STATE OF ILLINOIS
COMPTROLLER
SUSANA A. MENDOZA

ACCOUNTING BULLETIN

TO: Fiscal Officers of All State Agencies

FROM: Marvin Becker, Assistant Comptroller – Operations

DATE: December 15, 2017

SUBJECT: Debt Transparency Act Implementation

NUMBER: 214

Public Act 100-0552 amends the State Finance Act (30 ILCS 105/9.08) to revise State agencies' reporting requirements for current liabilities (as defined in the column B section of this transmittal) pending at the agency. Effective January 1, 2018, State agencies are required to report monthly the current liabilities held at the agency, the fund source of the liabilities, whether the liabilities are appropriated and, if applicable, the estimated Prompt Payment interest or Timely Payment interest accrued. The following portion of the State Finance Act has been amended:

30 ILCS 105/9.08

(a) <u>Each State agency shall provide a report to the State Comptroller identifying: (i) current State liabilities held at the agency, by fund source; (ii) whether the liabilities are appropriated; and (iii) an estimate of interest penalties accrued under the State Prompt Payment Act under criteria prescribed by the State Comptroller. The report shall be provided monthly in a time and form prescribed by the State Comptroller in which the State Comptroller may provide a waiver to the monthly reporting requirement if a State agency does not have State liabilities.</u> ~~On October 1, 2013 and by October 1 of each fiscal year thereafter, each State agency shall report the aggregate dollar amount of any bills held at the State agency on the previous June 30 to the Office of the State Comptroller~~.

<u>Debt Transparency Act Report Format:</u> The Debt Transparency Act Report (IOC form SCO-961) should be submitted to the Illinois Office of the Comptroller (IOC) in Excel and rounded to the nearest thousand dollars. The SCO-961 form is available on the Comptroller's website at www.illinoiscomptroller.gov/agencies/accounting-forms. The formatting of the attached Debt Transparency Act Report example should be followed and is further explained below:

- **Column A: Fund Source** – Agencies should report their liabilities held at the agency as one of the three following major fund sources: General Funds (as defined in 15 ILCS 20/50-40), Federal Trust Funds or Other State Funds (also see SAMS Manual procedures 09.50.10 – 09.50.55). Agencies should report their total liabilities in the major fund source row. Additionally, if an individual fund has more than $1 million in liabilities in any column as of the reporting date, the fund must be disclosed on a separate row in the report.

- **Column B: Agency Liabilities** –This column should include all current liabilities held at the agency, regardless of whether the agency has sufficient appropriation to cover the liability. Liabilities associated with continuing or non-appropriations should also be included in the agency's liabilities. For the purposes of this report, a liability is recognized when the agency is in receipt of an invoice/bill or other documentation containing sufficient information necessary to process a payment. Although, the assignment of an appropriation is not required to be considered a liability, the fund will need to be specified. If the fund is not determinable at the reporting date, the liability should be assigned to the most likely fund from which it will be paid.

  Intergovernmental payments (including Revolving Fund payments) and agency liabilities that have been initiated into the Court of Claim process should be included in each agency's individual report.

  Payroll liabilities (including accrued vacation and sick pay) should not be included.

- **Column C: Late Payment Interest** – This column should include Prompt Payment interest payments (30 ILCS 540) or "Timely Pay" interest payments (215 ILCS 5/368 (a)) when the associated warrants have already been issued by the IOC and the agency has not sent the interest vouchers to the IOC. These Prompt Payment interest and Timely Pay interest payments should not be included in Columns B, G, H, I, J or K. This is not to include interest vouchers that have been sent to the IOC.

- **Column D: Pending Liabilities** – An estimate of any liability over $1 million incurred by the State but not yet properly invoiced to the State should be reported as pending liabilities. Agencies should develop an estimation technique that has documented procedures that can be reviewed by the IOC upon request or by the agency's auditors. Agencies should use the Narrative section to describe the estimation technique used or provide any other relevant explanations or comments. The estimated liabilities in Column D should not be included in Column B.

  Column D should not include Prompt Payment interest or Timely Pay interest calculated on vouchers that are still held by the agency. This Prompt Payment interest should be reported in Column G, H, I and J, and the Timely Pay interest should be reported in Column K.

  Intergovernmental payments (including Revolving Fund payments) should be included in each agency's individual report.

  Payroll liabilities (including accrued vacation and sick pay) should not be included.

- **Column E: Liabilities to be Submitted Within 10 Days** – In this column identify the portion of liabilities from Columns B, C and D, greater than $10 million, that are anticipated to be submitted to the Office of Comptroller for payment processing within 10 days after the conclusion of this reporting period.

- **Column F: Unappropriated Liabilities** – This column should report any projected shortfalls in appropriations for the current fiscal year relative to the expected liabilities (including anticipated payroll costs) estimated for the fiscal year. These shortfalls may result in the need for supplemental appropriations in order to pay all liabilities in the current fiscal year. For example, an agency expects to incur $250,000 of liabilities from the General Revenue Fund for fiscal year 2018, but it only has $235,000 in appropriation authority. The agency would report $15,000 in Column F. This amount can include estimated shortfalls in the current fiscal year that are expected to result from insufficient appropriations in prior fiscal years. This column is not intended for non-appropriated activity.

