

STATE OF ILLINOIS
OFFICE OF THE TREASURER

NONFISCAL OFFICER RESPONSIBILITIES

COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2005

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

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2005

Table of Contents

	Page
Treasurer's Office Officials	1
Management Assertion Letter	2
Compliance Report	
Summary	4
Auditors' Reports	
Independent Accountants' Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes	6
Schedule of Findings	
Current Findings - State	9
Prior Findings Not Repeated - State	12
Supplementary Information for State Compliance Purposes	
Summary	13
Fiscal Schedules and Analysis	
Schedule of Appropriations, Expenditures, and Lapsed Balances - For the Fourteen Months ended August 31, 2005	14
Schedule of Appropriations, Expenditures, and Lapsed Balances - For the Fourteen Months ended August 31, 2004	18
Comparative Schedule of Net Appropriations, Expenditures, and Lapsed Balances - For the Years Ended 2005, 2004, and 2003	22
Comparative Schedule of Receipts, Disbursements and Fund Balance (Cash Basis) - Locally-Held Funds	27
Schedule of Changes in State Property	30
Comparative Schedule of Cash Receipts	31
Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller - Fiscal Year 2005 and 2004	32
Analysis of Significant Variations in Expenditures	33
Analysis of Significant Variations in Cash Receipts	40
Analysis of Significant Lapse Period Spending	45
Indirect Cost Reimbursement Funds	48
Analysis of Operations	
Agency Functions and Planning Program	49
Average Number of Employees	54
Emergency Purchases	55
Unclaimed Property Function	56
Service Efforts and Accomplishments - (Not Examined)	57

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2005

TREASURER'S OFFICE OFFICIALS

Treasurer	Honorable Judy Baar Topinka
Chief of Staff	Ms. Nancy Kimme
Chief Fiscal Officer/ Deputy Chief of Staff for Operations	Mr. Edward Buckles
Deputy Chief of Staff for Law & Policy	Mr. Martin Noven
Inspector General	Mr. David Wells
Manager of Accounting	Mr. Chad Dierking
Chief Internal Auditor	Ms. Barbara Ringler

The Office of the Treasurer maintains four office locations:

- Executive Office
State Capitol
219 State House
Springfield, Illinois 62702
- Operational Divisions
Jefferson Terrace
300 West Jefferson Street
Springfield, Illinois 62702
- Unclaimed Property Division and other divisions
Myers Building
1 West Old State Capitol Plaza
Springfield, Illinois 62701
- Chicago Office and Personnel/Legal/Programmatic
James R. Thompson Center
100 West Randolph Street
Suites 15-600 and 4-100
Chicago, Illinois 60601



JUDY BAAR TOPINKA
TREASURER OF THE STATE OF ILLINOIS

MANAGEMENT ASSERTION LETTER

October 28, 2005

Crowe Chizek and Company LLC
Certified Public Accountants
932 South Second
Springfield, IL 62704

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 State of Illinois, Office of the Treasurer (Treasurer) Nonfiscal Officer Responsibilities. 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 Treasurer's compliance with the following assertions during the two-year period ended June 30, 2005. Based on this evaluation, we assert that during the years ended June 30, 2005 and June 30, 2004, the Treasurer has materially complied with the assertions below.

- A. The Treasurer 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 Treasurer 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 Treasurer 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 Treasurer 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 Treasurer on behalf of the State or held in trust by the Treasurer 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, Office of the Treasurer

300 West Jefferson St. • Springfield, IL 62702 • Phone: (217)782-6540 • Web Site: www.state.il.us/treas

TREASURER'S OPERATIONS

Accounting Fax

(217)524-2295

Banking/Clearing Fax

(217)782-7448

Banking/Investments Fax

(217)782-3563

Banking/Time Deposit Fax

(217)522-1217

Financial Education Fax

(217)557-5726

Fiscal Operations Fax

(217)524-3822

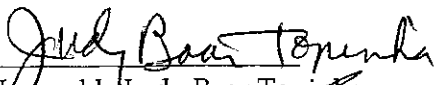
Human Resources Fax

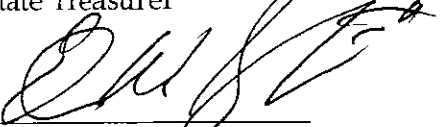
(217)785-8554

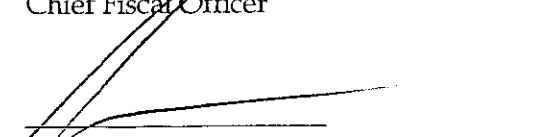
The Illinois Funds Fax

(217)524-1269

MANAGEMENT ASSERTION LETTER - CONTINUED


Honorable Judy Baar Topinka
State Treasurer


Edward W. Buckles
Chief Fiscal Officer


Martin Noven
Deputy Chief of Staff for Law and Policy

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2005

COMPLIANCE REPORT

SUMMARY

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

AUDITORS' REPORTS

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

SUMMARY OF FINDINGS

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

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

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
FINDINGS (STATE COMPLIANCE)		
05-1	9	Noncompliance with Office Policies and Procedures
05-2	11	Failure to Comply with the State Treasurer Act
PRIOR FINDINGS NOT REPEATED (STATE COMPLIANCE)		
05-3	12	Title III Social Security and Employment Fund Commingled with Other State Monies

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2005

COMPLIANCE REPORT

SUMMARY - CONTINUED

Exit Conference

The findings and recommendations appearing in this report were discussed with the Treasurer's Office personnel at an exit conference on December 6, 2005. Attending were:

Office of the Treasurer

Mr. Edward Buckles	Deputy Chief of Staff for Operations
Mr. Chad Dierking	Manager of Accounting
Ms. Barbara Ringler	Chief Internal Auditor
Mr. Martin Noven	Deputy Chief of Staff for Law & Policy
Ms. Rhonda Poeschel	Manager of Banking
Mr. Jim Kramp	Warrant Processing Division Manager
Mr. Ken Kamps	Director of Human Resources
Ms. Alissa Camp	Director of Unclaimed Property
Mr. Randy Coffey	Assistant Director of The Illinois Funds

Office of the Auditor General

Ms. Jane Clark	Audit Manager
----------------	---------------

Crowe Chizek and Company LLC - Special Assistant Auditors

Mr. Bert Nuehring	Partner
Ms. Lisa Stinson	Audit Supervisor

Responses to the recommendations were provided by Ms. Barbara Ringler, Chief Internal Auditor in a letter dated December 15, 2005.



Crowe Chizek and Company LLC
Member Horwath International

**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, Office of the Treasurer, Nonfiscal Officer Responsibilities' (Treasurer) compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2005. The management of the Treasurer is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Treasurer's compliance based on our examination.

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

In our opinion, the Treasurer complied, in all material respects, with the aforementioned requirements during the years ended June 30, 2005 and 2004. 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 05-1 and 05-2. As required by the Audit Guide, immaterial findings relating to instances of noncompliance excluded from this report have been reported in a separate letter to your office.

Internal Control

The management of the Treasurer 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 Treasurer'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, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of State findings as finding 05-1. As required by the Audit Guide, immaterial findings relating to internal control deficiencies excluded from this report have been reported in a separate letter to your office.

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information as listed in the table of contents as Supplementary Information for State Compliance Purposes is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the 2005 and the 2004 Supplementary Information for State Compliance Purposes, except for information on Service Efforts and Accomplishments on which we did not perform any procedures. However, we do not express an opinion on the supplementary information.

We have not applied procedures to the 2003 Supplementary Information for State Compliance Purposes, and accordingly, we do not express an opinion thereon.

