

Table 2

STATE OF ILLINOIS

GENERAL FUNDS RECONCILIATION

Fiscal Year 2016

(Dollars in Thousands)

	Cash Basis	Adjustments for Budgetary Basis	Budgetary Basis	Adjustments for GAAP	GAAP Basis
Revenues:					
Income Taxes (net)	\$ 14,863,525	\$ -	\$ 14,863,525	\$ (1,353,467)	\$ 13,510,058
Sales Taxes (net)	8,062,575	-	8,062,575	(159,748)	7,902,827
Public Utility Taxes (net)	926,136	-	926,136	85,736	1,011,872
Federal government (net)	2,625,516	-	2,625,516	8,442,357	11,067,873
Other (net)	2,275,769	9	2,275,778	3,307,815	5,583,593
Total revenues	28,753,521	9	28,753,530	10,322,693	39,076,223
Expenditures:					
Current:					
Health and Social Services	1,362,516	(1,016,534)	345,982	21,529,779	21,875,761
Education	12,413,985	(54,417)	12,359,568	917,464	13,277,032
General Government	1,548,016	(46,071)	1,501,945	592,973	2,094,918
Employment and Economic Development	11,644	(11,644)	-	98,091	98,091
Transportation	4,808	(4,808)	-	571,736	571,736
Public Protection and Justice	675,680	(173,661)	502,019	2,076,626	2,578,645
Environment and Business Regulation	6,198	(6,198)	-	137,526	137,526
Debt Service:					
Principal	-	-	-	1,803	1,803
Interest	-	-	-	539	539
Capital Outlays	4,261	(4,143)	118	38,721	38,839
Total expenditures	16,027,108	(1,317,476)	14,709,632	25,965,258	40,674,890
Excess of revenues over expenditures	12,726,413	1,317,485	14,043,898	(15,642,565)	(1,598,667)
Other sources (uses) of financial resources:					
Transfers-in	8,134,839	185,000	8,319,839	(6,456,278)	1,863,561
Transfers-out	(11,236,739)	271,366	(10,965,373)	7,961,538	(3,003,835)
Capital lease financing	-	-	-	1,572	1,572
Net other (uses) of financial resources	(3,101,900)	456,366	(2,645,534)	1,506,832	(1,138,702)
Budgetary funds - nonbudgeted accounts	(10,000,401)	(2,040,112)	(12,040,513)	12,040,513	-
Excess of revenues over expenditures and net other (uses) of financial resources	(375,887)	(266,262)	(642,149)	(2,095,220)	(2,737,369)
Fund balances (deficit), July 1, 2015	621,417	(3,521,147)	(2,899,730)	(3,953,200)	(6,852,930)
Increase (decrease) for changes in inventories	-	-	-	(920)	(920)
Fund balances (deficit), June 30, 2016	\$ 245,530	\$ (3,787,409)	\$ (3,541,879)	\$ (6,049,340)	\$ (9,591,219)

Note 1 – Cash/Budget to GAAP Perspective Difference

On the GAAP basis, the Medicaid Provider Assessment Program Funds, the Income Tax Refund Fund and various other funds are reported as part of the General Fund; whereas, they are not considered part of the General Fund on the budgetary basis or the cash basis.

During fiscal year 2016, the State operated without a complete budget resulting in significant payments pursuant to various court orders. These court-ordered payments have been reported on a cash and budgetary basis under the *Budgetary funds – nonbudgeted accounts* line item versus the individual functional expenditure line items.

Note 2 – Cash to Budget Adjustments

The budgetary basis fund balance deficit of \$3,541,879 equals the June 30, 2016 cash balance of \$245,530 less cash lapse period expenditures and transfers-out of \$3,787,409. Adjustments from the cash basis of accounting for fiscal year 2016 to the budgetary basis include adding fiscal year 2016 lapse period spending and subtracting fiscal year 2015 lapse period spending. Lapse period expenditures are payments between July 1 – August 31 for services received and for goods “encumbered” (ordered or contracted for) on or before June 30 and received no later than August 31 which are paid from fiscal year 2016 “lapsing accounts.” Public Act 97-0691 extended the lapse period to December 31 for fiscal year 2016 and future fiscal years for medical assistance payments of the Department of Healthcare and Family Services. Lapse period transfers are statutory transfers approved on or prior to June 30, 2016 but not made until after June 30, 2016.

Note 3 – Budget to GAAP Adjustments

A reconciliation of the budgetary basis vs. GAAP is presented in the Notes to Required Supplemental Information in the Comprehensive Annual Financial Report. Significant differences noted in the financial statements include recording accounts receivable, unavailable revenue and accounts payable at year-end. Accounts payable include liabilities which will be paid from future year appropriations (e.g., income tax refunds, Healthcare and Family Services medical reimbursements and payments to local school boards for State Board of Education reimbursement programs).

There were also classification differences between the budgetary basis and GAAP. Interest paid on income tax refunds is reported as general government expenditures for GAAP reporting purposes and as a reduction of revenues in the budgetary presentation. In addition, transfers from the General Revenue Fund to the Common School Fund and from the Common School Special Account to the Common School Fund, which are reported on the budgetary basis, have been eliminated for GAAP reporting purposes.