures Through June 30	Approximate Lapse Period Expenditures July 1 to August 31	Approximate Total Expenditures	Approximate Balances Lapsed
<u>Illinois Military Family Relief Fund - 725</u>					
<i>Office of the Adjutant General:</i>					
Special duty due to September 11th Terrorist Attacks	\$ 5,000,000	\$ 1,287,500	\$ 6,000	\$ 1,293,500	\$ 3,706,500
Total Fund 725	<u>\$ 5,000,000</u>	<u>\$ 1,287,500</u>	<u>\$ 6,000</u>	<u>\$ 1,293,500</u>	<u>\$ 3,706,500</u>
 TOTAL FISCAL YEAR 2012	 <u>\$ 53,311,800</u>	 <u>\$ 36,215,463</u>	 <u>\$ 2,045,952</u>	 <u>\$ 38,261,415</u>	 <u>\$ 15,050,385</u>

Note 1: Appropriations, expenditures, and lapsed balances were obtained from Agency records and have been reconciled to records of the State Comptroller.

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

Note 3: Approximate lapse period expenditures do not include interest payments approved for payment by the Agency and submitted to the Comptroller for payment after August.

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Appropriations for Fiscal Year 2011

Eighteen Months Ended December 31, 2011

P.A. 96-0956 FISCAL YEAR 2011	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to December 31	Total Expenditures	Balances Lapsed
<u>General Revenue Fund - 001</u>					
Operational Expenses	\$ 14,032,900	\$ 11,783,926	\$ 786,141	\$ 12,570,067	\$ 1,462,833
Operational Expenses, Awards, Grants, and Permanent Improvements	1,128,700	4,988	2,013	7,001	1,121,699
Governor's Discretionary Approp. - Lump Sums	2,000,000	990,352	635,702	1,626,054	373,946
Governor's Discretionary Approp. - Lincoln's Challenge	1,700,000	683,632	441,259	1,124,891	575,109
Total Fund 001	<u>\$ 18,861,600</u>	<u>\$ 13,462,898</u>	<u>\$ 1,865,115</u>	<u>\$ 15,328,013</u>	<u>\$ 3,533,587</u>
<u>Military Affairs Trust Fund - 043</u>					
<i>Office of the Adjutant General:</i>					
Youth Programs and Other Programs	\$ 3,000,000	\$ 184,241	\$ 10,888	\$ 195,129	\$ 2,804,871
Total Fund 043	<u>\$ 3,000,000</u>	<u>\$ 184,241</u>	<u>\$ 10,888</u>	<u>\$ 195,129</u>	<u>\$ 2,804,871</u>
<u>Federal Support Agreement Revolving Fund - 333</u>					
<i>Office of the Adjutant General:</i>					
Lincoln's Challenge	\$ 4,889,700	\$ 4,863,929	\$ 19,856	\$ 4,883,785	\$ 5,915
Lincoln's Challenge Allowances	1,200,000	486,608	97,609	584,217	615,783
<i>Total Office of the Adjutant General</i>	<u>\$ 6,089,700</u>	<u>\$ 5,350,537</u>	<u>\$ 117,465</u>	<u>\$ 5,468,002</u>	<u>\$ 621,698</u>
<i>Facility Operations:</i>					
Army/Air Reimbursable Positions	\$ 10,790,800	\$ 9,277,783	\$ 19,461	\$ 9,297,244	\$ 1,493,556
Expenses Related to Army National Guard Facilities					
Operations and Maintenance	11,500,000	5,316,665	839,814	6,156,479	5,343,521
Expenses of Joint-Use Agreements for Operations and Maintenance	1,247,400	464,653	116,989	581,642	665,758
<i>Total Facility Operations</i>	<u>\$ 23,538,200</u>	<u>\$ 15,059,101</u>	<u>\$ 976,264</u>	<u>\$ 16,035,365</u>	<u>\$ 7,502,835</u>
Total Fund 333	<u>\$ 29,627,900</u>	<u>\$ 20,409,638</u>	<u>\$ 1,093,729</u>	<u>\$ 21,503,367</u>	<u>\$ 8,124,533</u>

