



CEDRIC W. LINDBERG
COMPTROLLER
STATE OF ILLINOIS

ACCOUNTING BULLETIN NO. 10

201 STATE HOUSE
SPRINGFIELD, ILLINOIS 62706
217/782-6000

TO: Agency Heads and Chief Fiscal Officers of
All State Agencies

DATE: August 25, 1976

SUBJECT: Restrictions regarding FY77 Appropriation Bills

Many fiscal year 1977 appropriation bills contain language restricting the use of specified line items until December 31, 1976. The restricted line items vary from agency to agency and you are requested to review your appropriation bill to determine the line items, if any, restricted within your agency.

These restrictions generally follow one of three forms:

1. Expenditures only. Some appropriation bills contain the wording that the agency may not expend more than 50% (or a percentage otherwise specified) of specified line items from the effective date of the bill to December 31, 1976.
2. Obligate or expend. Some bills state that the agency may not obligate or expend more than 50% (or a percentage otherwise specified) of specified line items from the effective date of the bill to December 31, 1976.
3. Contract for, obligate or expend. Other bills state that the agency may not contract for, obligate or expend more than 50% (or a percentage otherwise specified) of specified line items from the effective date of the bill to December 31, 1976. (Some bills use the term "contracted" rather than "contract for"; we will treat these terms interchangeably.)

It is the position of this office that the appropriation language is binding.

ALLOTMENTS

In order to ensure compliance with the restrictive language, we have entered allotments in the restricted accounts in CUSAS.

In instances where the agencies are controlled at the expenditure level this office will not allow total dollar expenditures for a restricted line item to exceed 50% of the appropriation prior to December 31, 1976. (Neither obligating nor contracting authority is controlled.)

Where an agency's bill indicates that the agency may not obligate or expend more than 50% of the appropriation prior to December 31, 1976, we will reject transactions if the unobligated balance of the allotment is insufficient to cover the transactions. (Year-to-date expenditures plus outstanding obligations plus the transaction in question may not exceed 50% of the appropriation.) Thus, either vouchers or obligations will be rejected if the unobligated allotment balance is not sufficient to cover the transaction.

Agencies whose bills are restricted in terms of contracting, obligating or expending will be similarly controlled. Additional requirements relative to obligations and contracts are necessary.

In order to effectively control appropriations which contain contracting restrictions, we will require that all contracts charged to restricted accounts be obligated for the full contractual liability to be incurred by the agency for the fiscal year.

LEASES FOR REAL PROPERTY ENTERED INTO PRIOR TO JULY 1, 1976, NEED NOT BE OBLIGATED FOR THE FULL FISCAL YEAR.

WE WILL, HOWEVER, REQUIRE THAT YOU OBLIGATE, AS A MINIMUM, THAT PART OF A LEASE WHICH WILL BE DUE AND PAYABLE PRIOR TO JANUARY 1, 1977.

LEASES ENTERED INTO ON OR AFTER JULY 1, 1976, MUST BE OBLIGATED FOR THE FULL ANNUALIZED LEASE AMOUNT.

ADMINISTRATIVE OBLIGATIONS

This office has received contracts from agencies whose appropriation bills have been restricted which have not been obligated to the annualized contract amount. In order to effectively control the contracting restriction, the dollar difference between the amount obligated by the agency (via MOD form, etc.) and the amount of the contract (as determined by our review) will be entered in CUSAS by this office as an "Administrative Obligation".

Leases that are not fully obligated in accordance with the above guidelines will also be obligated to the required amount by Administrative Obligations.

On our monthly obligation report, the dollar difference between the amount obligated by the agency and the amount obligated by this office will appear as a 10 digit obligation number, the first four digits being ADOB indicating "Administrative Obligation"; the remaining six digits will be the last six digits of the obligation number cited by you on the obligation establishment. (Administrative Obligation number ADOB000123 will be used if your original obligation number was 123.)

The Administrative Obligation entered into by this office will be reported to the agency by means of a copy of the MOD form used to enter the transaction on our system. These MOD forms should be recorded in the agency's accounting system for reconciliation purposes.

Agencies are encouraged to submit their own obligating documents (citing the agency's obligation number and referencing the Administrative Obligation number) to replace the Administrative Obligations. Upon receipt of an agency prepared obligation increase, we will reduce the Administrative Obligation accordingly.

OTHER INFORMATION

This office will enter transactions as they are received. We will not select transactions to be entered or rejected on any basis other than by date of receipt by this office.

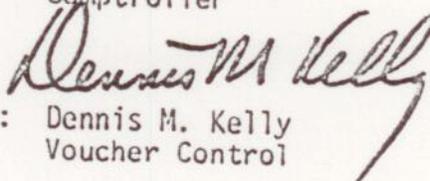
In some instances it may be necessary for us to reduce "blanket obligations" in order to post true contractual liabilities to CUSAS. If this becomes necessary, Comptroller prepared MOD forms will indicate the reason for the reduction. If multiple "blanket obligations" exist within a controlled line item, we will contact you to determine which blanket should be reduced. You will receive a copy of the Comptroller prepared MOD form referencing the transaction.

We will not process obligation decreases or cancellations relative to contracts or leases in the restricted accounts unless the request is accompanied by a valid written amendment or cancellation of the contract or lease.

If you have any questions concerning the above, please contact Gayle Manning at 782-3686 or me at 782-3603. If you have any questions relative to our interpretation of the restrictive language, please contact our General Counsel, J. Calvin Bostian at 732-6000.

Very truly yours,

George W. Lindberg
Comptroller


By: Dennis M. Kelly
Voucher Control