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

Crowe Chizek and Company LLC
Crowe Chizek and Company LLC

Oak Brook, Illinois
October 28, 2005

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2005

CURRENT FINDINGS AND RECOMMENDATIONS

FINDING 05-1 (Noncompliance with Office Policies and Procedures)

The Office did not conduct performance appraisals and did not comply with compensatory time policies and procedures as required by the Treasurer's Office Employee Handbook.

During our testing, we noted the following:

- 56 of 100 (56%) employees tested did not have a performance appraisal on file.
- 14 of 100 (14%) performance appraisals were not performed timely. The performance appraisals ranged from 103 to 360 days late.
- 11 of 50 (22%) employees tested exceeded the time allowed for using compensatory time earned by not using time in excess of 21 hours within 60 days of the end of the month in which it was accrued and there was no documentation that an extension for using the time was approved. Excess compensatory time ranged between 3.42 and 73.15 hours for those employees.

The Treasurer's Office Employee Handbook (Handbook) requires performance appraisals to be typically conducted at least once a year for each employee. Following the initial probationary period, the immediate supervisor is required to complete a formal written performance appraisal and meet with the employee at the time of the employee's anniversary date to discuss the appraisal. In addition, the Handbook requires that all compensatory time in excess of 21 hours to be used within 60 days of the end of the month in which the hours were earned or if use is denied due to operational needs, the time limit to use the compensatory time is extended for an additional sixty days.

Office personnel stated that the Human Resource Division sends monthly reminders to every manager as to which performance appraisals are due. The managers attempt to keep up as time allows; however, their work load often cause them to fall behind. In addition, Office personnel also stated employees are encouraged to use compensatory time earned over 21 hours within 60 days; however, workloads and demands of their divisions often do not permit the time off.

Failure to ensure all employees receive a performance appraisal on a timely basis and permitting employees to maintain compensatory time in excess of Office policy is noncompliance with the Employee Handbook. In addition, as employees can choose to be paid for compensatory time, allowing excess hours to accrue for long periods of time can lead to an unnecessary waste of State funds, as hours may be paid out at a higher rate than the rate at which they were earned. (Finding Code No. 05-1, 03-2)

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2005

CURRENT FINDINGS AND RECOMMENDATIONS

FINDING 05-1 (Noncompliance with Office Policies and Procedures - Continued)

RECOMMENDATION:

We recommend the Office ensure performance appraisals are conducted on a timely basis and that its employees comply with its compensation time policies and procedures. If the Office determines these policies and procedures are no longer feasible or efficient, we recommend the Office revise its policies and procedures.

TREASURER'S RESPONSE:

The Treasurer accepts the recommendation. The Human Resources Division sends monthly reminders to every manager as to which performance appraisals are due. The managers attempt to keep up as time allows. However, their work load often causes them to fall behind. Managers will be instructed to catch up on all past due performance appraisals and complete all future performance appraisals on time.

Employees are encouraged to use compensatory time in excess of 21 hours within 60 days of the end of the month in which it is earned. However, workloads and demands of their divisions often do not permit the time off. Employees with compensatory time in excess of 21 hours will be either paid for the excess time or instructed to use it by January 31, 2006. After that date employees who fail to follow the policy will lose the excess time.

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2005

CURRENT FINDINGS AND RECOMMENDATIONS

FINDING 05-2 (Failure to Comply with the State Treasurer Act)

The Treasurer's Office did not publish the Investment Policy Statement covering the investment of moneys in the College Savings Pool in either a Springfield or Chicago newspaper since 2002.

The State Treasurer Act (15 ILCS 505/16.5) requires the Investment Policy Statement to be published at least once each year in at least one newspaper of general circulation in both Springfield and Chicago.

Treasurer personnel stated the College Savings Pool Investment Policy was not published at least annually due to oversight within the Treasurer's Office.

Failure to publish the College Savings Pool Investment Policy Statement is noncompliance with a statutory mandate. (Finding Code No. 05-2)

RECOMMENDATION:

We recommend the Treasurer's Office publish the College Savings Pool Investment Policy Statement on an annual basis as required by statute.

TREASURER'S RESPONSE:

The Treasurer accepts the recommendation. The Treasurer included the publication requirement in the authorizing legislation for the College Savings Pool based on her belief that when it comes to openness and public disclosure, the more the better. However, as a result of the increasing costs of newspaper publication and the expansion of the internet, it is the Treasurer's intention to amend the legislation to remove the annual publication requirement. There were no amendments to the policy during the examination period. It makes little sense to incur substantial annual publication costs to republish a policy that has not been amended, especially during a time of fiscal crisis. Furthermore, all program changes are systematically communicated to participants and prospective participants in writing and in a timely manner through the Program Disclosure Statement. Nonetheless, the Treasurer intends to comply with the requirement pending the amendment of the legislation.

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2005

PRIOR FINDINGS NOT REPEATED - (STATE COMPLIANCE)

05-3 (Title III Social Security and Employment Fund Commingled with Other State Monies)

During the prior period, the Office of the Treasurer did not hold approximately \$35 million of Title III Social Security and Employment funds separate and apart from all other State monies.

During the current period, we noted the Office of the Treasurer established a separate account and the balance together with all the interest earned since the effective date of the change to this fund was transferred into the account. (Finding Code No. 03-1)

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION
For the Two Year Ended June 30, 2005

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

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

- Fiscal Schedules and Analysis

- Schedule of Appropriations, Expenditures and Lapsed Balances - For the Fourteen Months ended August 31, 2005
- Schedule of Appropriations, Expenditures and Lapsed Balances - For the Fourteen Months ended August 31, 2004
- Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances - For the Years Ended 2005, 2004, and 2003
- Comparative Schedule of Receipts, Disbursements and Fund Balance (Cash Basis) - Locally Held Funds
- Schedule of Changes in State Property
- Comparative Schedule of Cash Receipts
- Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller - Fiscal Year 2005 and 2004
- Analysis of Significant Variations in Expenditures
- Analysis of Significant Variations in Receipts
- Analysis of Significant Lapse Period Spending
- Indirect Cost Reimbursement Funds

- Analysis of Operations

- Agency Functions and Planning Program
- Average Number of Employees
- Emergency Purchases
- Unclaimed Property Function
- Service Efforts and Accomplishments (Not Examined)

The auditors' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the auditors have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General, except for information on Service Efforts and Accomplishments on which they did not perform any procedures. However, the auditors do not express an opinion on the supplementary information.

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION

SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES

APPROPRIATIONS FOR FISCAL YEAR 2005
Fourteen Months Ended August 31, 2005

<u>Appropriated Funds</u>	<u>Appropriations (Net of Transfers)</u>	<u>Expenditures Through June 30</u>	<u>Lapse Period Expenditures</u>	<u>Total Expenditures</u>	<u>Balance Lapsed</u>
General Revenue Fund - 001 (PA 93-0842)					
Personal services	\$ 4,537,400	\$ 4,517,304	\$ 3,021	\$ 4,520,325	\$ 17,075
Employee retirement - contributions paid by employer	181,500	175,020	121	175,141	6,359
State contribution to State employees' retirement system	730,800	725,382	486	725,868	4,932
State contribution to social security	343,600	335,096	2,515	337,611	5,989
Contractual services	911,800	702,335	54,717	757,052	154,748
Travel	101,100	86,768	6,409	93,177	7,923
Commodities	68,600	54,407	12,723	67,130	1,470
Printing	25,900	8,892	3,624	12,516	13,384
Equipment	24,200	19,352	4,186	23,538	662
Electronic data processing	1,075,000	986,287	35,512	1,021,799	53,201
Telecommunications	160,100	127,759	11,504	139,263	20,837
Operation of auto equipment	10,100	7,380	87	7,467	2,633
Inspector General	300,000	190,172	5,909	196,081	103,919
Refunds of estate tax overpaid, and accrued interest thereon	9,000,000	8,984,059	14,908	8,998,967	1,033
Refunds of accrued interest on protested tax cases	6,000,000	666,309	-	666,309	5,333,691
Total General Revenue Fund	\$ 23,470,100	\$ 17,586,522	\$ 155,722	\$ 17,742,244	\$ 5,727,856

