

McGladrey & Pullen

Certified Public Accountants

State of Illinois Department of Revenue

Compliance Examination
For the Year Ended June 30, 2006

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

State of Illinois
Department of Revenue
Compliance Examination

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A separate financial audit for the year ended June 30, 2006 has been issued under separate cover.

State of Illinois
Department of Revenue
Compliance Examination

Agency Officials
For the Year Ended June 30, 2006

Director	Brian A. Hamer
Associate Director	Jodie Winnett
Chief of Staff	Jennifer Ricker
Chief Fiscal Officer	Mark Lewis (Acting 10/1/06 – Current) David Hunt
Program Administrators:	
Administrative Services	Stephanie Arkin
Account Processing	Carol Davlin (2/01/06 – Current)
	Wayne Richey (Acting 10/12/05 – 01/31/06)
Information Services	Curt Smith
Tax Enforcement	August Yount
Managers:	
Financial Control Bureau	Larry Lascody, Jr.
Policy and Communications Office	Mike Klemens
General Counsel	Mark Hellner

Agency offices are located at:

101 West Jefferson
Springfield, Illinois 62794

James R. Thompson Center
100 West Randolph, Suite 7-500
Chicago, Illinois 60601-3274



STATE OF ILLINOIS
DEPARTMENT OF REVENUE

101 WEST JEFFERSON STREET
SPRINGFIELD, ILLINOIS 62702

Springfield Office: 217 785-7570
Chicago Office: 312 814-3190

BRIAN A. HAMER
Director

ROD R. BLAGOJEVICH
Governor

November 15, 2006

McGladrey & Pullen, LLP
20 North Martingale Road
Suite 500
Schaumburg, IL 60173

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 Department. 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 Department's compliance with the following assertions during the year ended June 30, 2006. Based on this evaluation, we assert that during the year ended June 30, 2006, the Department has materially complied with the assertions below.

- A. The Department has obligated, expended, received and used public funds of the State in accordance with the purpose for which funds have been appropriated or otherwise authorized by law.
- B. The Department 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 Department 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 Department 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 Department on behalf of the State or held in trust by the System have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,

State of Illinois, Department of Revenue

Brian A. Hamer, Director

Mark Lewis, Chief Fiscal Officer

Mark Hellner, General Counsel

State of Illinois
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Compliance Examination

Compliance Report Summary
For the Year Ended June 30, 2006

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

Auditors' Report

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</u>	<u>This Report</u>	<u>Prior Report</u>
Findings	2	1
Repeated findings	0	0
Prior recommendations implemented or not repeated	1	13

Details of findings are presented in a separately tabbed report section.

Item No. Page Description

Findings – State Compliance

06-1 10 Inadequate Maintenance and Response Procedures for the Fire Suppression System

06-2 12 Inadequate Disaster Contingency Planning

Prior Findings Not Repeated – State Compliance

06-3 14 Inadequate Controls Over Employee Timekeeping

State of Illinois
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Compliance Report Summary
For the Year Ended June 30, 2006

Exit Conference

The findings and recommendations appearing in this report were discussed with Department personnel at an exit conference on February 15, 2007. Attending were:

State of Illinois, Department of Revenue

Brian A. Hamer	Director
Stephanie Arkin	Program Administrator-Administrative Services
Jose Borjon	Audit Liaison
Mark Lewis	Chief Fiscal Officer
Curt Smith	Program Administrator-Information Services
Jody Winnett	Associate Director
Brad Tait	Information Services

Office of the Auditor General

Gayla Rudd	Audit Manager
Joe Gudgel	IS Audit Manager

McGladrey & Pullen, LLP

Joe Evans	Partner
Josh Peacock	Supervisor
Scott Morey	IS Auditor

Responses to the recommendations were provided by Brian A. Hamer, Director, in a letter dated February 27, 2007.

McGladrey & Pullen

Certified Public Accountants

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

As Special Assistant Auditors for the Auditor General, we have examined the State of Illinois, Department of Revenue's (Department) 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 year ended June 30, 2006. The management of the Department is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Department's compliance based on our examination.

- A. The Department 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 Department 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 Department 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 Department 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 Department on behalf of the State or held in trust by the Department 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 Department's compliance with those requirements 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 Department's compliance with specified requirements.

In our opinion, the Department complied, in all material respects, with the aforementioned requirements during the year ended June 30, 2006. However, the results of our procedures disclosed instances of noncompliance with those 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 State findings as findings 06-1 and 06-2.

As required by the Audit Guide, an immaterial finding relating to instances of noncompliance excluded from this report has been reported in a separate letter to your office.

Internal Control

The management of the Department is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations. In planning and performing our examination, we considered the Department's internal control over compliance with the aforementioned requirements in order to determine 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.

Our consideration of internal control over compliance with the aforementioned requirements would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws and regulations that would be material in relation to one or more of the aforementioned requirements being examined may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance that we consider to be material weaknesses. However, the results of our procedures disclosed other matters involving internal control which are required to be reported in accordance with criteria established by the *Audit Guide for Performing Compliance Audits of Illinois Agencies* issued by the Illinois Office of the Auditor General and which are described in the accompanying Schedule of State Findings as findings 06-1 and 06-2.

As required by the Audit Guide, an immaterial finding relating to internal control deficiencies excluded from this report has been reported in a separate letter to your office.

Supplementary Information for State Compliance Purposes

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Department as of and for the year ended June 30, 2006, which collectively comprise the Department's basic financial statements, and have issued our report thereon dated November 15, 2006. The accompanying supplementary information, as listed in the table of contents as Supplementary Information for State Compliance Purposes, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Department. The 2006 Supplementary Information for State Compliance Purposes, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2006, taken as a whole. We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, the Department's basic financial statements for the years ended June 30, 2005 and June 30, 2004. In our reports dated December 19, 2005 and December 1, 2004, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information.

In our opinion, the 2005 and 2004 Supplementary Information for State Compliance Purposes, except for the portion marked "unaudited" is fairly stated in all material respects in relation to the basic financial statements for the years ended June 30, 2005 and June 30, 2004, taken as a whole.

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

McGladrey & Pullen, LLP

Schaumburg, Illinois
November 15, 2006

McGladrey & Pullen

Certified Public Accountants

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the State of Illinois, Department of Revenue (Department), as of and for the year ended June 30, 2006, and have issued our report thereon dated November 15, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Department's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain immaterial instances of internal control deficiencies, which we have reported to management of the Department in a separate letter dated November 15, 2006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain matters which are reported as State compliance findings in the schedule of findings. We also noted certain other matters which we have reported to management of the Department in a separate letter dated November 15, 2006.

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

McGladrey & Pullen, LLP

Schaumburg, Illinois
November 15, 2006

Schedule of Findings
For the Year Ended June 30, 2006

Current Findings – State Compliance

Finding 06-1 – Inadequate Maintenance and Response Procedures for the Fire Suppression System

A malfunction in the fire suppression system put the Department's staff, physical assets and data at risk.

The Department utilizes several critical, confidential, and/or financially sensitive systems in meeting its mission. As such, the availability and operability of the computer facility operations is critical in meeting the Department's needs.

The Department's maintenance service agreement for the fire suppression system expired in June 2004 and no inspections or other maintenance were performed on the fire suppression system since May 2004.

In conjunction with the IT Consolidation, the Department entered into a Facilities Service Agreement (FSA) with the Department of Central Management Services (DCMS), which included a provision for maintenance of the fire suppression system. The fire suppression system is used to protect the computer facility and personnel against fire. However, the Department had not ensured adequate maintenance was performed in compliance with the agreed upon FSA and all security personnel were adequately trained on all aspects of the fire suppression system to ensure the availability, security or safety of the Department's staff, physical assets and data.

On the night of August 1, 2006, the fire suppression system alarms activated. The security guards physically inspected the area and reset the alarm after noting no emergency. False alarms continued throughout the evening and the guards continually reset the alarms as opposed to arranging for urgent inspection and repair. Eventually, the alarm malfunctions caused the fire suppression system to activate and dump 3,600 pounds of FM-200 gas within the computer facility. Although no major physical damage or injuries were reported, the incident resulted in computer room operations being down for approximately three days and without fire protection for approximately seven days. The total cost of reprogramming the fire suppression system, installing new sensors, and replacing the FM-200 gas totaled approximately \$100,000.

Department officials stated that DCMS failed to maintain the system properly and train its guards to operate the system.

A maintenance contract ensures regular inspection and maintenance and provides for urgent inspection and repair. In addition, comprehensive procedures and sufficient training of security personnel will help ensure appropriate action is taken in a timely fashion. The lack of routine maintenance, comprehensive procedures and adequate training places employees at risk and increases the likelihood of costly malfunctions (Finding Code No. 06-1).

Recommendation

To ensure the security and safety of the employees and physical assets, we recommend the Department proactively work with DCMS to ensure the provisions outlined within the Facility Services Agreement established between the Department and DCMS are met and continue to meet the needs of the Department.

State of Illinois
Department of Revenue
Compliance Examination

Schedule of Findings
For the Year Ended June 30, 2006

Current Findings – State Compliance (Continued)

Finding 06-1 – Inadequate Maintenance and Response Procedures for the Fire Suppression System (Continued)

Department response

The Department agrees with the recommendation. The Department does and will continue to work proactively with DCMS in an effort to ensure that they meet their obligations under outstanding agreements and meet the needs of the Department. We disagree with any implication in this finding to the contrary, and believe that the facts clearly indicate that the Department met the recommendation's high standard. DCMS entered into the new contract June 30, 2006, prior to the incident, although they did not implement the contract until after the incident. The Department has assisted DCMS in the training of DCMS security personnel to help ensure appropriate action is taken in a timely fashion.

Schedule of Findings
For the Year Ended June 30, 2006

Current Findings – State Compliance (Continued)

Finding 06-2 – Inadequate Disaster Contingency Planning

The Department of Revenue (Department) did not ensure its disaster contingency plans were updated and adequately tested to ensure timely recovery of its critical computer resources.

The Department relies on its computer systems to perform mission critical functions. These systems include, but are not limited to, the Individual Income Tax system used to process individual 1040 returns, the Business Income Tax system used to process business tax returns, and the Exception Processing System, which is used to process accounts receivable for sales and related taxes.

The Department had established 24 individual contingency plans collectively representing all of the major business operational and functional areas and a Senior Staff Response Plan, which acts as an umbrella for the 23 other plans. It is the Senior Staff Response Plan that requires an initial assessment of a disaster situation and development of a recovery action plan.

During our review, we noted:

- The contingency plans had not been updated or tested during the audit period. Eleven plans were last updated in 2002; four in 2003; and eight in 2004. The last recovery test was performed in March 2005.
- Not all plans included a prioritized list of critical applications and recovery timeframes.
- Most plans did not identify recovery personnel and contact information. One plan, last updated in August 2004, identified contact information; however, this information included personnel who had left State service in December 2002.
- Several plans included incorrect information pertaining to an alternative hot-site location.