STATE OF ILLINOIS
 DEPARTMENT OF MILITARY AFFAIRS
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
 Appropriations for Fiscal Year 2011

Eighteen Months Ended December 31, 2011

P.A. 96-0956 FISCAL YEAR 2011	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to December 31	Total Expenditures	Balances Lapsed
<u>Illinois Military Family Relief Fund - 725</u>					
<i>Office of the Adjutant General:</i>					
Grants - September 11th Terrorist Attacks	\$ 5,000,000	\$ 1,382,500	\$ 24,000	\$ 1,406,500	\$ 3,593,500
Total Fund 725	<u>\$ 5,000,000</u>	<u>\$ 1,382,500</u>	<u>\$ 24,000</u>	<u>\$ 1,406,500</u>	<u>\$ 3,593,500</u>
TOTAL FISCAL YEAR 2011	<u>\$ 56,489,500</u>	<u>\$ 35,439,277</u>	<u>\$ 2,993,732</u>	<u>\$ 38,433,009</u>	<u>\$ 18,056,491</u>

Note 1: Appropriations, expenditures, and lapsed balances were obtained from Agency records and have been reconciled to records of the State Comptroller.

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

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

	Fiscal Year		
	2012	2011	2010
	P.A. 97-0063	P.A. 96-0956	P.A. 96-0042, P.A. 96-0046, P.A. 96-0035, P.A. 96-0890, P.A. 96-0045
General Revenue Fund - 001			
Appropriations (Net of Transfers)	\$ 14,588,900	\$ 18,861,600	\$ 17,900,200
<i>Office of the Adjutant General:</i>			
Personal Services	\$ 1,494,745	\$ -	\$ -
State Contributions to Social Security	111,032	-	-
<i>Bargaining Unit Employees</i>			
Personal Services	-	-	4,740,533
State Contributions to Social Security	-	-	348,819
<i>Non-Bargaining Unit Employees</i>			
Personal Services	-	-	1,347,435
State Contributions to Social Security	-	-	99,179
Contractual Services	6,355	-	-
Travel	4,851	-	-
Commodities	15,064	-	-
Printing	2,136	-	-
Equipment	3,313	-	-
Electronic Data Processing	37,225	-	-
Telecommunications Services	26,870	-	-
Operation of Auto Equipment	30,212	-	-
State Officers' Candidate School	-	-	-
Lincoln's Challenge	2,199,881	-	-
Lincoln's Challenge Allowances	-	-	-
Care/Preservation of Historical Artifacts	5,438	-	-
Cash Transfer to the IL Military Family Relief Fund	434,200	-	-
Operational Expenses	-	12,570,067	6,648,060
Operational Expenses, Awards, Grants, and Permanent Improvements	-	7,001	1,128,697
Governor's Allocated	-	1,626,054	2,000,000
Governor's Allocated to Lincoln's Challenge	-	1,124,891	-
<i>Total Adjutant General</i>	<u>\$ 4,371,322</u>	<u>\$ 15,328,013</u>	<u>\$ 16,312,723</u>
<i>Facilities Operations:</i>			
Personal Services	\$ 5,220,701	\$ -	\$ -
State Contributions to Social Security	386,032	-	-
Contractual Services	3,029,991	-	-
Commodities	84,063	-	-
Equipment	65,380	-	-
<i>Total Facilities Operations</i>	<u>\$ 8,786,167</u>	<u>\$ -</u>	<u>\$ -</u>
Total Fund - 001	<u>\$ 13,157,489</u>	<u>\$ 15,328,013</u>	<u>\$ 16,312,723</u>
Lapsed Balances	<u>\$ 1,431,411</u>	<u>\$ 3,533,587</u>	<u>\$ 1,587,477</u>