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

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION

SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES - CONTINUED

APPROPRIATIONS FOR FISCAL YEAR 2005
Fourteen Months Ended August 31, 2005

<u>Appropriated Funds</u>	<u>Appropriations (Net of Transfers)</u>	<u>Expenditures Through June 30</u>	<u>Lapse Period Expenditures</u>	<u>Total Expenditures</u>	<u>Balance Lapsed</u>
General Obligation Bond Fund - 101 (PA 93-0842)					
Payment of principal on general obligation bonds and short-term borrowing	\$ 2,183,600,000	\$ 2,153,260,524	\$ -	\$ 2,153,260,524	\$ 30,339,476
Payment of interest on general obligation bonds and short-term borrowing	1,120,162,830	1,071,877,490	-	1,071,877,490	48,285,340
Trustee Payments - Future Bond Debt Service	-	-	-	-	-
Total General Obligation Bond Fund	<u>3,303,762,830</u>	<u>3,225,138,014</u>	<u>-</u>	<u>3,225,138,014</u>	<u>78,624,816</u>
Bank Service Trust Fund - 373 (PA 93-0842)					
Payments for banking services	<u>8,100,000</u>	<u>5,243,159</u>	<u>1,146,092</u>	<u>6,389,251</u>	<u>1,710,749</u>
Capital Litigation Trust Fund - 614 (PA 93-0842)					
Lump Sum, Operations	450,900	406,912	258	407,170	43,730
Awards and Grants	<u>10,016,200</u>	<u>7,430,938</u>	<u>454,644</u>	<u>7,885,582</u>	<u>2,130,618</u>
Total Capital Litigation Trust Fund	<u>10,467,100</u>	<u>7,837,850</u>	<u>454,902</u>	<u>8,292,752</u>	<u>2,174,348</u>
Matured bond and coupon fund - 625 (PA 93-0842)					
Payments of matured bonds and interest coupons	<u>\$ 603,775</u>	<u>\$ 603,775</u>	<u>\$ -</u>	<u>\$ 603,775</u>	<u>\$ -</u>

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

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION

SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES - CONTINUED

APPROPRIATIONS FOR FISCAL YEAR 2005
Fourteen Months Ended August 31, 2005

<u>Appropriated Funds</u>	<u>Appropriations (Net of Transfers)</u>	<u>Expenditures Through June 30</u>	<u>Lapse Period Expenditures</u>	<u>Total Expenditures</u>	<u>Balance Lapsed</u>
Estate tax distributive fund - 815 (PA 93-0842) Payments to counties under Section 11D of the Illinois Estate Tax Law	\$ 27,000,000	\$ 16,472,851	\$ 1,719,165	\$ 18,192,016	\$ 8,807,984
State Pensions Fund - 054 (PA 93-0842)					
Regular Positions	2,565,300	2,287,343	1,228	2,288,571	276,729
State Paid Retirement Contributions	102,700	86,368	49	86,417	16,283
State Employee Retirement	413,200	368,507	198	368,705	44,495
Social Security/ Medicare Contributions	257,100	252,531	3,717	256,248	852
Employer Contributions Group Insurance	720,000	602,363	-	602,363	117,637
Contractual Services	3,092,000	2,886,312	75,169	2,961,481	130,519
Travel	43,000	38,271	2,916	41,187	1,813
Commodities	16,400	13,386	58	13,444	2,956
Printing	6,900	5,119	1,104	6,223	677
Equipment	48,900	47,163	-	47,163	1,737
Electronic Data Processing	975,200	905,463	3,415	908,878	66,322
Telecommunications	40,100	34,968	3,371	38,339	1,761
Operation of Automobiles	3,700	2,443	963	3,406	294
Total State Pensions Fund	<u>8,284,500</u>	<u>7,530,237</u>	<u>92,188</u>	<u>7,622,425</u>	<u>662,075</u>
Total appropriated funds	<u>\$ 3,381,688,305</u>	<u>\$ 3,280,412,408</u>	<u>\$ 3,568,069</u>	<u>\$ 3,283,980,477</u>	<u>\$ 97,707,828</u>

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

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION

SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED
BALANCES - CONTINUED

APPROPRIATIONS FOR FISCAL YEAR 2005
Fourteen Months Ended August 31, 2005

<u>Nonappropriated Funds</u>	Expenditures Through <u>June 30</u>	Lapse Period <u>Expenditures</u>	Total <u>Expenditures</u>
IPTIP Administrative Trust Fund - 195			
Administrative expenses of the Illinois Public Treasurers' Investment Pool	\$ 2,642,024	\$ 18,104	\$ 2,660,128
Protest Fund - 401			
Refund of monies paid under protest	19,137,402	-	19,137,402
Unclaimed Property Fund - 482			
Refund of assets claimed	48,716,086	73,613	48,789,699
Municipal Economic Development Fund - 650			
Payments to Cities/Villages	214,559	-	214,559
College Savings Plan Administration Fund - 668			
College Savings Plan Administrative costs	<u>501,173</u>	<u>24,609</u>	<u>525,782</u>
Total all nonappropriated funds	<u>71,211,244</u>	<u>116,326</u>	<u>71,327,570</u>
Total all funds	<u>\$ 3,351,623,652</u>	<u>\$ 3,684,395</u>	<u>\$ 3,355,308,047</u>

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

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION

SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES

APPROPRIATIONS FOR FISCAL YEAR 2004
Fourteen Months Ended August 31, 2004

<u>Appropriated Funds</u>	Appropriations (Net of <u>Transfers</u>)	Expenditures Through <u>June 30</u>	Lapse Period <u>Expenditures</u>	Total <u>Expenditures</u>	Balance <u>Lapsed</u>
General Revenue Fund - 001 (PA 93-0091)					
Personal services	\$ 4,537,400	\$ 4,466,593	\$ 1,011	\$ 4,467,604	\$ 69,796
Employee retirement - contributions paid by employer	181,500	176,463	40	176,503	4,997
State contribution to State employees' retirement system	609,800	420,168	-	420,168	189,632
State contribution to social security	337,600	330,275	77	330,352	7,248
Contractual services	836,400	742,570	74,179	816,749	19,651
Travel	92,600	75,437	13,711	89,148	3,452
Commodities	52,100	30,733	20,543	51,276	824
Printing	27,700	15,518	12,100	27,618	82
Equipment	48,100	2,684	44,592	47,276	824
Electronic data processing	1,138,900	884,211	197,883	1,082,094	56,806
Telecommunications	154,800	138,942	15,646	154,588	212
Operation of auto equipment	13,400	9,675	2,857	12,532	868
Refunds of estate tax overpaid, and accrued interest thereon	6,987,900	6,987,762	-	6,987,762	138
Refunds of accrued interest on protested tax cases	2,851,800	1,711,827	-	1,711,827	1,139,973
	<u>\$ 17,870,000</u>	<u>\$ 15,992,858</u>	<u>\$ 382,639</u>	<u>\$ 16,375,497</u>	<u>\$ 1,494,503</u>
Total General Revenue Fund	<u>\$ 17,870,000</u>	<u>\$ 15,992,858</u>	<u>\$ 382,639</u>	<u>\$ 16,375,497</u>	<u>\$ 1,494,503</u>