Information technology guidance (including the National Institute of Standards and Technology and Governmental Accountability Office) endorses adequate development and formal testing of disaster contingency plans. Tests of disaster recovery plans (and the associated documentation of the test results) verify that the plan, procedures, and resources provide the capability to recover critical systems within the required timeframe.

The Department states that this condition existed due to a loss of personnel just prior to the audit period.

Failure to adequately update and test the disaster recovery plans leaves the Department exposed to the possibility of major disruptions of services. A comprehensive test of the plan across all platforms utilized will assist management in identifying weaknesses to ensure recovery procedures are adequate in the event a disaster. Continuous reviews and tests of plans would help management ensure the plans are appropriately modified, as the Department's computing environment and disaster recovery needs change (Finding Code No. 06-2).

State of Illinois
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Schedule of Findings
For the Year Ended June 30, 2006

Current Findings – State Compliance (Continued)

Finding 06-2 – Inadequate Disaster Contingency Planning (Continued)

Recommendation

We recommend the Department update its contingency plans to reflect the current environment and include a prioritized listing of critical applications, recovery timeframes, and current recovery team members. Once updated, the Department should ensure the plans are updated and adequately tested at least annually to ensure the plans remain current and effective. In addition, testing should be documented and the plans updated if necessary.

Department Response

The Department agrees with the finding and recommendation. During the audit period, the Department lacked a disaster recovery coordinator due to a medical leave of absence and subsequent retirement. The position was subsequently filled but the incumbent resigned November 30, 2006. The effort to refill the position was initiated on December 20, 2006. We plan to fill this position by May 2007. The new disaster recovery coordinator will ensure the plans are updated and adequately tested to ensure the plans remain current and effective. While we agree it is best practice to review and reissue disaster recovery plans each year, it should be noted that there have been no significant changes to IDOR's computing environment that would jeopardize the existing disaster recovery plan.

State of Illinois
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Schedule of Findings
For the Year Ended June 30, 2006

Prior Findings Not Repeated – State Compliance

Finding 06-3 – Inadequate Controls Over Employee Timekeeping

During the prior year examination, the Department of Revenue (Department) did not comply with the State Officials and Employees Ethics Act which requires all employees to maintain a daily timesheet which documents the time spent on official State business.

During the current year examination, Department employees maintained daily timesheets which documented time spent on official State business.

Supplementary Information for State Compliance Purposes

Summary

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

- Financial Schedules and Analysis:

- Schedule of Expenditures of Federal Awards
- Notes to the Schedule of Expenditures of Federal Awards
- Schedule of Appropriations, Expenditures and Lapsed Balances
- Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
- Comparative Schedule of Continuing Appropriations, Expenditures and Lapsed Balances
- Comparative Schedule of Non-Appropriated Expenditures
- Schedule of Changes in State Property (In Thousands)
- Comparative Schedule of Cash Receipts by Fund
- Reconciliation 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 Significant Account Balances
- Analysis of Accounts Receivable

- Analysis of Operations:

- General Operations
- Agency Functions and Planning Program
- Average Number of Employees
- Emergency Purchases
- Details of Services Provided for Katrina Hurricane Relief Efforts
- Service Efforts and Accomplishments (Unaudited)

The auditors' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states that it has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in the auditors' opinion, except for that portion marked "Unaudited," on which they express no opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

State of Illinois
Department of Revenue
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Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006
(Expressed in Thousands)

Federal	Federal CFDA Number	Project Number	Federal Expenditures
<u>U.S. Department of Transportation</u>			
Highw.	20.205	TCP-0001 (002)	<u><u>37</u></u>

State of Illinois
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Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the expenditures of all federal financial assistance programs of the State of Illinois, Department of Revenue which consists of federal financial assistance received directly from the federal U.S. Department of Transportation.

The Schedule of Expenditures of Federal Awards was prepared for State compliance purposes only. A separate single audit of the Illinois Department of Revenue was not conducted. A separate single audit of the entire State of Illinois (which includes the Illinois Department of Revenue) was performed and released under separate cover.

2. Basis of Presentation

The Schedule of Expenditures of Federal Awards was prepared in accordance with generally accepted accounting principles on the modified accrual basis of accounting as prescribed in pronouncements issued by the Governmental Accounting Standards Board.

3. Description of Federal Award Program

U.S. Department of Transportation

Highway Planning and Construction CFDA # 20.205 - This program is an international initiative designed to combat motor fuel tax evasion by conducting random inspections in cooperation with the State police, State transportation authority police and State local police departments.

State of Illinois
Department of Revenue

Schedule of Appropriations, Expenditures and Lapsed Balances
Appropriations for Year Ended June 30, 2006

	Appropriations (Net After Transfers)	Expenditures Through 06/30/06	Lapse Period Expenditures 07/01/06-08/31/06	Total Expenditures	Balances Reappropriated 07/01/06	Balances Lapsed
General	\$ 133,824,150	\$ 120,365,553	\$ 6,770,518	\$ 127,136,071	\$ -	\$ 6,688,079
Motor Fuel	79,801,100	68,741,898	10,171,353	78,913,251	-	887,849
Transportation	1,000	1,000	-	1,000	-	-
Underground	908,900	761,043	30,667	791,710	-	117,190
Illinois Commerce	2,490,500	915,771	1,338,444	2,254,215	-	236,285
State Government	120,050,400	110,740,543	8,068,936	118,809,479	-	1,240,921
Home Finance	395,000	368,016	23,003	391,019	-	3,981
Rental Income	7,490,000	-	7,000,000	7,000,000	-	490,000
State Administration	43,383,400	41,350,010	2,033,390	43,383,400	-	-
RTA Occupation and Use Tax						
Replacem	21,691,700	20,674,337	1,017,363	21,691,700	-	-
County	489,000	445,537	19,532	465,069	-	23,931
Illinois Toll	19,940,700	15,394,547	4,531,007	19,925,554	-	15,146
Illinois Lottery	82,850,000	58,497,512	23,810,800	82,308,312	-	541,688
Federal	40,402,054	30,108,957	84,303	30,193,260	10,208,794	-
Tax Collection	2,141,400	1,842,979	141,747	1,984,726	-	156,674
Local Government	117,740,200	104,725,071	13,015,129	117,740,200	-	-
Horse Racing	7,438,700	6,124,824	562,206	6,687,030	-	751,670
State Lottery	353,237,500	315,721,196	27,312,540	343,033,736	-	10,203,764
Municipal	98,000	-	-	-	-	98,000
Tobacco	1,167,900	1,091,717	(40)	1,091,677	-	76,223
Child Support	1,996,000	1,777,123	72,475	1,849,598	-	146,402
Personnel	8,470,800	7,635,427	499,865	8,135,292	-	335,508
Dramatic	4,685,700	3,767,270	122,390	3,889,660	-	796,040
Senior Citizens	5,900,000	4,674,138	75,266	4,749,404	-	1,150,596
Total	1,056,594,104	915,724,469	106,700,894	1,022,425,363	10,208,794	23,959,947

State of Illinois
Department of Revenue

Schedule of Appropriations, Expenditures and Lapsed Balances (Continued)
Appropriations for Year Ended June 30, 2006

	Appropriations (Net After Transfers)	Expenditures Through 06/30/06	Lapse Period Expenditures 07/01/06-08/31/06	Total Expenditures	Balances Reappropriated 07/01/06	Balances Lapsed
Continuing Appropriated Funds						
Income	\$ 1,436,749,961	\$ 1,436,749,961	\$ -	\$ 1,436,749,961	\$ -	\$ -
Local G	1,001,008,139	1,001,008,139	-	1,001,008,139	-	-
Person:	1,273,813,413	1,273,813,413	-	1,273,813,413	-	-
Total	3,711,571,513	3,711,571,513	-	3,711,571,513	-	-
Total	\$ 4,768,165,617	\$ 4,627,295,982	\$ 106,700,894	\$ 4,733,996,876	\$ 10,208,794	\$ 23,959,947

Non-Appropriated Funds

County	N/A	\$ 34,953,731	\$ -	\$ 34,953,731	N/A	N/A
Non-Hc	N/A	30,888,472	-	30,888,472	N/A	N/A
Home F	N/A	8,072,473	-	8,072,473	\$ 3,303,356,305	N/A
Home F	N/A	648,025,997	-	648,025,997	N/A	N/A
Home F	N/A	303,468,553	-	303,468,553	N/A	N/A
Federal	N/A	48,939	121,991	170,930	N/A	N/A
Busines	N/A	67,753	-	67,753	N/A	N/A
County	N/A	205,454,457	-	205,454,457	N/A	N/A
Local G	N/A	1,542,449,463	-	1,542,449,463	N/A	N/A
County	N/A	30,005,960	-	30,005,960	N/A	N/A
County	N/A	65,741,266	-	65,741,266	N/A	N/A
Sports I	N/A	30,428,783	-	30,428,783	N/A	N/A
Racing	N/A	164,432	20,886	185,318	N/A	N/A
Illinois F	N/A	750,000	-	750,000	N/A	N/A
Illinois F	N/A	382,132	72,853	454,985	N/A	N/A
Illinois T	N/A	14,107,116	-	14,107,116	N/A	N/A
Tax Su:	N/A	168,025	818	168,843	N/A	N/A

State of Illinois
 Department of Revenue

Schedule of Appropriations, Expenditures and Lapsed Balances (Continued)
 Appropriations for Year Ended June 30, 2006

	Appropriations (Net After Transfers)	Expenditures Through 06/30/06	Lapse Period Expenditures 07/01/06-08/31/06	Total Expenditures	Balances Reappropriated 07/01/06	Balances Lapsed
Non-Appropriated Funds - Continued						
Metro E	N/A	\$ 4,080,099	\$ -	\$ 4,080,099	N/A	N/A
Municip	N/A	279,285,931	-	279,285,931	N/A	N/A
RTA Se	N/A	687,647,638	-	687,647,638	N/A	N/A
Metro E	N/A	27,170,319	-	27,170,319	N/A	N/A
Tennes	N/A	202,307	-	202,307	N/A	N/A
Municip	N/A	5,420,299	-	5,420,299	N/A	N/A
County	N/A	40,587	-	40,587	N/A	N/A
Deferre	N/A	170,273,943	99,125	170,373,068	N/A	N/A
Total Non-Appropriated Fu		4,089,298,675	315,673	4,089,614,348		
Grand Total		\$ 8,716,594,657	\$ 107,016,567	\$ 8,823,611,224		

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

State of Illinois
 Department of Revenue

Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
 Years Ended June 30, 2006 and 2005