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

	Fiscal Year		
	2012	2011	2010
	P.A. 97-0063	P.A. 96-0956	P.A. 96-0042, P.A. 96-0046, P.A. 96-0035, P.A. 96-0890, P.A. 96-0045
Military Affairs Trust Fund - 043			
Appropriations (Net of Transfers)	\$ 1,000,000	\$ 3,000,000	\$ 1,432,000
<i>Office of the Adjutant General:</i>			
Youth Programs and Other Programs	\$ 19,643	\$ 195,129	\$ 88,502
Lapsed Balances	\$ 980,357	\$ 2,804,871	\$ 1,343,498
Federal Support Agreement Revolving Fund - 333			
Appropriations (Net of Transfers)	\$ 32,722,900	\$ 29,627,900	\$ 28,677,600
<i>Office of the Adjutant General:</i>			
Lincoln's Challenge	\$ 6,242,320	\$ 4,883,785	\$ 4,697,892
Lincoln's Challenge Allowances	358,262	584,217	120,526
<i>Total Office of the Adjutant General</i>	\$ 6,600,582	\$ 5,468,002	\$ 4,818,418
<i>Facility Operations:</i>			
Army/Air Reimbursable Positions	\$ 9,823,786	\$ 9,297,244	\$ 8,637,947
Expenses Related to Army National Guard Facilities			
Operations and Maintenance	6,694,758	6,156,479	6,952,144
Expenses of Joint-Use Agreements for Operations and Maintenance	671,657	581,642	469,817
<i>Total Facility Operations</i>	\$ 17,190,201	\$ 16,035,365	\$ 16,059,908
Total Fund - 333	\$ 23,790,783	\$ 21,503,367	\$ 20,878,326
Lapsed Balances	\$ 8,932,117	\$ 8,124,533	\$ 7,799,274
Illinois Military Family Relief Fund - 0725			
Appropriations (Net of Transfers)	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000
<i>Office of the Adjutant General:</i>			
Special duty due to September 11th Terrorist Attacks	\$ 1,293,500	\$ 1,406,500	\$ 1,679,000
Lapsed Balances	\$ 3,706,500	\$ 3,593,500	\$ 3,321,000
Illinois National Guard Armory Construction Fund - 927			
Appropriations (Net of Transfers)	\$ -	\$ -	\$ 236,450
<i>Office of the Adjutant General:</i>			
Land Acq. & Const. of Parking Fac at Armories	\$ -	\$ -	\$ 144,850
Lapsed Balances	\$ -	\$ -	\$ 91,600

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

	Fiscal Year		
	2012	2011	2010
	P.A. 97-0063	P.A. 96-0956	P.A. 96-0042, P.A. 96-0046, P.A. 96-0035, P.A. 96-0890, P.A. 96-0045
GRAND TOTAL, ALL FUNDS			
Appropriations (Net After Transfers)	\$ 53,311,800	\$ 56,489,500	\$ 53,246,250
Total Expenditures	<u>\$ 38,261,415</u>	<u>\$ 38,433,009</u>	<u>\$ 39,103,401</u>
Lapsed Balances	<u>\$ 15,050,385</u>	<u>\$ 18,056,491</u>	<u>\$ 14,142,849</u>
Officers' Salaries:			
For the Adjutant General	\$ 115,481	\$ 110,297	\$ 115,613
For the Two Chief Assistants to the Adjutant General	<u>146,622</u>	<u>164,521</u>	<u>197,086</u>
Total Paid	<u>\$ 262,103</u>	<u>\$ 274,818</u>	<u>\$ 312,699</u>

Note 1: The FY12 and FY10 expenditures and related lapsed balances do not reflect any interest payments approved for payment by the Agency and submitted to the Comptroller for payment after August.