- **Columns G, H, I, J and K: Estimated Late Payment Interest Penalties Accrued** – These columns should include Prompt Payment interest or Timely Pay interest calculated on vouchers that are still held by the agency. The interest should be calculated to the end of the reporting period. Prompt Payment interest should be reported as to the age of the associated vouchers in the applicable column: Column G – Interest owed on vouchers aged between 91 and 120 days late; Column H - between 121 and 180 days late; Column I - between 181 and 365 days late; and Column J - more than 365 days late. Timely Pay interest should be reported in Column K for associated vouchers over 30 days late. Agencies reporting Timely Pay interest should complete the SCO-961A to provide additional details on the interest. The form is available on the Comptroller's website at www.illinoiscomptroller.gov/agencies/accounting-forms.

- **Variance Analysis:** If a separately reported fund from Columns B and D has a variance from the prior reporting period that is greater than $10 million, agencies must provide an explanation in the Variance Analysis section of the form. Agencies may also use this section to further explain any other variations in their Debt Transparency Act Report.

- **Narrative:** This section can be used to explain any estimation techniques used or provide any other relevant explanations or comments the agency wishes to provide.

Universities: Due to unique funding, the IOC has provided separate reporting requirements for the Universities. Universities should complete the SCO-961B form which is available on the Comptroller's website at www.illinoiscomptroller.gov/agencies/accounting-forms.

Due Dates: This report is due on the 10th calendar day of each month. If the 10th calendar day falls on a State holiday and/or weekend, the report is due the workday prior to that State holiday and/or weekend. The first report is due January 10, 2018 for the reporting period ending December 31, 2017.

Submission: The report should be sent via email to dtareport@illinoiscomptroller.gov. The subject of the email should be "Debt Transparency Act Report" and the body of the email should include the following fields: agency name, agency number, agency contact person, and agency contact phone number. The excel report should be attached to the email. If the agency is reporting $0 liabilities it should be noted in the body of the email and the excel attachment is not required.

Accounting Bulletin 214 replaces Accounting Bulletin 191.

If you have any questions concerning this Accounting Bulletin, please contact Chris Maley at 217-524-4924 or chris.maley@illinoiscomptroller.gov. Agencies may access this and other Accounting and Payroll bulletins on the Comptroller's website at http://www.illinoiscomptroller.gov/agencies.

Debt Transparency Act Report

SAMPLE FORM

STATE OF ILLINOIS
COMPTROLLER
SUSANA A. MENDOZA

Agency Name: Illinois Office of the Comptroller
Agency Number: 360
Reporting Period Ending: December 31, 2017

	A	B	C	D	E	F	G	H	I	J	K
	Funds	**Liability Reporting**				**Unappropriated Liabilities**	**Late Interest Reporting (Prompt Pay/Timely Pay)**				
Agency Number	**Major Fund Source**	**Agency Liabilities**	**Late Payment Interest**	**Estimated Pending Liabilities**	**Estimated to be submitted to IOC within 10 days**	**Insufficiently Appropriated**	**Estimated Late Payment Interest Penalties (between 91 and 120 days late)**	**Estimated Late Payment Interest Penalties (between 121 and 180 days late)**	**Estimated Late Payment Interest Penalties (between 181 and 365 days late)**	**Estimated Late Payment Interest Penalties (more than 365 days late)**	**Estimated Late Payment Interest Penalties (more than 30 days late) for Timely Pay only[1]**
360	**General Funds***	**$300,000,000**	**$5,000,000**	**$4,000,000**	**$250,000**	**$20,000,000**	**$1,000,000**	**$1,000,000**	**$1,000,000**	**$1,000,000**	**$1,000,000**
360	0001	$240,000,000	$5,000,000	$4,000,000	$250,000	$20,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
360	0005	$60,000,000	$0	$0	$0	$0	$0	$0	$0	$0	$0
360											
360	**Federal Funds***	**$500,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
360	XXXX										
360											
360	**All Other Funds***	**$80,000,000**	**$5,000,000**	**$25,000,000**	**$1,000,000**	**$0**	**$5,000,000**	**$5,000,000**	**$5,000,000**	**$5,000,000**	**$5,000,000**
360	0907	$75,000,000	$5,000,000	$25,000,000	$1,000,000	$0	$5,000,000	$5,000,000	$5,000,000	$5,000,000	$5,000,000
360	**Totals**	**$380,500,000**	**$10,000,000**	**$29,000,000**	**$1,250,000**	**$20,000,000**	**$6,000,000**	**$6,000,000**	**$6,000,000**	**$6,000,000**	**$6,000,000**

* Note: Individual funds within the grouping must be listed out if the debt attributable to that fund is greater than $1 million. The amount listed out individually should be included in the total listed as General Funds, Federal Funds or All Other Funds.

[1] *If an agency needs to report Timely Pay interest, please submit SCO-961A Debt Transparency Report - Timely Pay.*

Variance Analysis

Example: The reason for 60% increase in GRF Liabilities from the prior month is due to delay in grant funding.

Narrative

Example: The methodology for estimation of Column D is based on a monthly average of the last 12 months of expenditures of this nature.

SCO-961