	Fiscal Year	
	2006 Public Act 94-0798	2005 Public Act 93-0842
Total All Appropriated Funds		
Appropriations (Net After Transfers)	\$ 1,056,594,104	966,349,108
<u>Expenditures</u>		
Personal Services	109,410,270	109,547,325
Employee Retirement Contributions		
Paid by Employer	797,164	780,172
State Contributions to State Employees' Retirement System	8,531,452	17,347,125
State Contributions to Social Security	7,782,488	7,679,544
Group Insurance	8,668,760	8,199,954
Contractual Services	42,882,934	37,783,359
Travel	2,811,353	2,525,903
Commodities	571,648	579,406
Printing	1,132,426	1,030,154
Equipment	673,702	429,226
Electronic Data Processing	6,493,342	8,609,012
Telecommunications Services	10,575,166	11,655,805
Operation of Automotive Equipment	606,554	534,698
Lump Sums	21,242,851	19,597,620
Awards and Grants	777,580,032	641,713,401
Refunds	22,665,221	19,268,698
Total Expenditures	1,022,425,363	887,281,402
Balances Reappropriated	10,208,794	23,496,853
Lapsed Balances	\$ 23,959,947	\$ 55,570,853

State of Illinois
Department of Revenue

Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances (Continued)
Years Ended June 30, 2006 and 2005

	Fiscal Year	
	2006 Public Act 94-0798	2005 Public Act 93-0842
Total - All Appropriated Funds		
Appropriations (Net After Transfers)	1,056,594,104	966,349,108
<u>Expenditures</u>		
General Revenue - 001	127,136,071	125,065,477
Motor Fuel Tax - 012	78,913,251	73,807,787
Transportation Regulatory - 018	1,000	1,000
Underground Storage Tank - 072	791,710	745,730
Illinois Gaming Law Enforcement - 085	2,254,215	2,550,558
State Gaming - 129	118,809,479	117,160,095
Home Rule Municipal ROT - 138	391,019	386,564
Rental Housing Support Program - 150	7,000,000	-
State and Local Sales Tax Reform - 186	43,383,400	38,938,700
RTA Occupation and Use Tax Replacement - 187	21,691,700	19,469,300
County Option Motor Fuel Tax - 190	465,069	551,277
Illinois Tax Increment - 281	19,925,554	18,745,007
Illinois Affordable Housing Trust - 286	82,308,312	46,070,960
Federal Home Investment Trust - 338	30,193,260	21,196,434
Tax Compliance and Administration - 384	1,984,726	1,938,562
Local Government Distributive - 515	117,740,200	98,072,960
Horse Racing - 632	6,687,030	6,977,489
State Lottery - 711	343,033,736	295,277,758
Tobacco Settlement Recovery - 733	1,091,677	1,095,500
Child Support Administrative - 757	1,849,598	1,867,477
Personal Property Tax Replacement - 802	8,135,292	8,350,597
Dram Shop - 821	3,889,660	4,042,558
Senior Citizen Real Estate Deferred Tax - 930	4,749,404	4,969,612
Total Expenditures	1,022,425,363	887,281,402
Balances Reappropriated	10,208,794	23,496,853
Lapsed Balances	\$ 23,959,947	\$ 55,570,853

State of Illinois
 Department of Revenue

Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances (Continued)
 Years Ended June 30, 2006 and 2005

	Fiscal Year	
	2006 Public Act 94-0798	2005 Public Act 93-0842
Total - All Continuing Appropriated Funds		
Appropriations (Net After Transfers)	\$ 3,711,571,513	\$ 3,303,356,305
<u>Expenditures</u>		
Income Tax Refund - 278	1,436,749,961	1,410,277,491
Local Government Distributive - 515	1,001,008,139	900,931,011
Personal Property Tax Replacement - 802	1,273,813,413	992,147,803
Total Expenditures	3,711,571,513	3,303,356,305
Total - All Non-Appropriated Funds		
<u>Expenditures</u>		
County Water Commission Tax - 084	34,953,731	33,589,611
Non-Home Rule Municipal ROT - 088	30,888,472	22,684,647
Home Rule Municipal Soft Drink ROT - 097	8,072,473	8,055,230
Home Rule Municipal ROT - 138	648,025,997	561,804,252
Home Rule County ROT - 139	303,468,553	292,594,525
Federal Trust Fund - 140	170,930	-
Business District Sales Tax - 160	67,753	-
County and Mass Transit District - 188	205,454,457	194,035,844
Local Government Tax - 189	1,542,449,463	1,473,810,786
County Option Motor Fuel Tax - 190	30,005,960	30,344,002
County Public Safety ROT - 219	65,741,266	60,620,323
Sports Facility Tax Trust - 229	30,428,783	26,335,535
Racing Board Fingerprint License - 248	185,318	-
Illinois Racing Board Charity - 271	750,000	750,000
Illinois Racing Board Grant - 280	454,985	505,142
Illinois Tourism Tax - 452	14,107,116	12,601,949
Tax Suspense Trust - 583	168,843	1,742,462
Metro East Park and Recreation - 717	4,080,099	3,894,725
Municipal Telecommunications - 719	279,285,931	272,108,620
RTA Sales Tax Trust - 812	687,647,638	662,236,438
Metro East Mass Transit District Tax - 841	27,170,319	26,051,028
Tennessee Valley Authority Local Trust - 861	202,307	199,636
Municipal Automobile Renting Tax - 868	5,420,299	4,950,855
County Automobile Renting Tax - 869	40,587	34,987
Replacement Vehicle Tax Municipal Trust - 917	-	62

State of Illinois
 Department of Revenue

Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances (Continued)
 Years Ended June 30, 2006 and 2005

	Fiscal Year	
	2006	2005
	Public Act 94-0798	Public Act 93-0842
Total - All Non-Appropriated Funds (Continued)		
<u>Expenditures (Continued)</u>		
Deferred Lottery Prize Winners - 978	\$ 170,373,068	\$ 209,589,112
	\$ 4,089,614,348	\$ 3,898,539,771
Grand Total Expenditures - All Funds	\$ 8,823,611,224	\$ 8,089,177,478
General Revenue - 001 State Comptroller		
Officer's Salaries		
<u>Expend</u>		
Department of Revenue:		
Director	\$ 122,618	\$ 120,900
Assistant Director	96,205	-
Liquor Control Commission:		
Chairman	33,056	33,056
Members (6 total)	172,326	151,556
Secretary	31,912	31,912
Illinois Racing Board:		
Members (11 total)	28,500	28,800
Total Expenditures	\$ 484,617	\$ 366,224

State of Illinois
 Department of Revenue

Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances (Continued)
 Years Ended June 30, 2006 and 2005

	Fiscal Year	
	2006 Public Act 94-0798	2005 Public Act 93-0842
General Revenue (001)		
Appropriations (Net After Transfers)	\$ 133,824,150	130,096,611
<u>Expenditures</u>		
Personal Services	73,576,977	74,080,576
Employee Retirement Contributions Paid by Employer	560,788	82,069
State Contributions to State Employees' Retirement System	5,735,994	11,662,735
State Contributions to Social Security	5,299,311	5,224,768
Contractual Services	11,030,219	5,199,705
Travel	1,378,594	1,126,154
Commodities	439,098	421,842
Printing	974,738	781,378
Equipment	137,982	18,079
Electronic Data Processing	2,800,869	3,065,148
Telecommunications Services	1,867,285	2,344,668
Operation of Automotive Equipment	27,708	37,346
Lump Sums	42,700	-
Awards and Grants	16,687,308	16,491,309
Refunds	6,576,500	4,529,700
Total Expenditures	127,136,071	125,065,477
Balances Reappropriated	-	-
Lapsed Balances	\$ 6,688,079	\$ 5,031,134

State of Illinois
Department of Revenue

Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances (Continued)
Years Ended June 30, 2006 and 2005

	Fiscal Year	
	2006 Public Act 94-0798	2005 Public Act 93-0842
Motor Fuel Tax (012)		
Appropriations (Net After Transfers)	79,801,100	81,297,065
<u>Expenditures</u>		
Personal Services	12,338,516	12,288,743
Employee Retirement Contributions		
Paid by Employer	75,338	234,421
State Contributions to State Employees'		
Retirement System	962,313	1,957,542
State Contributions to Social Security	910,193	904,211
Group Insurance	2,755,576	2,646,526
Contractual Services	1,431,770	843,761
Travel	973,598	931,674
Commodities	50,990	53,576
Printing	110,357	145,234
Equipment	34,633	36,384
Electronic Data Processing	960,626	1,596,998
Telecommunications Services	244,900	349,879
Operation of Automotive Equipment	25,245	25,400
Lump Sums	24,326	71,000
Awards and Grants	41,999,959	36,999,998
Refunds	16,014,911	14,722,440
Total Expenditures	78,913,251	73,807,787
Balances Reappropriated	-	-
Lapsed Balances	\$ 887,849	\$ 7,489,278

State of Illinois
 Department of Revenue

Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances (Continued)
 Years Ended June 30, 2006 and 2005

	Fiscal Year	
	2006 Public Act 94-0798	2005 Public Act 93-0842
Transportation Regulatory (018)		
Appropriations (Net After Transfers)	\$ 1,000	1,000
<u>Expenditures</u>		
Electronic Data Processing	1,000	1,000
Balances Reappropriated	-	-
Lapsed Balances	\$ -	\$ -

State of Illinois
 Department of Revenue

Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances (Continued)
 Years Ended June 30, 2006 and 2005

	Fiscal Year	
	2006	2005
	Public Act 94-0798	Public Act 93-0842
<hr/>		
Underground Storage Tank (072)		
Appropriations (Net After Transfers)	\$ 908,900	901,600
<hr/>		
<u>Expenditures</u>		
Personal Services	522,091	455,471
Employee Retirement Contributions		
Paid by Employer	4,134	12,531
State Contributions to State Employees' Retirement System	40,688	73,370
State Contributions to Social Security	38,756	33,963
Group Insurance	133,222	121,372
Contractual	6,800	-
Travel	15,183	14,447
Commodities	1,835	1,300
Printing	1,010	1,176
Electronic Data Processing	27,991	6,800
Telecommunications Services	-	25,300
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Total Expenditures	791,710	745,730
Balances Reappropriated	-	-
	<hr/>	
Lapsed Balances	\$ 117,190	\$ 155,870
	<hr/> <hr/>	

State of Illinois
 Department of Revenue

Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances (Continued)
 Years Ended June 30, 2006 and 2005

	Fiscal Year	
	2006	2005
	Public Act 94-0798	Public Act 93-0842
<hr/>		
Illinois Gaming Law Enforcement (085)		
Appropriations (Net After Transfers)	\$ 2,490,500	2,740,017
<u>Expenditures</u>		
Personal Services	510,376	720,472
Employee Retirement Contributions		
Paid by Employer	3,950	14,493
State Contributions to State Employees' Retirement System	39,809	114,855
State Contributions to Social Security	32,775	48,518
Group Insurance	112,856	155,481
Contractual Services	233,043	3,214
Travel	25,133	26,384
Commodities	2,019	1,877
Printing	1,089	1,432
Electronic Data Processing	610	151,493
Telecommunications Services	10,489	10,497
Operation of Automotive Equipment	18,252	18,571
Awards and Grants	1,263,814	1,283,271
	<hr/>	<hr/>
Total Expenditures	2,254,215	2,550,558
Balances Reappropriated	<hr/>	<hr/>
	-	-
Lapsed Balances	\$ 236,285	\$ 189,459
	<hr/>	<hr/>