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
COMPARATIVE SCHEDULE OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE
(CASH BASIS) - LOCALLY HELD FUNDS
For the Two Years Ended June 30, 2012
(expressed in thousands)

	Lincoln's Challenge Stipend Fund (Fund 1336)
Cash Balance at July 1, 2010	\$ -
Receipts	141
Disbursements	138
Cash Balance at June 30, 2011	\$ 3
Cash Balance at July 1, 2011	\$ 3
Receipts	147
Disbursements	142
Cash Balance at June 30, 2012	\$ 8

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
SCHEDULE OF CHANGES IN STATE PROPERTY
For the Two Years Ended June 30, 2012

	Land and Land Improvements	Site Improvements	Buildings and Building Improvements	Equipment	Capital Leases	Total
Balance at July 1, 2010	\$ 12,882,912	\$ 10,540,265	\$ 211,701,591	\$ 6,360,637	\$ 24,404	\$ 241,509,809
Additions	-	3,250	41,859	1,046,953	-	1,092,062
Deletions	-	-	-	-	(24,404)	(24,404)
Net Transfers	-	1,077,534	35,897,208	(454,264)	-	36,520,478
Balance at June 30, 2011	<u>\$ 12,882,912</u>	<u>\$ 11,621,049</u>	<u>\$ 247,640,658</u>	<u>\$ 6,953,326</u>	<u>\$ -</u>	<u>\$ 279,097,945</u>
Balance at July 1, 2011	\$ 12,882,912	\$ 11,621,049	\$ 247,640,658	\$ 6,953,326	\$ -	\$ 279,097,945
Additions	-	63,944	12,323,101	1,090,188	-	13,477,233
Deletions	-	-	-	(504,289)	-	(504,289)
Net Transfers	-	1,970,753	5,923,811	-	-	7,894,564
Balance at June 30, 2012	<u>\$ 12,882,912</u>	<u>\$ 13,655,746</u>	<u>\$ 265,887,569</u>	<u>\$ 7,539,225</u>	<u>\$ -</u>	<u>\$ 299,965,453</u>

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

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

General Revenue Fund - 001	2012	2011	2010
Miscellaneous	\$ 190	\$ 85	\$ 287
Department of Defense	1,561,810	287,073	137,675
Prior Year Refunds	116	2,200	12
Total - Fund 001	\$ 1,562,116	\$ 289,358	\$ 137,974
Military Affairs Trust Fund - 043			
IEMA - State Sources	\$ -	\$ 3,307	\$ -
IEMA - U.S. Dept. of Homeland Security	-	-	245,247
U.S. Customs Service	60,158	-	-
Private Organizations or Individuals	10,087	8,529	36,656
Property Rental	66,851	69,722	48,243
Prior Year Warrant Voids	-	-	784
Prior Year Refunds	-	-	456
Total - Fund 043	\$ 137,096	\$ 81,558	\$ 331,386
Federal Support Agreement Revolving Fund - 333			
Lincoln's Challenge Program	\$ 7,506,229	\$ 6,122,589	\$ 4,707,899
Department of Defense	17,249,327	15,869,415	15,483,359
State Agencies	809	-	281
Miscellaneous	40	140	27
Prior Year Refunds	9,111	9,351	2,357
Prior Year Warrant Voids	427	102	1,179
Total - Fund 333	\$ 24,765,943	\$ 22,001,597	\$ 20,195,102
Illinois Military Family Relief Fund - 725			
Donations	\$ 552,704	\$ 2,046,491	\$ 1,269,230
Prior Year Refunds	261	60	-
Prior Year Warrants Voids	1,000	1,000	155
Total - Fund 725	\$ 553,965	\$ 2,047,551	\$ 1,269,385

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

Illinois National Guard Armory Construction Fund - 927	2012	2011	2010
Sale of Land & Structures	\$ 18,000	\$ -	\$ -
Total - Fund 927	\$ 18,000	\$ -	\$ -
TOTAL RECEIPTS - ALL FUNDS	\$ 27,037,120	\$ 24,420,064	\$ 21,933,847