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

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION

SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES - CONTINUED

APPROPRIATIONS FOR FISCAL YEAR 2004
Fourteen Months Ended August 31, 2004

<u>Appropriated Funds</u>	<u>Appropriations (Net of Transfers)</u>	<u>Expenditures Through June 30</u>	<u>Lapse Period Expenditures</u>	<u>Total Expenditures</u>	<u>Balance Lapsed</u>
General Obligation Bond Fund - 101 (PA 93-0091)					
Payment of principal on general obligation bonds and short-term borrowing	\$ 2,049,568,700	\$ 1,923,668,657	\$ -	\$ 1,923,668,657	\$ 125,900,043
Payment of interest on general obligation bonds and short-term borrowing	1,019,833,690	1,019,833,688	-	1,019,833,688	2
Trustee Payments - Future Bond Debt Service	<u>678,667,845</u>	<u>678,667,844</u>	-	<u>678,667,844</u>	<u>1</u>
Total General Obligation Bond Fund	<u>3,748,070,235</u>	<u>3,622,170,189</u>	<u>-</u>	<u>3,622,170,189</u>	<u>125,900,046</u>
Bank Service Trust Fund - 373 (PA 93-0091)					
Payments for banking services	<u>6,763,700</u>	<u>4,992,132</u>	<u>954,652</u>	<u>5,946,784</u>	<u>816,916</u>
Capital Litigation Trust Fund - 614 (PA 93-0091)					
Lump Sum, Operations	450,900	389,715	535	390,250	60,650
Awards and Grants	<u>9,502,499</u>	<u>8,039,256</u>	<u>570,535</u>	<u>8,609,791</u>	<u>892,708</u>
Total Capital Litigation Trust Fund	<u>9,953,399</u>	<u>8,428,971</u>	<u>571,070</u>	<u>9,000,041</u>	<u>953,358</u>
Matured bond and coupon fund - 625 (PA 93-0091)					
Payments of matured bonds and interest coupons	<u>\$ 500,000</u>	<u>\$ 172,313</u>	<u>\$ -</u>	<u>\$ 172,313</u>	<u>\$ 327,687</u>

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

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION

SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES - CONTINUED

APPROPRIATIONS FOR FISCAL YEAR 2004
Fourteen Months Ended August 31, 2004

<u>Appropriated Funds</u>	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures	Total Expenditures	Balance Lapsed
Estate tax distributive fund - 815 (PA 93-0091) Payments to counties under Section 11D of the Illinois Estate Tax Law	\$ 27,000,000	\$ 11,596,103	\$ 1,240,098	\$ 12,836,201	\$ 14,163,799
State Pensions Fund - 054 (PA 93-0091)					
Regular Positions	2,564,800	2,201,254	1,830	2,203,084	361,716
State Paid Retirement Contributions	102,600	86,498	73	86,571	16,029
State Employee Retirement	346,000	295,917	246	296,163	49,837
Social Security/ Medicare Contributions	242,200	235,728	5,532	241,260	940
Employer Contributions Group Insurance	654,700	478,853	-	478,853	175,847
Contractual Services	3,071,100	2,094,728	906,649	3,001,377	69,723
Travel	50,000	44,153	3,568	47,721	2,279
Commodities	28,400	11,704	6,465	18,169	10,231
Printing	8,900	7,762	-	7,762	1,138
Equipment	37,900	22,601	956	23,557	14,343
Electronic Data Processing	998,100	715,724	262,000	977,724	20,376
Telecommunications	45,100	40,583	3,582	44,165	935
Operation of Automobiles	3,700	3,065	-	3,065	635
Total State Pensions Fund	8,153,500	6,238,570	1,190,901	7,429,471	724,029
Total appropriated funds	\$ 3,818,310,834	\$ 3,669,591,136	\$ 4,339,360	\$ 3,673,930,496	\$ 144,380,338

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

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION

SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED
BALANCES - CONTINUED

APPROPRIATIONS FOR FISCAL YEAR 2004
Fourteen Months Ended August 31, 2004

<u>Nonappropriated Funds</u>	Expenditures Through <u>June 30</u>	Lapse Period <u>Expenditures</u>	Total <u>Expenditures</u>
IPTIP Administrative Trust Fund - 195 Administrative expenses of the Illinois Public Treasurers' Investment Pool	\$ 2,678,104	\$ 15,859	\$ 2,693,963
Protest Fund - 401 Refund of monies paid under protest	28,409,628	-	28,409,628
Unclaimed Property Fund - 482 Refund of assets claimed	52,305,820	393,862	52,699,682
Municipal Economic Development Fund - 650 Payments to Cities/Villages	215,884	140,605	356,489
College Savings Plan Administration Fund - 668 College Savings Plan Administrative costs	<u>479,339</u>	<u>22,930</u>	<u>502,269</u>
Total all nonappropriated funds	<u>84,088,775</u>	<u>573,256</u>	<u>84,662,031</u>
Total all funds	<u>\$ 3,753,679,911</u>	<u>\$ 4,912,616</u>	<u>\$ 3,758,592,527</u>

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

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION

COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES
AND LAPSED BALANCES

For the Years Ended June 30

	<u>2005</u> PA 93-0842	<u>2004</u> PA 93-0091	<u>2003</u> PA 92-0538
General Revenue Fund - 001			
Appropriations (net of transfers)	<u>\$ 23,470,100</u>	<u>\$ 17,870,000</u>	<u>\$ 18,662,700</u>
Expenditures			
Personal services	4,520,325	4,467,604	4,969,710
Employee retirement - contributions paid by employer	175,141	176,503	189,793
State contribution to State employees' retirement system	725,868	420,168	513,155
State contribution to social security	337,611	330,352	367,658
Contractual services	757,052	816,749	831,279
Travel	93,177	89,148	120,014
Commodities	67,130	51,276	78,200
Printing	12,516	27,618	21,723
Equipment	23,538	47,276	30,872
Electronic data processing	1,021,799	1,082,094	1,126,937
Telecommunications	139,263	154,588	188,235
Operation of auto equipment	7,467	12,532	15,572
Inspector General	196,081	-	-
Refunds of estate tax overpaid, and accrued interest thereon	8,998,967	6,987,762	6,551,784
Refunds of accrued interest on protested tax cases	<u>666,309</u>	<u>1,711,827</u>	<u>1,522,328</u>
Total expenditures	<u>17,742,244</u>	<u>16,375,497</u>	<u>16,527,260</u>
Lapsed balances	<u>\$ 5,727,856</u>	<u>\$ 1,494,503</u>	<u>\$ 2,135,440</u>

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION

COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES
AND LAPSED BALANCES - CONTINUED

For the Years Ended June 30

	<u>2005</u> PA 93-0842	<u>2004</u> PA 93-0091	<u>2003</u> PA 92-0538
General Obligation Fund - 101			
Appropriations (net of transfers)	<u>\$ 3,303,762,830</u>	<u>\$ 3,748,070,235</u>	<u>\$ 2,620,955,811</u>
Expenditures			
Payment of principal on general obligation bonds and short-term borrowing	2,153,260,524	1,923,668,657	1,520,218,501
Payment of interest on general obligation bonds and short-term borrowing	1,071,877,490	1,019,833,688	474,937,865
Payment to escrow agent for future bond debt service on refunded bonds	<u>-</u>	<u>678,667,844</u>	<u>618,978,974</u>
Total expenditures	<u>3,225,138,014</u>	<u>3,622,170,189</u>	<u>2,614,135,340</u>
Lapsed balances	<u>\$ 78,624,816</u>	<u>\$ 125,900,046</u>	<u>\$ 6,820,471</u>
IPTIP Administrative Trust Fund - 195			
Nonappropriated expenditures	<u>\$ 2,660,128</u>	<u>\$ 2,693,963</u>	<u>\$ 3,236,625</u>
Expenditures			
Administrative expenses of the Illinois Public Treasurer's Investment Pool	<u>2,660,128</u>	<u>2,693,963</u>	<u>3,236,625</u>
Lapsed balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Protest Fund - 401			
Nonappropriated expenditures	<u>\$ 19,137,402</u>	<u>\$ 28,409,628</u>	<u>\$ 29,422,930</u>
Expenditures			
Refund of monies paid under protest	<u>19,137,402</u>	<u>28,409,628</u>	<u>29,422,930</u>
Lapsed balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION

COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES
AND LAPSED BALANCES - CONTINUED

For the Years Ended June 30

	<u>2005</u> PA 93-0842	<u>2004</u> PA 93-0091	<u>2003</u> PA 92-0538
Matured Bond and Coupon Fund - 625			
Appropriations (Net of transfers)	\$ 603,775	\$ 500,000	\$ 500,000
Expenditures			
Payment of matured bonds and interest coupons	603,775	172,313	148,781
Lapsed balances	\$ -	\$ 327,687	\$ 351,219
Estate Tax Distributive Fund – 815			
Appropriations (net of transfers)	\$ 27,000,000	\$ 27,000,000	\$ 27,000,000
Expenditures			
Payment to counties	18,192,016	12,836,201	13,846,819
Lapsed balances	\$ 8,807,984	\$ 14,163,799	\$ 13,153,181
Bank Services Trust - 373			
Appropriations (net of transfers)	\$ 8,100,000	\$ 6,763,700	\$ 7,500,000
Expenditures			
Payments of banking services	6,389,251	5,946,784	6,294,686
Lapsed balances	\$ 1,710,749	\$ 816,916	\$ 1,205,314
Unclaimed Property Trust Fund - 482			
Nonappropriated expenditures	\$ 48,789,699	\$ 52,699,682	\$ 53,822,436
Expenditures			
Refunds of assets claimed	48,789,699	52,699,682	53,822,436
Lapsed balances	\$ -	\$ -	\$ -

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION

COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES
AND LAPSED BALANCES - CONTINUED

For the Years Ended June 30

	<u>2005</u> PA 93-0842	<u>2004</u> PA 93-0091	<u>2003</u> PA 92-0538
Municipal Economic Development Fund - 650			
Nonappropriated expenditures	\$ 214,559	\$ 356,489	\$ 298,066
Expenditures			
Municipal economic development to cities and villages	<u>214,559</u>	<u>356,489</u>	<u>298,066</u>
Lapsed balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College Savings Pool Administration Fund - 668			
Nonappropriated expenditures	\$ 525,782	\$ 502,269	\$ 341,173
Expenditures			
College Savings Pool Administrative costs	<u>525,782</u>	<u>502,269</u>	<u>341,173</u>
Lapsed balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Capital Litigation Fund - 614			
Appropriations (net of transfers)	\$ 10,467,100	\$ 9,953,399	\$ 14,578,388
Expenditures			
Lump Sum, Operations payments	407,170	390,250	332,157
Award and grants payments	<u>7,885,582</u>	<u>8,609,791</u>	<u>12,984,904</u>
Total expenditures	<u>8,292,752</u>	<u>9,000,041</u>	<u>13,317,061</u>
Lapsed balances	<u>\$ 2,174,348</u>	<u>\$ 953,358</u>	<u>\$ 1,261,327</u>
General Obligation Bond Rebate Fund - 107			
Appropriations (net of transfers)	\$ -	\$ -	\$ 445,000
Expenditures			
Payments for arbitrage rebate	<u>-</u>	<u>-</u>	<u>444,893</u>
Lapsed balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107</u>

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION

COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES
AND LAPSED BALANCES - CONTINUED

For the Years Ended June 30

	<u>2005</u>	<u>2004</u>	<u>2003</u>
	PA 93-0842	PA 93-0091	PA 92-0538
State Pensions Fund - 054			
Appropriations (net of transfers)	\$ 8,284,500	\$ 8,153,500	\$ 8,614,200
Expenditures			
Regular Positions	2,288,571	2,203,084	2,538,619
State Paid Retirement Contributions	86,417	86,571	95,046
State Employee Retirement	368,705	296,163	262,023
Social Security/Medicare Contributions	256,248	241,260	288,213
Employer Contribution Group Insurance	602,363	478,853	469,804
Contractual Services	2,961,481	3,001,377	2,973,369
Travel	41,187	47,721	125,420
Commodities	13,444	18,169	61,228
Printing	6,223	7,762	12,118
Equipment	47,163	23,557	39,819
Electronic Data Processing	908,878	977,724	823,526
Telecommunications	38,339	44,165	59,263
Operation of Automobiles	3,406	3,065	-
Total expenditures	<u>7,622,425</u>	<u>7,429,471</u>	<u>7,748,448</u>
Lapsed balances	<u>\$ 662,075</u>	<u>\$ 724,029</u>	<u>\$ 865,752</u>
Grand total, all funds			
Appropriations (net of transfers)	\$ 3,381,688,305	\$ 3,818,310,834	\$ 2,698,256,099
Nonappropriated expenditures	<u>71,327,570</u>	<u>84,662,031</u>	<u>87,121,230</u>
Total appropriations and nonappropriated	3,453,015,875	3,902,972,865	2,785,377,329
Total expenditures	<u>3,355,308,047</u>	<u>3,758,592,527</u>	<u>2,759,584,518</u>
Lapsed balances	<u>\$ 97,707,828</u>	<u>\$ 144,380,338</u>	<u>\$ 25,792,811</u>
Salaries paid from the Comptroller's			
Executive Salaries Appropriation	<u>\$ 115,235</u>	<u>\$ 115,235</u>	<u>\$ 115,235</u>

Note: The Treasurer's Office did not make initiative payments during the examination period.

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION

COMPARATIVE SCHEDULE OF RECEIPTS, DISBURSEMENTS AND
FUND BALANCE (CASH BASIS) - LOCALLY HELD FUNDS
For the Two Years Ended June 30, 2005
(Rounded to nearest thousand)

Fund No. 1267 Illinois Insured Mortgage Pilot Program

Cash balance, July 1, 2003	\$	18,000
Receipts		171,000
Disbursements		184,000
Cash balance June 30, 2004	\$	5,000
Cash balance, July 1, 2004	\$	5,000
Receipts		89,000
Disbursements		86,000
Cash balance, June 30, 2005	\$	8,000

Fund No. 1370 Home Loan Collateral Fund

Cash balance, July 1, 2003	\$	3,404,000
Receipts		1,668,000
Disbursements		-
Cash balance June 30, 2004	\$	5,072,000
Cash balance, July 1, 2004	\$	5,072,000
Receipts		76,000
Disbursements		-
Cash balance, June 30, 2005	\$	5,148,000

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION

COMPARATIVE SCHEDULE OF RECEIPTS, DISBURSEMENTS AND
FUND BALANCE (CASH BASIS) - LOCALLY HELD FUNDS
For the Two Years Ended June 30, 2005
(Rounded to nearest thousand)

Fund No. 1375 Cahokia Mounds Preservation Fund

Cash balance, July 1, 2003	\$	-
Receipts		-
Disbursements		-
		-
Cash balance June 30, 2004	\$	-
Cash balance, July 1, 2004	\$	-
Receipts		101,000
Disbursements		-
		-
Cash balance, June 30, 2005	\$	101,000

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION

COMPARATIVE SCHEDULE OF RECEIPTS, DISBURSEMENTS AND FUND
BALANCE (CASH BASIS) – LOCALLY HELD FUNDS - CONTINUED

For the Two Years Ended June 30, 2005

Fund No. 1111 Illinois Public Treasurers' Investment Pool

The Illinois Public Treasurers' Investment Pool, Fund No. 1111 (IPTIP) is the fund used to account for assets held by the Treasurer in a trustee capacity as an agent for public treasurers throughout the State of Illinois. These funds are held in an account at U.S. Bank, N.A. IPTIP financial statements are reported separately. Therefore, cash receipts and disbursements are not presented in this report.