State of Illinois
 Department of Revenue

Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances (Continued)
 Years Ended June 30, 2006 and 2005

	Fiscal Year	
	2006	2005
	Public Act 94-0798	Public Act 93-0842
<hr/>		
State Gaming (129)		
Appropriations (Net After Transfers)	\$ 120,050,400	124,737,919
<hr/>		
<u>Expenditures</u>		
Personal Services	4,780,099	4,760,524
Employee Retirement Contributions		
Paid by Employer	35,155	102,895
State Contributions to State Employees' Retirement System	372,681	763,125
State Contributions to Social Security	187,457	186,545
Group Insurance	909,881	879,635
Contractual Services	549,898	6,794,913
Travel	51,149	54,584
Commodities	9,436	20,761
Printing	3,426	3,916
Equipment	126,120	29,802
Electronic Data Processing	15,475	23,162
Telecommunications Services	220,012	619,813
Operation of Automotive Equipment	58,255	43,062
Lump Sums	7,065,435	-
Awards and Grants	104,400,000	102,877,358
Refunds	25,000	-
	<hr/>	
Total Expenditures	118,809,479	117,160,095
Balances Reappropriated	-	-
	<hr/>	
Lapsed Balances	\$ 1,240,921	\$ 7,577,824
	<hr/> <hr/>	

State of Illinois
 Department of Revenue

Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances (Continued)
 Years Ended June 30, 2006 and 2005

	Fiscal Year	
	2006 Public Act 94-0798	2005 Public Act 93-0842
Home Rule Municipal ROT (138)		
Appropriations (Net After Transfers)	\$ 395,000	397,500
<u>Expenditures</u>		
Personal Services	164,285	151,231
Employee Retirement Contributions		
Paid by Employer	1,635	4,571
State Contributions to State Employees' Retirement System	12,802	24,361
State Contributions to Social Security	12,200	11,236
Group Insurance	38,297	31,691
Contractual Services	132,300	-
Travel	25,800	27,474
Electronic Data Processing	-	132,300
Telecommunications Services	3,700	3,700
Total Expenditures	391,019	386,564
Balances Reappropriated	-	-
Lapsed Balances	\$ 3,981	\$ 10,936

State of Illinois
 Department of Revenue

Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances (Continued)
 Years Ended June 30, 2006 and 2005

	Fiscal Year	
	2006 Public Act 94-0798	2005 Public Act 93-0842
<hr/>		
Rental Housing Support Program Fund (150)		
Appropriations (Net After Transfers)	\$ 7,490,000	-
<u>Expenditures</u>		
Awards and Grants	7,000,000	-
Balances Reappropriated	-	-
Lapsed Balances	\$ 490,000	\$ -

State of Illinois
 Department of Revenue

Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances (Continued)
 Years Ended June 30, 2006 and 2005

	Fiscal Year	
	2006	2005
	Public Act 94-0798	Public Act 93-0842
State and Local Sales Tax Reform (186)		
Appropriations (Net After Transfers)	\$ 43,383,400	39,733,400
<u>Expenditures</u>		
Awards and Grants	43,383,400	38,938,700
Balances Reappropriated	-	-
Lapsed Balances	\$ -	\$ 794,700
RTA Occupation and Use Tax Replacement (187)		
Appropriations (Net After Transfers)	\$ 21,691,700	\$ 19,866,600
<u>Expenditures</u>		
Awards and Grants	21,691,700	19,469,300
Balances Reappropriated	-	-
Lapsed Balances	\$ -	\$ 397,300

State of Illinois
 Department of Revenue

Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances (Continued)
 Years Ended June 30, 2006 and 2005

	Fiscal Year	
	2006 Public Act 94-0798	2005 Public Act 93-0842
County Option Motor Fuel Tax (190)		
Appropriations (Net After Transfers)	\$ 489,000	586,000
<u>Expenditures</u>		
Personal Services	285,921	325,053
Employee Retirement Contributions		
Paid by Employer	2,752	9,636
State Contributions to State Employees' Retirement System	22,286	51,584
State Contributions to Social Security	21,251	24,310
Group Insurance	84,773	81,995
Contractual Services	18,000	-
Travel	15,285	14,599
Commodities	2,309	2,301
Electronic Data Processing	-	18,000
Telecommunications Services	12,492	23,799
 Total Expenditures	 465,069	 551,277
Balances Reappropriated	-	-
Lapsed Balances	\$ 23,931	\$ 34,723

State of Illinois
Department of Revenue

Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances (Continued)
Years Ended June 30, 2006 and 2005

	Fiscal Year	
	2006 Public Act 94-0798	2005 Public Act 93-0842
Illinois Tax Increment (281)		
Appropriations (Net After Transfers)	\$ 19,940,700	19,135,296
<u>Expenditures</u>		
Personal Services	180,685	179,545
Employee Retirement Contributions		
Paid by Employer	823	2,223
State Contributions to State Employees'		
Retirement System	14,081	28,921
State Contributions to Social Security	13,376	13,311
Group Insurance	49,905	46,615
Contractual Services	265,200	-
Electronic Data Processing	-	211,896
Telecommunications Services	14,589	16,399
Awards and Grants	19,386,895	18,246,097
Total Expenditures	19,925,554	18,745,007
Balances Reappropriated	-	-
Lapsed Balances	\$ 15,146	\$ 390,289

State of Illinois
Department of Revenue

Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances (Continued)
Years Ended June 30, 2006 and 2005

	Fiscal Year	
	2006 Public Act 94-0798	2005 Public Act 93-0842
Illinois Affordable Housing Trust (286)		
Appropriations (Net After Transfers)	\$ 82,850,000	52,750,000
<u>Expenditures</u>		
Lump Sums	2,496,739	2,257,811
Awards and Grants	79,811,573	43,813,149
Total Expenditures	82,308,312	46,070,960
Balances Reappropriated	-	-
Lapsed Balances	\$ 541,688	\$ 6,679,040
Federal Home Investment Trust (338)		
Appropriations (Net After Transfers)	\$ 40,402,054	\$ 44,693,287
<u>Expenditures</u>		
Awards and Grants	30,193,260	21,196,434
Balances Reappropriated	10,208,794	23,496,853
Lapsed Balances	\$ -	\$ -

State of Illinois
Department of Revenue

Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances (Continued)
Years Ended June 30, 2006 and 2005

	Fiscal Year	
	2006 Public Act 94-0798	2005 Public Act 93-0842
Tax Compliance and Administration (384)		
Appropriations (Net After Transfers)	\$ 2,141,400	1,982,600
<u>Expenditures</u>		
Personal Services	262,123	304,763
Employee Retirement Contributions		
Paid by Employer	2,102	4,827
State Contributions to State Employees'		
Retirement System	20,429	46,767
State Contributions to Social Security	19,573	22,800
Group Insurance	70,335	72,583
Electronic Data Processing	97,096	103,696
Telecommunications Services	5,694	5,692
Lump Sums	1,507,374	1,377,434
Total Expenditures	1,984,726	1,938,562
Balances Reappropriated	-	-
Lapsed Balances	\$ 156,674	\$ 44,038
Local Government Distributive (515)		
Appropriations (Net After Transfers)	\$ 117,740,200	\$ 100,074,700
<u>Expenditures</u>		
Awards and Grants	117,740,200	98,072,960
Balances Reappropriated	-	-
Lapsed Balances	\$ -	\$ 2,001,740

State of Illinois
Department of Revenue

Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances (Continued)
Years Ended June 30, 2006 and 2005

	Fiscal Year	
	2006 Public Act 94-0798	2005 Public Act 93-0842
Horse Racing Fund (632)		
Appropriations (Net After Transfers)	\$ 7,438,700	7,240,286
<u>Expenditures</u>		
Personal Services	948,163	894,479
Employee Retirement Contributions		
Paid by Employer	1,651	4,738
State Contributions to State Employees' Retirement System	74,021	144,389
State Contributions to Social Security	69,623	65,216
Group Insurance	185,535	167,957
Contractual Services	127,168	41,035
Travel	16,479	23,486
Commodities	3,832	4,331
Printing	2,088	1,078
Equipment	12,283	-
Electronic Data Processing	84,698	119,290
Telecommunications Services	82,796	87,703
Operation of Automotive Equipment	15,089	16,670
Lump Sums	5,063,504	5,406,620
Refunds	100	497
	<hr/>	<hr/>
Total Expenditures	6,687,030	6,977,489
Balances Reappropriated	-	-
	<hr/>	<hr/>
Lapsed Balances	\$ 751,670	\$ 262,797

State of Illinois
Department of Revenue

Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances (Continued)
Years Ended June 30, 2006 and 2005

	Fiscal Year	
	2006	2005
	Public Act 94-0798	Public Act 93-0842
<hr/>		
State Lottery (711)		
Appropriations (Net After Transfers)	\$ 353,237,500	318,098,642
<hr/>		
<u>Expenditures</u>		
Personal Services	7,424,037	7,189,735
Employee Retirement Contributions		
Paid by Employer	42,042	120,541
State Contributions to State Employees'		
Retirement System	580,210	1,162,234
State Contributions to Social Security	553,580	535,174
Group Insurance	2,038,383	1,812,260
Contractual Services	28,524,591	24,663,318
Travel	45,679	54,622
Commodities	7,955	16,422
Printing	19,979	16,411
Equipment	208,256	157,757
Electronic Data Processing	2,339,401	2,767,892
Telecommunications Services	7,971,827	8,052,791
Operation of Automotive Equipment	373,458	322,573
Lump Sums	4,583,743	10,032,639
Awards and Grants	288,273,307	238,357,890
Refunds	47,288	15,499
	<hr/>	
Total Expenditures	343,033,736	295,277,758
	<hr/>	
Balances Reappropriated	-	-
	<hr/>	
Lapsed Balances	\$ 10,203,764	\$ 22,820,884
	<hr/> <hr/>	

State of Illinois
 Department of Revenue

Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances (Continued)
 Years Ended June 30, 2006 and 2005

	Fiscal Year	
	2006 Public Act 94-0798	2005 Public Act 93-0842
Municipal Telecommunications (719)		
Appropriations (Net After Transfers)	\$ 98,000	98,000
<u>Expenditures</u>		
Refunds	-	-
Balances Reappropriated	-	-
Lapsed Balances	\$ 98,000	\$ 98,000
Tobacco Settlement Recovery (733)		
Appropriations (Net After Transfers)	\$ 1,167,900	\$ 1,164,500
<u>Expenditures</u>		
Lump Sums	92,463	98,177
Awards and Grants	999,214	997,323
Total Expenditures	1,091,677	1,095,500
Balances Reappropriated	-	-
Lapsed Balances	\$ 76,223	\$ 69,000

State of Illinois
 Department of Revenue

Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances (Continued)
 Years Ended June 30, 2006 and 2005