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

	2012	2011
<u>General Fund (001)</u>		
Receipts per Department Records	\$ 1,562,116	\$ 289,358
Deposits Recorded by the Comptroller	\$ 1,562,116	\$ 289,358
<u>Military Affairs Trust Fund (043)</u>		
Receipts per Department Records	\$ 137,096	\$ 81,558
Add: Deposits in Transit, Beginning of Year	-	168
Deposits Recorded by the Comptroller	\$ 137,096	\$ 81,726
<u>Federal Support Agreement Revolving Fund (333)</u>		
Receipts per Department Records	\$ 24,765,943	\$ 22,001,597
Add: Deposits in Transit, Beginning of Year	339,263	314,277
Less: Deposits in Transit, End of Year	(240,818)	(339,263)
Deposits Recorded by the Comptroller	\$ 24,864,388	\$ 21,976,611
<u>Illinois Military Family Relief Fund (725)</u>		
Receipts per Department Records	\$ 553,965	\$ 2,047,551
Add: Deposits in Transit, Beginning of Year	-	80
Deposits Recorded by the Comptroller	\$ 553,965	\$ 2,047,631
<u>Illinois National Guard Armory Construction (927)</u>		
Receipts per Department Records	\$ 18,000	\$ -
Deposits Recorded by the Comptroller	\$ 18,000	\$ -

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2012

The following is a summary of explanations for significant variations in expenditures. Variations between fiscal years were considered significant if greater than \$20,000 and 20%.

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2012 AND 2011

GENERAL REVENUE FUND – 001

Operational Expenses (all line items), Awards & Grants, Permanent Improvements

For Fiscal Year 2012, the appropriation process was changed for operating expenses that were paid from the General Revenue Fund. The Department received individual appropriations designated for specific purposes rather than a lump sum appropriation for the above expenses.

Governor’s Discretionary Appropriation - Lump Sums & Lincoln’s Challenge

The decrease was due to these funds being allocated for State active duty and Lincoln’s Challenge in FY11 and not in FY12.

MILITARY AFFAIRS TRUST FUND - 043

Youth and Other Programs

The decrease was due to utility costs for armories in the prior year that were paid from other line items in FY12.

FEDERAL SUPPORT AGREEMENT REVOLVING FUND - 333

OFFICE OF THE ADJUTANT GENERAL

Lincoln’s Challenge

The increase was due to an increase in the federal share of cost reimbursements for program costs from 60% to 75%.

Lincoln’s Challenge Allowances

The decrease was due to decreased availability. Budget constraints limited these optional payments made to eligible participants who successfully completed the program.

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2012

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2011 AND 2010

GENERAL REVENUE FUND – 001

Personal Services and State Contributions to Social Security

For Fiscal Year 2011, the appropriation process was changed for operating expenses that were paid from the General Revenue Fund. The Department received a lump sum appropriation for all operational expenses including personal services and State contributions to social security.

Operational Expenses, Awards & Grants, and Permanent Improvements

The increase was due to this line including personal service costs and State contributions to Social Security in FY11 and not in FY10.

Governor's Discretionary Appropriation - Lump Sums and Lincoln's Challenge

Expenditures increased in FY11 and reflect money allocated from the Governor's discretionary funds to be used for spending authority for the Lincoln's Challenge Academy. This line did not exist in FY10 and was used for program costs.

MILITARY AFFAIRS TRUST FUND - 043

Youth and Other Programs

The increase was due to utility costs for armories for which rental income is also deposited into this fund.

FEDERAL SUPPORT AGREEMENT REVOLVING FUND - 333

Lincoln's Challenge Allowances

The increase was mainly due to an increase in eligible participants who successfully completed the program.

Expenses of Joint-Use Agreements for Operations and Maintenance

The increase was due to new Joint Reserve Centers, in Carbondale and Mt. Vernon, which opened during the fiscal year.