Fund No. 1668 College Savings Pool

The College Savings Pool, Fund No. 1668 (CSP) is the fund used to account for assets held by the Treasurer in a trustee capacity as an agent for the general public throughout the State of Illinois and outside the State of Illinois. These funds are held in accounts at Citigroup Global Markets, Inc. CSP financial statements are reported separately. Therefore, cash receipts and disbursements are not presented in this report.

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION

SCHEDULE OF CHANGES IN STATE PROPERTY

For the Years Ended June 30

	<u>2005</u>	<u>2004</u>
Balances, beginning of fiscal year	\$ 3,478,883	\$ 3,428,432
Additions		
Purchases	596,232	204,331
Inter-agency transfers	8,785	2,473
	<u>605,017</u>	<u>206,804</u>
Deductions		
Inter-agency transfers	375,862	147,797
Inventory adjustments	13,533	8,556
	<u>389,395</u>	<u>156,353</u>
Balance, end of fiscal year	<u>\$ 3,694,505</u>	<u>\$ 3,478,883</u>

Note: This schedule has been reconciled to property reports submitted to the Department of Central Management Services and the Office of the State Comptroller.

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION

COMPARATIVE SCHEDULE OF CASH RECEIPTS

For the Years Ended June 30
(Rounded to nearest thousand)

	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Revenue Fund - 001			
Miscellaneous receipts	\$ 19,000	\$ 2,000	\$ 13,000
Private organizations or Individuals	1,000	6,000	-
Reimbursement from employees for jury duty and personal phone calls	2,000	5,000	1,000
Prior year refunds	1,000	3,000	-
Total General Revenue Fund	<u>23,000</u>	<u>16,000</u>	<u>14,000</u>
State Pensions Fund - 054			
Unclaimed assets	-	-	89,003,000
Miscellaneous receipts	-	1,000	1,000
Prior year refunds	-	-	1,000
Total State Pensions Fund	<u>-</u>	<u>1,000</u>	<u>89,005,000</u>
IPTIP Administrative Fund - 195			
State and Local Government	2,909,000	2,789,000	2,713,000
Prior year refunds	-	1,000	-
Total IPTIP Administrative Fund	<u>2,909,000</u>	<u>2,790,000</u>	<u>2,713,000</u>
Treasurer's Rental Fee Fund - 331			
Rental income	6,000	21,000	36,000
Unclaimed Property Trust Fund - 482			
Unclaimed assets	163,934,000	193,164,000	50,940,000
Prior year refunds	2,000	5,000	-
Total Unclaimed Property Trust Fund	<u>163,936,000</u>	<u>193,169,000</u>	<u>50,940,000</u>
Capital Litigation Trust Fund - 614			
Interest income	472,000	5,704,000	6,477,000
Prior year refunds	2,000	-	-
Total Capital Litigation Trust Fund	<u>474,000</u>	<u>5,704,000</u>	<u>6,477,000</u>
Matured Bond and Coupon Fund - 625			
Matured and unredeemed bonds and coupons	351,000	236,000	199,000
College Savings Administrative Fund - 668			
License fee or registration	607,000	364,000	384,000
Prior year refunds	-	1,000	-
Total Receipts	<u>607,000</u>	<u>365,000</u>	<u>384,000</u>
Total Receipts	<u>\$ 168,306,000</u>	<u>\$ 202,302,000</u>	<u>\$ 149,768,000</u>

Note: This schedule represents cash receipts not reported in other reports. The Treasurer receives cash receipts from Inheritance/Estate Taxes and Interest Income. Inheritance/Estate Taxes and Interest Income are included in a separate report-State of Illinois, Office of the Treasurer, Fiscal Officer Responsibilities.

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION

RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS
REMITTED TO THE STATE COMPTROLLER

For the Year Ended June 30
(Rounded to nearest thousand)

	2005								
	General Revenue Fund	State Pensions Fund	IPTIP Administrative Fund	Treasurer's Rental Fee Fund	Unclaimed Property Trust Fund	Capital Litigation Trust Fund	Matured Bond and Coupon Fund	College Savings Administrative Fund	Total
Receipts received by Treasurer deposited into clearing account	\$ 23,000	\$ -	\$ 2,909,000	\$ 6,000	\$ 163,936,000	\$ 474,000	\$ 351,000	\$ 607,000	\$ 168,306,000
Plus deposits in transit, beginning of year	-	-	-	-	-	-	-	-	-
Less deposits in transit, end of year	-	-	-	-	-	-	-	-	-
Deposits remitted to Comptroller	<u>\$ 23,000</u>	<u>\$ -</u>	<u>\$ 2,909,000</u>	<u>\$ 6,000</u>	<u>\$ 163,936,000</u>	<u>\$ 474,000</u>	<u>\$ 351,000</u>	<u>\$ 607,000</u>	<u>\$ 168,306,000</u>
	2004								
	General Revenue Fund	State Pensions Fund	IPTIP Administrative Fund	Treasurer's Rental Fee Fund	Unclaimed Property Trust Fund	Capital Litigation Trust Fund	Matured Bond and Coupon Fund	College Savings Administrative Fund	Total
Receipts received by Treasurer deposited into clearing account	\$ 16,000	\$ 1,000	\$ 2,790,000	\$ 21,000	\$ 193,169,000	\$ 5,704,000	\$ 236,000	\$ 365,000	\$ 202,302,000
Plus deposits in transit, beginning of year	-	-	-	-	-	-	-	-	-
Less deposits in transit, end of year	-	-	-	-	-	-	-	-	-
Deposits remitted to Comptroller	<u>\$ 16,000</u>	<u>\$ 1,000</u>	<u>\$ 2,790,000</u>	<u>\$ 21,000</u>	<u>\$ 193,169,000</u>	<u>\$ 5,704,000</u>	<u>\$ 236,000</u>	<u>\$ 365,000</u>	<u>\$ 202,302,000</u>

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES

The Office's explanations for significant fluctuations in expenditures are detailed below:

<u>Fund, Account (if Applicable), and Explanation</u>	<u>2005</u>	<u>2004</u>
General Revenue Fund (001)		
State contribution to SERS	\$ 725,868	\$ 420,168
<p>The increase of \$ 305,700, or 72.76%, is due to change in appropriation authority. There was an increase in the appropriation from FY04 to FY05. SERS increased the total employer rate from 13.439% in FY04 to 16.107% in FY05.</p>		
Commodities	67,130	51,276
<p>The increase of \$ 15,854, or 30.92%, was due to additional supplies as a result of moving to new office space on the third floor of Jefferson Terrace.</p>		
Printing	12,516	27,618
<p>The decrease of \$ 15,102, or 54.68%, was due to fewer publications printed in FY05. No publication changes occurred since no major laws were changed from FY04 to FY05.</p>		
Equipment	23,538	47,276
<p>The decrease of \$ 23,738, or 50.21%, was due to less equipment needing to be replaced. A copier was replaced in FY04.</p>		
Operation of Auto	7,467	12,532
<p>The decrease of \$ 5,065, or 40.42%, was due to fewer repairs of State vehicles needed in FY05.</p>		
Inspector General	196,081	-
<p>The increase of \$ 196,081, or 100%, was due to the creation of the position of Executive Inspector General by the State Officials and Employees Ethics Act (5 ILCS 430/). The expenditures included the Inspector General's salary, rent, gas, travel, and other operating expenses.</p>		