	Fiscal Year	
	2006	2005
	Public Act 94-0798	Public Act 93-0842
Child Support Administrative (757)		
Appropriations (Net After Transfers)	\$ 1,996,000	2,039,900
<u>Expenditures</u>		
Personal Services	1,278,892	1,200,134
Employee Retirement Contributions		
Paid by Employer	10,956	28,031
State Contributions to State Employees'		
Retirement System	99,679	193,356
State Contributions to Social Security	94,641	88,736
Group Insurance	345,998	331,602
Contractual Services	6,800	-
Equipment	-	4,600
Electronic Data Processing	1,018	6,800
Telecommunications Services	11,614	14,218
	<hr/>	<hr/>
Total Expenditures	1,849,598	1,867,477
	<hr/>	<hr/>
Balances Reappropriated	-	-
	<hr/>	<hr/>
Lapsed Balances	\$ 146,402	\$ 172,423
	<hr/> <hr/>	<hr/> <hr/>

State of Illinois
Department of Revenue

Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances (Continued)
Years Ended June 30, 2006 and 2005

	Fiscal Year	
	2006	2005
	Public Act 94-0798	Public Act 93-0842
Personal Property Tax Replacement (802)		
Appropriations (Net After Transfers)	\$ 8,470,800	8,594,686
<u>Expenditures</u>		
Personal Services	5,022,585	4,913,951
Employee Retirement Contributions		
Paid by Employer	42,080	119,934
State Contributions to State Employees'		
Retirement System	391,463	789,919
State Contributions to Social Security	372,929	364,842
Group Insurance	1,450,928	1,357,808
Contractual Services	391,473	79,367
Travel	157,234	145,350
Commodities	49,363	47,691
Printing	16,107	79,322
Equipment	10,647	20,161
Electronic Data Processing	152,283	367,490
Telecommunications Services	62,200	48,795
Operation of Automotive Equipment	16,000	15,967
	<u>8,135,292</u>	<u>8,350,597</u>
Total Expenditures	8,135,292	8,350,597
Balances Reappropriated	-	-
	<u>-</u>	<u>-</u>
Lapsed Balances	\$ 335,508	\$ 244,089

State of Illinois
Department of Revenue

Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances (Continued)
Years Ended June 30, 2006 and 2005

	Fiscal Year	
	2006	2005
	Public Act 94-0798	Public Act 93-0842
<hr/>		
Dram Shop (821)		
Appropriations (Net After Transfers)	\$ 4,685,700	4,619,499
<hr/>		
<u>Expenditures</u>		
Personal Services	2,115,521	2,082,650
Employee Retirement Contributions		
Paid by Employer	13,758	39,260
State Contributions to State Employees'		
Retirement System	164,995	333,969
State Contributions to Social Security	156,823	155,913
Group Insurance	493,072	494,427
Contractual Services	165,672	158,046
Travel	107,217	107,129
Commodities	4,809	9,305
Printing	3,632	207
Equipment	143,780	162,444
Electronic Data Processing	40,266	37,048
Telecommunications Services	39,578	52,551
Operation of Automotive Equipment	72,547	55,107
Lump Sums	366,567	353,939
Refunds	1,423	563
	<hr/>	
Total Expenditures	3,889,660	4,042,558
Balances Reappropriated	-	-
	<hr/>	
Lapsed Balances	\$ 796,040	\$ 576,941
	<hr/> <hr/>	

State of Illinois
 Department of Revenue

Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances (Continued)
 Years Ended June 30, 2006 and 2005

	Fiscal Year	
	2006 Public Act 94-0798	2005 Public Act 93-0842
<hr/>		
Senior Citizen Real Estate Deferred Tax (930)		
Appropriations (Net After Transfers)	\$ 5,900,000	5,500,000
<u>Expenditures</u>		
Awards and Grants	4,749,404	4,969,612
Balances Reappropriated	-	-
Lapsed Balances	\$ 1,150,596	\$ 530,388

State of Illinois
 Department of Revenue

Comparative Schedule of Continuing Appropriations, Expenditures and Lapsed Balances
 Years Ended June 30, 2006 and 2005

	Fiscal Year	
	2006	2005
All Funds		
Appropriations	\$ 3,711,571,513	3,303,356,305
<u>Expenditures</u>		
Awards and Grants	2,274,821,552	1,893,078,814
Refunds	1,436,749,961	1,410,277,491
Total Expenditures	3,711,571,513	3,303,356,305
Balances Reappropriated	-	-
Lapsed Balances	\$ -	\$ -
Income Tax Refund (278)		
Appropriations	\$ 1,436,749,961	\$ 1,410,277,491
<u>Expenditures</u>		
Refunds	1,436,749,961	1,410,277,491
Balances Reappropriated	-	-
Lapsed Balances	\$ -	\$ -

State of Illinois
 Department of Revenue

Comparative Schedule of Continuing Appropriations, Expenditures and Lapsed Balances (Continued)
 Years Ended June 30, 2006 and 2005

	Fiscal Year	
	2006	2005
Local Government Distributive (515)		
Appropriations	\$ 1,001,008,139	900,931,011
<u>Expenditures</u>		
Awards and Grants	1,001,008,139	900,931,011
Balances Reappropriated	-	-
Lapsed Balances	\$ -	\$ -
Personal Property Tax Replacement (802)		
Appropriations	\$ 1,273,813,413	\$ 992,147,803
<u>Expenditures</u>		
Awards and Grants	1,273,813,413	992,147,803
Balances Reappropriated	-	-
Lapsed Balances	\$ -	\$ -

State of Illinois
Department of Revenue

Comparative Schedule of Non-Appropriated Expenditures
Years Ended June 30, 2006 and 2005

	Fiscal Year	
	2006	2005
Non-Appropriated Funds		
<u>Expenditures</u>		
County Water Commission Tax - 084	\$ 34,953,731	\$ 33,589,611
Non-Home Rule Municipal ROT - 088	30,888,472	22,684,647
Home Rule Municipal Soft Drink ROT - 097	8,072,473	8,055,230
Home Rule Municipal ROT - 138	648,025,997	561,804,252
Home Rule County ROT - 139	303,468,553	292,594,525
Federal Trust Fund - 140	170,930	-
Business District Sales Tax - 160	67,753	-
County and Mass Transit District - 188	205,454,457	194,035,844
Local Government Tax - 189	1,542,449,463	1,473,810,786
County Option Motor Fuel Tax - 190	30,005,960	30,344,002
County Public Safety ROT - 219	65,741,266	60,620,323
Sports Facility Tax Trust - 229	30,428,783	26,335,535
Racing Board Fingerprint License - 248	185,318	-
Illinois Racing Board Charity - 271	750,000	750,000
Illinois Racing Board Grant - 280	454,985	505,142
Illinois Tourism Tax - 452	14,107,116	12,601,949
Tax Suspense Trust - 583	168,843	1,742,462
Metro East Park and Recreation - 717	4,080,099	3,894,725
Municipal Telecommunications - 719	279,285,931	272,108,620
RTA Sales Tax Trust - 812	687,647,638	662,236,438
Metro East Mass Transit District Tax - 841	27,170,319	26,051,028
Tennessee Valley Authority Local Trust - 861	202,307	199,636
Municipal Automobile Renting Tax - 868	5,420,299	4,950,855
County Automobile Renting Tax - 869	40,587	34,987
Replacement Vehicle Tax Municipal Trust - 917	-	62
Deferred Lottery Prize Winners - 978	170,373,068	209,589,112
	<hr/>	<hr/>
Total Expenditures	\$ 4,089,614,348	\$ 3,898,539,771

State of Illinois
Department of Revenue

Schedule of Changes in State Property (In Thousands)
Year Ended June 30, 2006

	<u>Equipment</u>
July 1, 2005 Balance	\$ 27,804
Additions	2,643
Deletions	-
Net Transfers	<u>(2,903)</u>
June 30, 2006 Balance	<u>\$ 27,544</u>

This schedule has been reconciled to property reports submitted to the Office of the Comptroller.

State of Illinois

Department of Revenue

Comparative Schedule of Cash Receipts by Fund

Years Ended June 30, 2006 and 2005

	2006	2005
Deposits into the State Treasury were designated as follows:		
General Funds:		
Common School Fund	\$ 264,362,467	\$ 418,901,708
General Revenue Fund	16,089,858,326	14,887,216,236
Common School Special Account Fund	1,774,171,241	1,648,673,041
Education Assistance Fund	735,566,677	668,035,888
Income Tax Refund Fund	1,532,945,462	1,525,217,335
Special State Funds:		
Build Illinois Fund	516,096,744	474,120,800
Business District ROT Fund	67,753	-
Coal Technology Development Assistance Fund	5,241,242	4,952,076
County and Mass Transit District Fund	331,961,502	312,754,207
Debt Collection Fund	4,780	-
Deferred Lottery Prize Winners Fund	170,533,028	229,101,634
Dram Shop Fund	5,949,509	6,241,792
Drycleaner Environmental Response Fund	2,317,825	2,415,223
Emergency Public Health Fund	3,408,245	3,961,741
Energy Efficiency Trust Fund	2,147,696	2,499,430
Fingerprint License Fund	98,190	118,829
Horse Racing Fund	10,526,325	11,632,212
Illinois Affordable Housing Trust Fund	58,297,381	53,486,272
Illinois Gaming Law Enforcement Fund	3,791,448	3,845,709
Illinois Racing - Quarterhorse Fund	19,398	21,653
Illinois Sports Facility Fund	29,500,000	28,000,000
Illinois Tax Increment Fund	20,345,136	18,905,998
Illinois Veterans Assistance Fund	1,299,981	-
International Tourism Fund	8,167,464	7,244,776
Local Government Tax Fund	1,546,258,705	1,477,865,201
Local Tourism Fund	14,519,937	12,879,602
Long Term Care Provider Fund	180,734,062	146,872,657
Mental Health Fund	1,697,589	1,859,379
Motor Fuel Tax Fund	1,372,766,645	1,363,846,517
Municipal Economic Development Fund	320,892	313,957
Natural Areas Acquisition Fund	17,489,214	16,045,882
Open Space Lands Acquisition and Development Fund	40,808,167	37,440,391
Personal Property Replacement Tax Fund	1,199,202,174	1,000,934,021
Public Utility Fund	12,263,920	11,081,924