ILLINOIS NATIONAL GUARD ARMORY CONSTRUCTION FUND - 927

Land Acquisition & Construction of Parking Facilities at Armories

The decrease was due to no construction and acquisition projects during FY11.

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2012

The following is a summary of explanations for significant variations in receipts. Significant variations in receipts were determined to be changes of \$15,000 and at least 20% between fiscal years, and are explained below:

EXPLANATION OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2012 AND 2011

GENERAL REVENUE FUND – 001

Department of Defense

The increase was mainly due to the receipt of \$1.06 million dollars in November 2011 in federal aid for expenses related to the winter storm in early 2011 as well as the southern Illinois flooding later in the year.

MILITARY AFFAIRS TRUST FUND – 043

U.S. Customs Service

The increase was due to the Department receiving more funds from the U.S. Department of Treasury for the federal equitable sharing program. The Department receives its share of the funds recovered from asset seizures which are expected to fluctuate.

FEDERAL SUPPORT AGREEMENT REVOLVING FUND – 333

Lincoln's Challenge Program

Program receipts continued to increase due to an increase in the federal rate during FY11 as FY12 was the first full year the higher rate reimbursements were received after the percentage change.

Department of Defense

The increase was due to an increase in the federal rate for reimbursements from 60%/40% to 75%/25%.

ILLINOIS MILITARY FAMILY RELIEF FUND – 725

Donations

The decrease was due to a \$2 million transfer from the General Revenue Fund in FY11 while only \$434 thousand was transferred during FY12 due to budget constraints. These funds are used for status and need based grants for Illinois residents who served or are serving in the Armed Forces.

ILLINOIS NATIONAL GUARD ARMORY CONSTRUCTION FUND – 927

Sale of Land & Structures

The increase was due to the receipt of down payments for 2 property sales. There were no property sales in the prior period.

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2012

EXPLANATION OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2011 AND 2010

GENERAL REVENUE FUND – 001

Department of Defense Receipts

The increase was due to the reimbursement of the State's overpayment of their share of the program cost for the Master Cooperative Agreement – Air Appendices and the Lincoln's Challenge Program. Due to the variance in closeout timing by program and location, receipts also vary.

MILITARY AFFAIRS TRUST FUND – 043

IEMA – U.S. Dept. of Homeland Security

The decrease was due to grant availability. In FY10, the Department received a \$245,000 federal Public Safety Interoperable Communications Grant from IEMA and no funds were available during FY11.

Private Organizations or Individuals

The decrease was due to a one-time \$30,000 grant from a telecommunications company in FY10.

Property Rental

The increase was due to an increase in the number of property rentals; which includes armory vending and license agreements, Marseilles house rent, Sparta farm rent, and Veterans Affairs office space rent.

FEDERAL SUPPORT AGREEMENT REVOLVING FUND – 333

The Lincoln's Challenge Program

The increase was due to an increase during FY11 of the federal to the State's share of costs from 60%/40% to 75%/25%.

ILLINOIS MILITARY FAMILY RELIEF FUND – 725

Donations

The increase was due to a \$2 million transfer from the General Revenue Fund. These funds are used for status and need based grants for Illinois residents who served or are serving in the Armed Forces.

STATE OF ILLINOIS
DEPARTMENT OF MILITARY AFFAIRS
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2012

The following is a summary of explanations for significant lapse period spending. Lapse period spending was considered to be significant if the expenditures exceeded \$20,000 and at least 20% of the total fiscal year expenditures.

FISCAL YEAR 2012

GENERAL REVENUE FUND (001)

Contractual Services

Invoices for utility expenses and large maintenance and repair expenditures that occurred late in the fiscal year were received and paid during the lapse period. The projects included replacing interior and exterior doors, boiler repairs, HVAC and condenser system repairs, and restoration and repair of exterior brick and concrete work on buildings.