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES - CONTINUED

<u>Fund, Account (if Applicable), and Explanation</u>	<u>2005</u>	<u>2004</u>
General Revenue Fund (001) - Continued		
Refunds - Estate Tax	\$ 8,998,967	\$ 6,987,762
The increase of \$ 2,011,205, or 28.78%, was due to the collection of more estate taxes in FY05.		
Refunds - Protested Cases	666,309	1,711,827
Refunds of tax monies paid under protest are dependent on the number and size of protested tax cases that come from and are resolved by the Attorney General in a given fiscal year. The interest for these refunds is paid from the General Revenue Fund. The decrease of \$ 1,045,518, or 61.08%, was directly related to the corresponding decrease in court ordered distributions in FY05.		
General Obligation Bond Fund (101)		
Payment to escrow agent for purpose of refunding outstanding General Obligation Bonds	-	678,667,844
Proceeds from the issuance of Refunding Bonds are paid to and held by escrow agents for the purpose of defeasing General Obligation Bonds originally issued at higher interest rates. This expenditure item is related to the State General Obligation Bond refunding issues executed during a fiscal year. This decrease of \$ 678,667,844, or 100 %, was due to there being no refunding bond issues in FY05.		
Protest Fund (401)		
Refunds of Monies Paid Under Protest	19,137,402	28,409,628
Refunds of tax monies paid under protest are dependent on the number and size of protested tax cases that come from and are resolved by the Attorney General in a given fiscal year. The interest for these refunds is paid from the General Revenue Fund. The decrease of \$ 9,272,226, or 32.64%, was directly related to the corresponding decrease in court ordered distributions in FY05.		

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES - CONTINUED

<u>Fund, Account (if Applicable), and Explanation</u>	<u>2005</u>	<u>2004</u>
Matured Bond and Coupon Fund (625)		
Payment of Matured Bonds and Interest Coupons	\$ 603,775	\$ 172,313
This expenditure item is in place to accommodate late claims (after the two-year redemption period) by bondholders holding matured bond and interest coupons issued by the State of Illinois. An appropriation is maintained in the Treasurer's budget for the purpose of paying these claims legally required by bond covenants. The increase of \$ 431,462, or 250.39%, was due to more late claims filed. The Treasurer has no control over spending in this area.		
Estate Tax Distributive Fund (815)		
Payment to Counties	18,192,016	12,836,201
This is dependent on the value of the estate and the number of deceased. The increase of \$ 5,355,815, or 41.72%, was due to the collection of more estate taxes in FY05 or more valuable estates than those in FY04. The Treasurer has no control over spending in this area.		
State Pensions Fund (054)		
State Employee Retirement	368,705	296,163
The increase of \$ 72,542, or 24.49%, was due to change in appropriation authority. There was an increase in the appropriation from FY04 to FY05. SERS increased the total employer rate from 13.439% in FY04 to 16.107% in FY05.		
Employer Contributions to Group Insurance	602,363	478,853
The increase of \$ 123,510, or 25.79%, was due to rate increases. There was an increase in appropriation from FY04 to FY05.		

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES - CONTINUED

<u>Fund, Account (if Applicable), and Explanation</u>	<u>2005</u>	<u>2004</u>
State Pensions Fund (054) - Continued		
Commodities	\$ 13,444	\$ 18,169
<p>The decrease of \$ 4,725, or 26.01%, was due to continued improvements in efficiency of processing claims for unclaimed property thus fewer supplies were needed. The Unclaimed Property Division is migrating to a more efficient paperless process.</p>		
Equipment	47,163	23,557
<p>The increase of \$ 23,606, or 100.21%, was due to additional equipment as a result of moving to new office space on the third floor of Jefferson Terrace.</p>		
Municipal Economic Development Fund (650)	214,559	356,489
Municipal Economic Development to Cities and Villages		
<p>Fund balance is paid to cities and villages at the end of each quarter. The decrease of \$141,930, or 39.81%, was due to the FY05 payment being made in FY06 while the FY04 payment was made in FY04.</p>		

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES

<u>Fund, Account (if Applicable), and Explanation</u>	<u>2004</u>	<u>2003</u>
General Revenue Fund (001)		
Travel	\$ 89,148	\$ 120,014
The decrease of \$ 30,866, or 25.72%, was due to the continued effort to cut back on spending due to the State's financial condition.		
Commodities	51,276	78,200
The decrease of \$ 26,924, or 34.43%, was due to fewer supplies needed.		
Printing	27,618	21,723
The increase of \$ 5,895, or 27.14%, was due to depletion of in stock supplies in FY03 therefore more supplies were purchased in FY04.		
Equipment	47,276	30,872
The increase of \$ 16,404, or 53.14%, was due to equipment needing to be replaced. A copier was replaced in FY04.		
General Obligation Bond Fund (101)		
Payment of Principal	1,923,668,657	1,520,218,501
The increase of \$ 403,450,156, or 26.54%, was due to the payment of short-term certificates plus interest. There was an increase in short-term borrowing in FY04.		
Payment of Interest	1,019,833,688	474,937,865
The increase of \$ 544,895,823, or 114.73%, was due to the payment of short-term certificates plus interest. There was an increase in short-term borrowing in FY04.		

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES - CONTINUED

<u>Fund, Account (if Applicable), and Explanation</u>	<u>2004</u>	<u>2003</u>
College Savings Pool Administration Fund (668)		
College Savings Pool Administration	\$ 502,269	\$ 341,173
The increase of \$ 161,096, or 47.22%, was due to the continuing growth in assets and increase in participants of the College Savings Pool, therefore the number of employees, paid from the College Savings Pool Administration Fund, increased as did related expenditures.		
Capital Litigation Fund (614)		
Awards and Grants	8,609,791	12,984,904
The decrease of \$ 4,375,113, or 33.69%, was due to change in appropriation authority. There was a decrease in the appropriation for the Cook County Courts in FY04 as Cook County requested less money in order to match its actual spending.		
General Obligation Bond Rebate Fund (107)		
Arbitrage Rebate Payments	-	444,893
The decrease of \$ 444,893, or 100%, was due to arbitrage payment in FY03.		
State Pensions Fund (054)		
Travel	47,721	125,420
The decrease of \$ 77,699, or 61.95%, was due to the continued effort to cut back on spending due to the State's financial condition.		
Commodities	18,169	61,228
The decrease of \$ 43,059, or 70.33%, was due to improvements in efficiency of processing claims for unclaimed property thus fewer supplies were needed. The Unclaimed Property Division is migrating to a more efficient paperless process.		

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES - CONTINUED

<u>Fund, Account (if Applicable), and Explanation</u>	<u>2004</u>	<u>2003</u>
State Pensions Fund (054) - Continued		
Printing	\$ 7,762	\$ 12,118
The decrease of \$ 4,356, or 35.95%, was due to fewer publications printed in FY04. No publication changes occurred since no major laws were changed from FY03 to FY04.		
Equipment	23,557	39,819
The decrease of \$ 16,262, or 40.84%, was due to replacement of State vehicles in FY03.		
Telecommunications	44,165	59,263
The decrease of \$ 15,098, or 25.48%, was due to the effort to cut back on spending due to the State's financial condition.		
Operation of Automobiles	3,065	-
The increase of \$ 3,065, or 100%, was due to the purchase of State vehicles in FY03 that needed repairs in FY04.		