State of Illinois

Department of Revenue

Comparative Schedule of Cash Receipts by Fund

Years Ended June 30, 2006 and 2005

	2006	2005
Deposits into the State Treasury were designated as follows (Continued):		
Special State Funds (Continued):		
Racing Board Charity Fund	\$ 387,974	\$ 733,687
Racing Board Grant Fund	457,056	504,061
Renewable Energy Resource Fund	5,241,242	4,952,076
Rental Housing Support Fund	20,336,580	-
Revenue Federal Trust Fund	192,500	-
School Infrastructure Fund	149,032,390	151,154,121
Senior Citizen Real Estate Deferred Tax Fund	4,691,141	3,827,612
State Gaming Fund	813,480,281	664,564,948
State and Local Sales Tax Reform Fund	227,831,487	188,043,781
State Lottery Fund	980,557,162	907,037,098
Supplemental Low Income Energy Assistance Fund	83,784,496	79,322,444
Tax Compliance and Administration Fund	1,680,592	1,580,819
Ticket for the Cure Fund	2,372,861	-
Underground Storage Tank Fund	74,248,389	71,940,779
Used Tire Management Fund	12,948,477	13,023,896
State Trust Funds:		
County Auto Renting Tax Fund	28,146	56,481
County Option Motor Fuel Tax Fund	30,561,069	30,763,365
County Public Safety Fund	66,539,671	60,707,963
County Water Commission Tax Fund	37,373,088	34,638,822
Home Rule County Tax Fund	313,274,416	292,798,676
Home Rule Municipal Tax Fund	633,389,980	564,549,829
Home Rule Municipal Soft Drink Fund	8,331,420	7,953,432
Illinois Tourism Tax Fund	15,363,122	13,409,993
Metro-East Mass Transit Tax Fund	27,544,861	26,234,571
Metropolitan Pier and Exposition Fund	91,086,710	82,711,235
Municipal Auto Renting Tax Fund	5,497,883	5,166,192
Non-Home Rule Municipal Tax Fund	31,100,793	22,788,524
Petroleum Resources Revolving Fund	555,821	438,717
RTA Public Transportation Fund	3,366	-
RTA Sales Tax Fund	592,473,369	550,838,533
Replacement Vehicle Tax Fund - County	-	-
Replacement Vehicle Tax Fund - Municipal	-	62
Sports Facility Tax Trust Fund	30,409,587	26,556,513
Tax Suspense Trust Fund	168,843	1,781,920
Tennessee Valley Authority Trust Fund	202,307	199,636
Metro East Park and Recreation Fund	4,143,157	3,925,526

State of Illinois
 Department of Revenue

Comparative Schedule of Cash Receipts by Fund
 Years Ended June 30, 2006 and 2005

	2006	2005
Deposits into the State Treasury were designated as follows (Continued):		
State Trust Funds (Continued):		
McCormick Place Expansion Fund	\$ 31,852,151	\$ 27,976,657
Municipal Telecommunications Fund	275,795,170	271,469,531
Monies paid under Protest:		
Income and Replacement Tax	38,083,690	54,414,535
Sale Illinois Racing Board	2,694,740	-
Sales Tax	854,964	5,180,363
Total Deposits into the State Treasury	<u>\$ 30,567,310,077</u>	<u>\$ 28,547,732,489</u>

State of Illinois
Department of Revenue

Reconciliation of Cash Receipts to Deposits
Remitted to the State Comptroller
Years Ended June 30, 2006 and 2005

Receipts	2006	2005
Tax and fee collections, including assessments, penalties, and interest:		
Income: individual, corporate, and personal property replacement tax	\$ 12,612,491,657	\$ 11,521,782,565
Sales:		
State, municipal, county, county water commission, RTA, MED retailer's and service occupation tax	11,456,366,645	10,631,440,372
Public Utilities:		
Message, gas, electric	1,557,659,918	1,553,495,077
Invested Capital	200,973,522	176,296,985
Motor Fuel Tax	1,373,236,099	1,360,349,355
Other:		
Underground Storage Tank	74,266,884	74,353,736
Cigarette, Cigarette Use, and Other Tobacco Products	655,484,350	657,801,107
Racing Privilege	10,535,942	11,658,960
Hotel Operator and Occupation	268,043,747	234,593,350
Liquor	152,111,031	147,400,073
Vehicle Use	40,005,878	37,078,038
Real Estate Transfer	137,762,647	108,459,473
Bingo	3,600,764	3,914,028
Coin Operated Amusement Device	2,407,538	2,660,895
Automobile Renting	60,056,805	57,623,424
Replacement Vehicle	815	1,071
Charitable Games	410,544	292,523
Pull Tabs and Jar Games	6,804,415	7,136,383

State of Illinois
Department of Revenue

Reconciliation of Cash Receipts to Deposits
Remitted to the State Comptroller - Continued
Years Ended June 30, 2006 and 2005

	2006	2005
Other (Continued):		
Riverboat Gambling	\$ 805,166,596	\$ 818,294,151
RTA Sales/Use	-	1,004
Petroleum Marketer's Assessment	580,682	455,752
Solid Waste	284,548	350,041
Lottery	1,154,810,619	1,136,150,632
Liquor Control Commission	12,172,462	12,261,225
Illinois Racing Board	5,368,728	2,006,026
Miscellaneous Collections	6,281,021	6,225,396
Total Receipts	<u>30,596,883,857</u>	<u>28,562,081,642</u>
Unallocated Collections:		
Beginning of the year	(14,876,159)	(19,432,766)
End of year	28,267,828	14,876,159
Collections reported, but not yet deposited into clearing:		
Beginning of the year	137,564,299	144,555,425
End of year	(165,587,454)	(137,564,299)
Balances in State Treasurer's clearing account:		
Beginning of the year	131,618,275	114,834,603
End of year	<u>(146,560,569)</u>	<u>(131,618,275)</u>
Deposits into the State Treasury	<u>\$ 30,567,310,077</u>	<u>\$ 28,547,732,489</u>

State of Illinois
Department of Revenue

Analysis of Significant Variations in Expenditures
Year Ended June 30, 2006

Number	Fund Name	Increase/(Decrease)*		Explanation
		Amount	%	
150	Rental Housing Support Program	\$ 7,000,000	100%	Surcharge became effective August 1, 2005 by P.A. 94-0118.
286	Illinois Affordable Housing Trust	36,237,352	79	Expenditure activity in Fund 286 is determined by the level of loan activity at the Illinois Housing Development Authority. The increase in expenditures is due to an increase in loan activity.
338	Federal Home Investment Trust	8,996,826	42	Expenditure activity in Fund 338 is determined by the level of loan activity at the Illinois Housing Development Authority. The increase in expenditures is due to an increase in loan activity.
515	Local Government Distributive	119,744,368	12	This fund receives 10% of income tax deposits into General Revenue and Common School funds. Income tax collections increased 14% in FY06. Increased receipts results in increased allocation to local governments.
711	State Lottery	47,755,978	16	Lottery sales increased in FY06.
802	Personal Property Tax Replacement	281,450,305	28	Personal property replacement tax collections increased 30% in FY06. Increased PPRT collections resulted in increased allocations to local governments.
088	Non-Home Rule Municipal ROT	8,203,825	36	Deposits into Fund 088 increased \$8,312,270 in FY06. Increased deposits into Fund 088 resulted in increased allocations to local governments.
138	Home Rule Municipal ROT	86,226,200	15	Deposits into Fund 138 increased \$68,840,151 in FY06. Increased deposits into Fund 138 resulted in increased allocations to local governments.
978	Deferred Lottery Prize Winners	(39,216,044)	(19)	Fewer grand prizes were won in FY06 than in FY05.

* Amounts reported represent increases greater than or equal to \$7 million and 10%.

State of Illinois
Department of Revenue

Analysis of Significant Variations in Receipts
Year Ended June 30, 2006

Number	Fund Name	Increase/(Decrease)*		Explanation
		Amount	%	
088	Non-Home Rule Municipal ROT	\$ 8,312,269	36%	Increased allocations to local governments resulted in increased deposits into Fund 088.
129	State Gaming	148,915,333	22	Effective July 1, 2005, the requirement for privilege tax to be deposited into the Common School Fund was removed from the Riverboat Gambling Act.
150	Rental Housing Support	20,336,580	100	Surcharge became effective August 1, 2005 by P.A. 94-0118.
186	State and Local Sales Tax Reform	39,787,706	21	Increased allocations to local governments resulted in increased deposits into Fund 186.
208	Ticket for the Cure	2,372,861	100	P.A. 94-0120 established the fund effective July 6, 2005.
229	Sports Facilities Tax Trust	3,853,074	15	Hotel/motel tax collections increased 14% (through 5/06) in FY06.
236	Illinois Veterans Assistance	1,299,981	100	P.A. 94-0120 established the fund effective July 6, 2005.
345	Long-Term Care Provider	33,861,405	23	FY05 P.A. 93-0839 included a provision that an additional \$50,000,000 should be deposited into the General Revenue/Common School fund from cigarette and cigarette use tax receipts, therefore reducing the amount deposited into Long-Term Care Provider in FY05 and increasing the amount deposited in FY06.
412	Common School	(154,539,241)	(37)	Decrease attributed to lower cigarette, cigarette use tax and telecommunications tax. Also, effective July 1, 2005, the requirement for privilege tax to be deposited into the Common School Fund was removed from the Riverboat Gambling Act.

(Continued)

* Amounts reported represent increases greater than or equal to \$1 million and 15%.

State of Illinois
 Department of Revenue

Analysis of Significant Variations in Receipts (Continued)
 Year Ended June 30, 2006

Number	Fund Name	Increase/(Decrease)*		Explanation
		Amount	%	
452	Illinois Tourism Tax	\$ 1,953,129	15%	Hotel/motel tax collections increased 14% (through 5/06) in FY06.
583	Tax Suspense Trust	(1,613,077)	(91)	Decrease in amount of refunds to taxpayers who made non-IDOR tax payments.
802	Personal Property Tax Replacement	196,268,153	20	Business income tax collections increased 16.89%. (1120ES, 505B)
978	Deferred Lottery Prize Winners	(58,568,606)	(26)	Fewer grand prizes were won in FY06 than in FY05.

* Amounts reported represent increases greater than or equal to \$1 million and 15%.

State of Illinois
 Department of Revenue

Analysis of Significant Lapse Period Spending
 Year Ended June 30, 2006

Fund		Amount	% of Total Expenditures	Explanation
Number	Name			
085	Illinois Gaming Law Enforcement	\$ 1,338,444	59%	The charitable gaming distribution to local governments (\$1,263,813) was made during the lapse period.
150	Rental Housing Support Program	7,000,000	100	The Rental Housing Support Program began in FY06. The only payment for the program in FY06 was a \$7,000,000 payment to the City of Chicago during the lapse period.
281	Illinois Tax Increment	4,531,007	23	The distribution to TIF districts for the fourth quarter of FY06 was made during the lapse period. The fourth quarter distribution was \$4,493,697.
286	Illinois Affordable Housing Trust	23,810,800	29	The State Affordable Housing Program received a \$30,000,000 supplemental appropriation in the Spring of 2006. As a result, much of the spending for the program was delayed until the lapse period.

Note: Amounts reported represent lapse period spending of greater than or equal to \$1 million and 15% of total spending.

State of Illinois
Department of Revenue

Analysis of Significant Account Balances
June 30, 2006, 2005 and 2004

Cash Balances

A summary of cash collected and not deposited into the State Treasury, including unidentified remittances as of the end of the last three fiscal years is detailed below:

	June 30,		
	2006	2005	2004
Balance in State Treasurer's clearing account	\$ 146,560,569	\$ 131,618,275	\$ 114,834,605
Collections reported, but not yet deposited in clearing account	165,587,454	137,564,299	144,555,425
Cash collected and not deposited into the State Treasury	\$ 312,148,023	\$ 269,182,574	\$ 259,390,030

Cash collected and not deposited into the State Treasury, less returned checks received by the Treasurer, was deposited into the State Treasury during July of the respective years, except for unidentified remittances.