Equipment

Invoices for equipment for the National Guard facility and grounds ordered late in the fiscal year were received and paid during the lapse period. The purchases included floor scrubbers and buffers, vacuum cleaners, and a commercial grade post hole driver.

FISCAL YEAR 2011

GENERAL REVENUE FUND (001)

Governor's Discretionary Appropriation - Lump Sums

State active duty services performed in late May and June were billed and paid during the lapse period.

Governor's Discretionary Appropriation - Lincoln's Challenge

Invoices from personal service contractors for June payroll expenses as well as June operating costs were billed and paid during the lapse period.

FEDERAL SUPPORT AGREEMENT REVOLVING FUND (333)

Expenses of Joint-Use Agreements for Operations and Maintenance

Invoices for services and items received late in the fiscal year - utilities (gas, electric, water, sanitary), maintenance and repairs including electrical wiring & lighting, boiler repairs, chiller repairs, fence and gate repairs, and commercial lawn mowers were billed and paid during the lapse period.

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ANALYSIS OF ACCOUNTS RECEIVABLE
For the Two Years Ended June 30, 2012
(expressed in thousands)

General Revenue Fund - 001

Aging Schedule	Fiscal Year		
	2012	2011	2010
Current	\$ -	\$ -	\$ -
1-30 days	-	43	-
31-90 days	-	111	1
91-180 days	-	-	5
181 days to 1 year	-	1	-
Over 1 year	<u>2</u>	<u>5</u>	<u>1</u>
Accounts Receivable Gross Balance	\$ 2	\$ 160	\$ 7
Less: Estimated Uncollectible	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>
Accounts Receivable Net Balance	<u>\$ 2</u>	<u>\$ 159</u>	<u>\$ 7</u>

The June 30, 2012 and 2011 amounts are due from the United States Department of Defense for reimbursable costs in conjunction with the Master Cooperative Funding Agreement for the 75% federal/25% State reimbursable positions.

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

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(expressed in thousands)

Federal Support Agreement Revolving Fund - 333

Aging Schedule	Fiscal Year		
	2012	2011	2010
Current	\$ 519	\$ 151	\$ 426
1-30 days	26	56	88
31-90 days	-	89	80
91-180 days	-	107	13
181 days to 1 year	-	138	1
Over 1 year	-	1	-
Accounts Receivable Gross Balance	\$ 545	\$ 542	\$ 608
Less: Estimated Uncollectible	\$ -	\$ -	\$ -
Accounts Receivable Net Balance	<u>\$ 545</u>	<u>\$ 542</u>	<u>\$ 608</u>

These amounts are due from the United States Department of Defense for reimbursable costs in conjunction with the Master Cooperative Funding Agreement, the Master Youth Cooperative Funding Agreement and the Joint Armed Forces Reserve Center Agreement. These amounts are considered collectible.

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

STATE OF ILLINOIS
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DEPARTMENT FUNCTIONS AND PLANNING PROGRAM (NOT EXAMINED)

Department Functions

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

The Department is comprised of the Illinois Army National Guard and the Illinois Air National Guard. The Illinois Army and Air National Guard have a combined authorized strength of 13,100 members (10,000 comprising the Illinois Army National Guard and 3,100 in the Illinois Air National Guard). The Army National Guard (Guard) is responsible for carrying out a dual mission, federal and State. The Guard's federal mission includes providing highly-trained, well-equipped personnel and units capable of rapid deployment when called upon by the President in time of war or national emergency. The State mission of the Guard is to provide disciplined forces for domestic emergencies or as otherwise required by State laws. The Army National Guard maintains 51 readiness centers (50 State-owned and one federally licensed), three joint armed forces reserve centers, one State headquarters facility, one military education facility, one military museum, two outdoor weapons range complexes, two training areas, three Army Aviation Support Facilities and 24 vehicle maintenance facilities in 49 communities throughout the State. The Air National Guard maintains large flying bases at two major civilian airports and one at an active U.S. Air Force Base.