The overall increase/decrease in the amount of cash collected and not deposited into the State Treasury is caused by fluctuations in the processing time at both the Department of Revenue (Department) and at the State Treasurer's office and tax return due dates.

Collections reported, but not deposited in the clearing account, include the following amounts:

	June 30,		
	2006	2005	2004
Taxpayer remittances due on or before June 30 received and processed in June and deposited in July:			
ROT	\$ 99,883,269	\$ 85,325,368	\$ 83,429,580
Miscellaneous taxes	44,756,672	38,233,427	45,402,392
	144,639,941	123,558,795	128,831,972
Income tax collections received in June and deposited in July			
Collections - general remittances	20,947,513	14,005,504	15,723,453
Total	\$ 165,587,454	\$ 137,564,299	\$ 144,555,425

State of Illinois
Department of Revenue

Analysis of Significant Account Balances - Continued
June 30, 2006, 2005 and 2004

The Department uses a general remittance clearing account to process the following types of remittances:

1. Revenues collected by revenue auditors upon completion of a field audit. When the audit has been reviewed and approved, the money is transferred into the State Treasury.
2. Remittances which do not identify the purpose of the payments. Once the Department determines the purposes of the payment, the money is transferred into the State Treasury or the money is returned to the taxpayer through the Tax Suspense Trust Fund.

The Department does not recognize revenue for cash basis reporting on these receipts until the monies are transferred into the State Treasury.

A summary (unaudited) of activity in the general remittance clearing account for the years ended June 30, 2006, 2005 and 2004 follows:

	June 30,		
	2006	2005	2004
Balances at beginning of year	\$ 14,876,159	\$ 19,432,766	\$ 7,869,614
Collections deposited	30,846,451	15,284,636	37,357,916
	<u>45,722,610</u>	<u>34,717,402</u>	<u>45,227,530</u>
Deduct:			
Amounts transferred to tax processing units and recorded as revenue amounts	17,239,360	17,982,861	25,412,206
Amounts transferred to Tax Suspense Trust Fund	168,843	1,781,920	258,026
Amounts transferred to General Revenue Fund	46,579	76,462	124,532
	<u>17,454,782</u>	<u>19,841,243</u>	<u>25,794,764</u>
Balances at end of year	<u>\$ 28,267,828</u>	<u>\$ 14,876,159</u>	<u>\$ 19,432,766</u>

State of Illinois
Department of Revenue

Analysis of Significant Account Balances - Continued
June 30, 2006, 2005 and 2004

Tax Receipts

A summary of the changes in tax receipts between years follows:

	Increase (Decrease) in Tax Receipts (in Thousands)		
	2006	2005	2004
Income and Replacement Tax	\$ 1,090,709	\$ 854,127	\$ 917,806
Sales Tax	824,926	476,261	444,394
Motor Fuel Tax	12,887	8,151	27,378
Public Utility Taxes	28,841	24,050	147,079
Other Taxes	77,439	52,634	1,301,290
Total	<u>\$ 2,034,802</u>	<u>\$ 1,415,223</u>	<u>\$ 2,837,947</u>

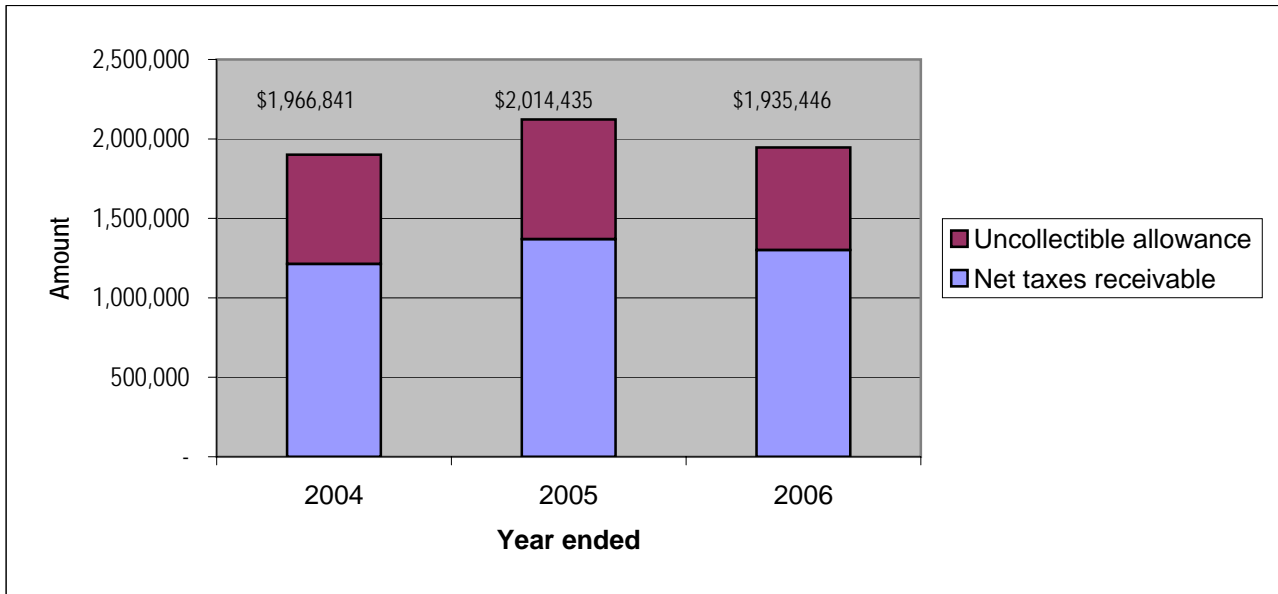
State of Illinois
 Department of Revenue

Analysis of Accounts Receivable
 June 30, 2006, 2005 and 2004

Analysis of Taxes Receivable
 (In thousands)

	2004	2005	2006
Income	\$ 824,898	\$ 819,818	\$ 835,662
Sales	884,227	933,624	838,799
Motor Fuel	154,599	164,134	161,232
Public Utility	44,682	36,614	42,793
Other	58,435	60,245	56,960
Gross taxes receivable	1,966,841	2,014,435	1,935,446
Less: Uncollectible allowance	753,464	645,062	634,498
Net taxes receivable	\$ 1,213,377	\$ 1,369,373	\$ 1,300,948

Totals include fiduciary funds.



This graph represents receivables under generally accepted accounting principles ("GAAP"), including fiduciary funds.

State of Illinois
Department of Revenue

Analysis of Accounts Receivable - Continued
June 30, 2006, 2005 and 2004

Accounts Receivable

Receivables issued and collections on receivables applicable to all taxes in fiscal years 2006, 2005 and 2004 are summarized below (in thousands - **Unaudited**):

	New Receivables			Collections on A/R			Collections on A/R as a % of New Receivables		
	2004	2005	2006	2004	2005	2006	2004	2005	2006
ROT	\$ 550,757	\$ 503,607	\$ 515,933	\$ 338,814	\$ 339,886	\$ 333,833	61.52 %	67.49 %	64.70 %
IIT	339,438	381,759	431,396	228,468	263,465	318,561	67.31	69.01	73.84
BIT	244,300	281,787	329,896	147,053	170,810	212,541	60.19	60.62	64.43
WIT	330,512	239,164	222,739	91,034	80,281	99,467	27.54	33.57	44.66
Excise	238,807	111,824	137,847	42,144	36,077	25,844	17.65	32.26	18.75

Surety Bond Deposits

The Department of Revenue (Department) is custodian for surety bonds posted by taxpayers under the provisions of the following tax acts:

- Retailers' Occupation Tax
- Motor Fuel
- Cigarette and Cigarette Use
- Liquor
- Hotel Operator and Occupation Tax, and
- Bingo

Such deposits can be applied to a taxpayer's liability only upon the taxpayer's default, at which time deposits are recorded as tax revenue.

Effective January 1, 1987, taxpayers were no longer required to file a bond with the Department if they had continuously complied with all the provisions of the Tax Act for 24 or more consecutive months. Further, they would not have to furnish another bond for that tax as long as they remained in compliance with the tax law.

At June 30, 2006, the Department held securities totaling approximately \$2.1 million (\$1.4 million and \$84.6 million at June 30, 2005 and 2004, respectively). None of these securities are in the form of third-party guarantees. The balance consists of taxpayer's certificates of deposit and corporate securities. These deposits and securities are held in safekeeping by the Department. Interest earned on these securities in safekeeping is paid to the taxpayer.

State of Illinois
Department of Revenue

Analysis of Accounts Receivable - Continued
June 30, 2006, 2005 and 2004

Taxes Paid Under Protest

Taxes paid under protest are received by the Department and are remitted to the State Treasurer who holds such monies in a special fund known as the "Protest Fund." The taxpayer making a payment under protest has 30 days to file a complaint in chancery court and secure a temporary injunction. If an injunction is not secured within 30 days of deposit, the Treasurer transfers the money to the appropriate fund in the State Treasury.

Amounts paid under protest in any one fiscal period do not necessarily bear a direct relationship to such monies in another fiscal period, but depend on the frequency of challenges made by taxpayers to the various aspects of the multiple tax laws and regulations.

Analysis of Operations

General Operations

The Department of Revenue (Department) was established by the Civil Administrative Code of 1917 and is empowered to administer, collect, enforce and determine the distribution of the taxes imposed by the State's major tax acts. The Department collects approximately 75 percent of the receipts deposited into the General Revenue Fund.