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

The Department also organizes and operates the community-related program Lincoln's Challenge, with the assistance of federal funding in Rantoul, Illinois. Lincoln's Challenge is an approximate 22-week program designed for at-risk youth ages 16 through 19. The program is a two-phase (resident and post-resident) program that focuses on eight core objectives: academic excellence; job skills; physical fitness; leadership and followership; health, sex education, and nutrition; life coping skills; responsible citizenship; and community service.

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

Department Planning Program

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

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AVERAGE NUMBER OF EMPLOYEES (NOT EXAMINED)

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

<u>Division</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Office of the Adjutant General	22	21	13
Facilities	203	213	220
Total Average Full-Time Employees	225	234	233

EMERGENCY PURCHASES (NOT EXAMINED)

The Department reported the following emergency purchases to the Office of the Auditor General during FY11 and FY12:

<u>DESCRIPTION OF EMERGENCY PURCHASE</u>	<u>AMOUNT</u>
Extension on security contract	\$ 118,062
Due to re-bidding of contract, propane was needed to heat the building until the contract was settled.	62,953
Heating System failed for 43,000 square foot building.	41,735
TOTAL ACTUAL COST	\$ 222,750

STATE OF ILLINOIS
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For the Two Years Ended June 30, 2012

SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED)

Illinois National Guard

Mission Statement: To provide the State support of the Illinois National Guard.

Program Goals:

- For the Illinois National Guard to be ready and available for State service at any time.
- To provide support to the Illinois National Guard in the most cost effective manner possible.

Funds: General Revenue Fund, Military Affairs Trust Fund, Federal Support Agreement Revolving Fund, Illinois National Guard Armory Construction Fund. Statutory Authority: 20 ILCS 1805

	2012	2011	2010
<u>Input indicators:</u>			
Total expenditures – all sources (in thousands)	\$27,739	\$28,234	\$29,447
Average monthly full-time equivalents	224	233	233
<u>Output Indicators</u>			
GRF expenditures (in thousands)	\$10,523	*	*
Other funds expenditures (in thousands)	\$17,216	*	*
Number of IL National Guard personnel supported	12,862	*	*
Number of facilities supported	*	105	105
<u>Efficiency/Cost-Effectiveness</u>			
Percent of GRF Appropriations expended	88%	*	*
Percent of total expenditures expended from Other Funds	65%	*	*

*Note - The Department revised its SEA reporting in FY12 and not all information reported from year to year was comparable.

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Lincoln's Challenge Academy

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

Program Goals:

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

Funds: General Revenue Fund, Federal Support Agreement Revolving Fund

	2012	2011	2010
<u>Input indicators:</u>			
Total Expenditures – all sources (in thousands)	\$8,800	\$8,793	\$7,979
Total Expenditures – State appropriated funds (in thousands)	\$8,800	\$8,793	\$7,979
<u>Output Indicators:</u>			
Number of graduates	661	632	553
<u>Outcome Indicators:</u>			
Number of graduates with GED	489	441	348
Number of graduates assigned a mentor	661	632	553
<u>Efficiency/Cost-Effectiveness</u>			
Average cost per graduate (in dollars)	\$13,314	\$13,913	\$14,427
Percentage of graduates with GED	74%	70%	63%
Percentage of graduates assigned a mentor	100%	100%	100%

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Illinois Military Family Relief Fund

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

Program Goals:

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

Funds: Illinois Military Family Relief Fund

	2012	2011	2010
<u>Input indicators:</u>			
Total Expenditures – all sources	\$1,728	\$1,407	\$1,679
<u>Output Indicators:</u>			
Number of grants	3,455	2,813	3,358
<u>Efficiency/Cost-Effectiveness</u>			
Average grant amount (in dollars)	\$500	\$500	\$500