A significant portion of the Department's total effort relates to the collection of the Retailers' Occupation and Related Taxes (ROT), income taxes, and personal property tax replacement taxes. The revenue collected from these sources approximates 82 percent of taxes collected by the Department. The remaining 18 percent of the Department's revenue is derived from the following taxes which the Department is empowered to collect:

Public Utilities:

- Electric Tax
- Telecommunications Tax
- Infrastructure Maintenance Fee
- Energy Assistance Charge
 - Gas
 - Electric
- Gas Revenue Tax
- Invested Capital Tax
- Hotel Operators Occupation Tax (HOOT)
- Motor Fuel Tax
- Cigarette and Cigarette Use Tax
- Liquor Gallonage Tax
- Racing Privilege Tax
- Motor Vehicle Use Tax
- Bingo License and Tax
- Real Estate Transfer Tax
- Coin-Operated Amusement Device Tax
- Private Vehicle Tax
- Automobile Renting Tax
- Replacement Vehicle Tax
- Charitable Games Tax
- Pull Tabs and Jar Games Fee Tax
- Underground Storage Tanks Tax
- Riverboat Gambling Tax
- Other Tobacco Products Tax
- Oil and Gas Production Assessment
- Qualified Solid Waste Energy Facility Payments

Analysis of Operations – Continued

General Operations – Continued

The Department administers and enforces the ordinances and resolutions of local governmental units that impose the following taxes:

- County Supplemental Tax
- Regional Transportation Authority ROT
- Metro East Transit District ROT
- Regional Transportation Authority Public Transportation Tax (RTA)
- Municipal Hotel Operators' Occupation Tax (HOOT)
- Illinois Sports Facilities Tax
- County Water Commission Tax
- County and Municipal Automobile Renting Tax
- County and Municipal Replacement Vehicle Tax
- Tennessee Valley Authority Tax
- Home Rule Municipal Retailers Occupation Tax
- Home Rule County Option Motor Fuel Tax
- Home Rule County Retailers Occupation Tax
- Metropolitan Pier and Exposition Authority Tax
- Chicago Home Rule Use Tax
- County Public Safety Tax
- Chicago Soft Drink Tax

An administrative fee (2 percent - County Replacement Vehicle Tax; 1.6 percent - Municipal Replacement Vehicle Tax; 2 percent - County Automobile Renting Tax; 1.6 percent - Municipal Automobile Renting Tax; 2 percent - County Option Motor Fuel Tax; 2 percent - Chicago Home Rule Use Tax; 2 percent - Metropolitan Pier and Exposition Authority; 2 percent - Chicago Soft Drink Tax; 4 percent - Illinois Sports Facility; ½ percent - RTA; 4 percent - HOOT) is withheld to cover the administrative costs in rendering the collection service for the local governmental units. The fee related to the RTA pertains to the RTA Motor Fuel Use Tax Act which was abolished on November 1, 1979.

In 1973, the Department was given the responsibility for administering and enforcing the "Senior Citizens' and Disabled Persons' Property Tax Relief Act" and the "Additional Tax Relief Act." These acts grant relief payments to senior citizens and disabled persons for real estate and other taxes. Contrary to the Department's primary mission of collection taxes, its responsibility in this regard is to disburse funds.

Analysis of Operations – Continued

General Operations – Continued

In 1979, the Department assumed the remaining responsibilities of the Department of Local Government Affairs which was the Property Tax Administration Bureau. The Property Tax Administration Bureau is responsible for insuring the equitable and efficient local assessments and taxation of real property by calculating, and certifying equalization formulas for each county to achieve uniform assessment levels. In addition, the Property Tax Administration Bureau provides technical assistance to local governments and prescribes forms and records for use by local officials.

The Department's operations are financed primarily from the General Revenue Fund. In addition, the cost of administering the Motor Fuel Tax Collections is funded from the Motor Fuel Tax Fund; the State's distributions under the corporate income tax sharing program are paid out of the Local Government Distributive Fund.

Accounting Policies

Revenues

The financial records of the Department are maintained on a cash basis, except for Hotel Operators' Occupation Tax collections. These collections are recorded as of the month when the returns are due if they are received within the first seven working days after month end, even though the Department does not process the returns or deposit the remittances until the following month. Accelerated ROT collections received from certain large taxpayers are deferred on the Department's records until the returns are received and processed and the amount of the liability is established. Revenue schedules presented in this report are on the cash basis.

Expenditures

Expenditures are recorded when an invoice voucher has been approved for payment and forwarded to the Comptroller's office for preparation of a warrant. Expenditures are charged to appropriations of the fiscal year in which the obligation for the expenditure is established.

State of Illinois
 Department of Revenue
 Compliance Examination
 For the Year Ended June 30, 2006

Analysis of Operations – Continued

General Operations – Continued

Operating Expense Analysis

Operating expenses are not reduced for the fees collected by the Department for administering the Metropolitan Pier and Exposition Authority Taxes, County Water Commission Retailers' Occupation Taxes, Regional Transportation Authority Taxes, Municipal Hotel Operators' Occupation Tax, Illinois Sports Facilities, Municipal and County Automobile Renters' Occupation Use Tax and Municipal and County Replacement Vehicle Tax. The fees collected are as follows:

Years Ended June 30	Fees Deposited in General Revenue Fund	Fees Deposited in Tax Compliance and Administrative Fund
2006	\$2,479,685	\$756,540
2005	1,733,603	694,566
2004	1,905,109	668,470

Operating expenses, derived by using only operations spending, subtracting out the General Revenue Fund transfers into the Senior Citizens Tax Deferral Fund, the Nursing Home Fund, Illinois Affordable Housing Costs, and equipment purchases from appropriated expenditures for the 14 months ended August 31, 2006, 2005, and 2004 per \$1,000 of tax collected is summarized below.

Years Ended June 30	Tax Collections	Operating Expenses	\$1,000 of Tax Collection
2006	\$28,580,584	\$147,669	\$5.17
2005	28,547,732	141,951	4.97
2004	27,221,961	145,573	5.35

Analysis of Operations – Continued

Agency Functions and Planning Program

The mission statement of the Illinois Department of Revenue (Department) is to maximize collection of revenues for the State of Illinois; ensure the integrity of the state's wagering activities; and effectively regulate the manufacture, distribution and sale of alcoholic beverages; all in a manner that promotes fair and consistent enforcement of state laws.

The current Director of the Department is Mr. Brian A. Hamer. The headquarters is located at 101 West Jefferson, Springfield, Illinois.

The Department's tax operations are divided into the following primary areas:

Account Processing

This function processes, controls, and stores Illinois state tax returns and associated documents. In addition, tax processing maintains taxpayer accounts.

Tax Enforcement/Bureau of Audits

Through field and in-house audit activities, Tax Enforcement promotes voluntary compliance with Illinois tax laws by review of tax records to ensure the establishment and payment of all taxes due. The collections function pursues the collection of delinquent taxes and assists taxpayers with the accurate completion of Illinois tax returns. This function also promotes voluntary compliance through determination of criminal noncompliance and recommendation for prosecution of criminal violations of Illinois tax law.

Taxpayer Services

This function includes the Customer Services Bureau and Problems Resolutions Office. It also has jurisdiction over the Central Registration Division.

Information Services

This area provides application development, oversees automation support and maintains daily computer operations.

Administrative Services

This area includes major support functions for the Department including: Human Resource Management, Revenue Accounting, and Property Management. Human Resource Management is responsible for training, benefit coordination, Equal Employment Opportunity advocacy, labor relations and coordination of personnel and payroll. Administrative Services also coordinates the purchase and payment of items procured through a voucher processing system, as well as centralized printing, mail, and facility coordination services.

Analysis of Operations – Continued

Agency Functions and Planning Program – Continued

Illinois Gaming Board

The Illinois Gaming Board regulates riverboat gambling in Illinois.

Liquor Control Commission

The Liquor Control Commission regulates the manufacture, distribution and sale of alcoholic beverages.

Lottery

The Lottery program administers lottery wagering activities in Illinois.

Racing Board

The Racing Board regulates horse racing activities in Illinois.

Auditor's Assessment

The Department's planning program has been found to be adequate to satisfy statutory responsibilities.

State of Illinois
 Department of Revenue
 Compliance Examination
 For the Year Ended June 30, 2006

Analysis of Operations

Average Number of Employees

	FY06 Average Headcount	FY05 Average Headcount
Government Services		
General Revenue	52	53
Motor Fuel Tax	6	7
Personal Property Tax Replacement	18	18
Illinois Tax Increment	4	4
Total Government Services	80	82
Tax Enforcement		
General Revenue	636	607
Motor Fuel Tax	104	113
County Motor Fuel Tax	2	2
Illinois Gaming Law Enforcement	9	13
Personal Property Tax Replacement	22	23
Underground Storage Tank	3	3
Home Rule Municipal ROT	3	3
Child Support Enforcement Trust	28	28
Total Tax Enforcement	807	792
Tax Operations		
General Revenue	612	666
Motor Fuel Tax	79	91
County Motor Fuel Tax	5	7
Illinois Gaming Law Enforcement	-	1
Personal Property Tax Replacement	78	78
Underground Storage Tank	9	8
Tax Compliance and Administration	26	25
Total Tax Operations	809	876

(Continued)

State of Illinois
 Department of Revenue
 Compliance Examination
 For the Year Ended June 30, 2006

Analysis of Operations

Average Number of Employees (Continued)

	FY06 Average Headcount	FY05 Average Headcount
Illinois Gaming Board		
State Gaming Fund	72	71
Liquor Control Commission		
Dram Shop	43	45
Tobacco Settlement Recovery	1	1
Total Liquor Control Commission	44	46
Illinois Racing Board		
Horse Racing	68	70
Illinois State Lottery		
State Lottery	178	187
Total Department	2,058	2,124

Notes:

Results reported above are for permanent full-time and part-time employees and do not include temporary staff.

Analysis of Operations

Emergency Purchases

Following is a list of emergency purchase affidavits filed by the Department with the Office of the Auditor General for fiscal year 2006:

FY06 Data Entry Procurement – Actual Cost \$22,000

The Department engaged a vendor to provide data entry services for key entry and verification of Sales Tax Returns.

State TeleFile Service – Actual Cost \$56,000

The Department engaged a vendor for State TeleFile Service.

State of Illinois
 Department of Revenue
 Details of Services Provided for Katrina Hurricane Relief Efforts
 Fiscal Year Ending June 30, 2006

Name of Employee	Description of Services	Amount Reported to IEMA		Total
		Cost of Services Regular Pay	Overtime Pay	
Public Service Administrator	Data Entry / Administrative	\$ 1,443	\$ -	\$ 1,443
Data Processing Assistant	Data Entry / Administrative	841	462	1,303
Information Systems Analyst II	Data Entry / Administrative	1,973	1,083	3,056
Revenue Tax Specialist II	Data Entry / Administrative	1,239	680	1,920
Revenue Tax Specialist II	Data Entry / Administrative	1,239	680	1,920
Lottery Sales Representative	Data Entry / Administrative	1,054	579	1,633
Office Associate	Data Entry / Administrative	947	561	1,508
		<u>\$ 8,736</u>	<u>\$ 4,046</u>	<u>\$ 12,782</u>

Service Efforts and Accomplishments (Unaudited)

Administer State and Local Tax Laws:

Mission Statement: To maximize collection of revenues for the State of Illinois.

Program Goals:

Objectives:

1. Enhance tax enforcement.
 - a. Re-deploy resources to focus on enforcement.
2. Improve efficiency and effectiveness.
 - a. Expand electronic filing and payment offerings.
3. Advocate sound tax policies.
 - a. Close tax loopholes and eliminate unjustified tax avoidance schemes.
 - b. Develop accurate revenue forecasts.
4. Improve the quality and accessibility of taxpayer education and information.
 - a. Increase self-help and interactive tax assistance options.

Funds: General Revenue Fund, Motor Fuel Tax – State Fund, Transportation Regulatory Fund, Underground Storage Tank Fund, Home Rule Municipal Retailers Occupation Tax Fund, State and Local Sales Tax Reform Fund, RTA Occupation and Use Tax Replacement Fund, County Option Motor Fuel Tax Fund, Illinois Tax Increment Fund, Tax Compliance and Administration Fund, Local Government Distributive Fund, Personal Property Tax Replacement Fund.

Statutory Authority: 35 ILCS