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION

ANALYSIS OF SIGNIFICANT VARIATIONS IN CASH RECEIPTS

The Office's explanations for significant fluctuations in receipts are detailed below:

<u>Fund, Account (if Applicable), and Explanation</u>	<u>2005</u>	<u>2004</u>
General Revenue Fund (001)		
Miscellaneous Receipts	\$ 19,000	\$ 2,000
The increase of \$ 17,000, or 850%, was due to the POAG water main failing to make payments in FY04. The payments were caught up in FY05.		
Private Organizations or Individuals	1,000	6,000
The decrease of \$ 5,000, or 83.33%, was due to reimbursement for voluntary furlough days in FY04.		
Reimbursement from Employees	2,000	5,000
The decrease of \$ 3,000, or 60%, was due to fewer employees called for jury duty in FY05.		
Prior year refunds		
The decrease of \$ 2,000, or 66.67%, was due to an Estate Tax refund in FY04 being larger than in FY05.		
State Pensions Fund (054)		
Miscellaneous Receipts	-	1,000
The decrease of \$ 1,000, or 100%, was due to the receipt of jury duty reimbursements in FY04.		
IPTIP Administrative Fund (195)		
Prior year refunds		
The decrease of \$ 1,000, or 100%, was due to the lack of overpayments of expenses in FY04 therefore no refund was required in FY05.		
Treasurer's Rental Fee Fund (331)		
Rental Income	6,000	21,000
The decrease of \$ 15,000, or 71.43%, was due to the renegotiation of rent in the Capitol building.		

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION

ANALYSIS OF SIGNIFICANT VARIATIONS IN CASH RECEIPTS - CONTINUED

<u>Fund, Account (if Applicable), and Explanation</u>	<u>2005</u>	<u>2004</u>
Unclaimed Property Trust Fund (482)		
Prior year refunds	\$ 2,000	\$ 5,000
The decrease of \$ 3,000, or 60%, was due to the refund received in FY05 for the duplicate payment of unclaimed property claim being smaller than that received in FY04.		
Capital Litigation Trust Fund (614)		
Interest income	472,000	5,704,000
The decrease of \$ 5,232,000, or 91.73%, was due to the decrease in the refund received from Cook County. Cook County decreased its appropriation because they requested less money to match actual spending therefore less money was refunded to the Fund.		
Prior year refunds	2,000	-
The increase of \$ 2,000, or 100%, was due to the overpayments of expenses in FY04 requiring a refund in FY05.		
Matured Bond and Coupon Fund (625)		
Matured and unredeemed bonds and coupons	351,000	236,000
The increase of \$ 115,000, or 48.73%, was due to the increase of payments for matured bonds and coupons issued by the State of Illinois that remained unredeemed after the standard two-year redemption period. The receipt source is dependent on the amount of unredeemed items remitted by the paying agents to the Treasurer. The Treasurer has no control over receipt amount in any given year.		
College Savings Pool Administration Fund (668)		
License Fee or Registration	607,000	364,000
The increase of \$ 243,000, or 66.76%, was due to continued growth of the program.		

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION

ANALYSIS OF SIGNIFICANT VARIATIONS IN CASH RECEIPTS - CONTINUED

<u>Fund, Account (if Applicable), and Explanation</u>	<u>2005</u>	<u>2004</u>
College Savings Pool Administration Fund (668) - Continued		
Prior year refunds	\$ -	\$ 1,000
<p style="margin-left: 40px;">The decrease of \$ 1,000, or 100%, was due to the lack of overpayments of expenses in FY04, therefore no refund was required in FY05.</p>		

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION

ANALYSIS OF SIGNIFICANT VARIATIONS IN CASH RECEIPTS

<u>Fund, Account (if Applicable), and Explanation</u>	<u>2004</u>	<u>2003</u>
General Revenue Fund (001)		
Miscellaneous Receipts	\$ 2,000	\$ 13,000
The decrease of \$ 11,000, or 84.62%, was due to the POAG water main failing to make payments in FY04.		
Private Organizations or Individuals	6,000	-
The increase of \$ 6,000, or 100%, was due to reimbursement for voluntary furlough days in FY04.		
Reimbursement from Employees	5,000	1,000
The increase of \$ 4,000, or 400%, was due to more employees called for jury duty in FY04.		
Prior year refunds		
The increase of \$ 3,000, or 100%, was due to the receipt of an Estate Tax refund in FY04.	3,000	-
State Pensions Fund (054)		
Unclaimed Assets	-	89,003,000
The decrease of \$ 89,003,000, or 100%, was due to change in legislation requiring unclaimed property receipts previously deposited into this fund to be deposited into the Unclaimed Property Trust Fund (482).		
Prior year refunds	-	1,000
The decrease of \$ 1,000, or 100%, was due to the lack of overpayments of expenses in FY03, therefore no refund was required in FY04.		
IPTIP Administrative Fund (195)		
Prior year refunds	1,000	-
The increase of \$ 1,000, or 100%, was due to the overpayments of expenses in FY03 requiring a refund in FY04.		

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION

ANALYSIS OF SIGNIFICANT VARIATIONS IN CASH RECEIPTS - CONTINUED

<u>Fund, Account (if Applicable), and Explanation</u>	<u>2004</u>	<u>2003</u>
Treasurer's Rental Fee Fund (331)		
Rental Income	\$ 21,000	\$ 36,000
The decrease of \$ 15,000, or 41.67%, was due to the renegotiation of rent in the Capitol building.		
Unclaimed Property Trust Fund (482)		
Unclaimed Assets	193,164,000	50,940,000
The increase of \$ 142,224,000, or 279.20%, was due to change in legislation requiring unclaimed property receipts previously deposited into the State Pensions Fund (054) to be deposited into this fund.		
Prior year refunds	5,000	-
The increase of \$ 5,000, or 100%, was due to the duplicate payment of an unclaimed property claim in FY03 which required a refund in FY04.		
College Savings Pool Administrative Fund (668)		
Prior year refunds	1,000	-
The increase of \$ 1,000, or 100%, was due to the overpayments of expenses in FY03 requiring a refund in FY04.		

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION

ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING

The Office's analysis of significant lapse period spending is detailed below:

<u>Fund, Account (if Applicable), and Explanation</u>	<u>Disbursements During Lapse Period</u>	<u>Disbursements for Fourteen Months Ended August 31, 2005</u>	<u>Percentage of Expenditures in Lapse Period</u>
General Revenue Fund (001)			
Printing	\$ 3,624	\$ 12,516	28.95%
<p> The lapse period spending was for printing supplies that were ordered late in the fiscal year and the invoice was not received until the lapse period. A majority of the printing expenditures were the Financial Education and Agricultural brochures.</p>			
State Pensions Fund (054)			
Operation of Auto	963	3,406	28.27%
<p> The lapse period spending was for the allocation of gas expenditures for the last quarter of FY05 for Fund 054.</p>			

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION

ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
CONTINUED

<u>Fund, Account (if Applicable), and Explanation</u>	<u>Disbursements During Lapse Period</u>	<u>Disbursements for Fourteen Months Ended August 31, 2004</u>	<u>Percentage of Expenditures in Lapse Period</u>
General Revenue Fund (001)			
Commodities	\$ 20,543	\$ 51,276	40.06%
Due to the Governor's line item veto at the beginning of FY04, the Office cut back on spending throughout the year so the commodities stock was depleted. The Office determined that funds were available to replenish the stock and purchased the items needed during the lapse period.			
Printing	12,100	27,618	43.81%
Due to the Governor's line item veto at the beginning of FY04, the Office cut back on spending throughout the year so the paper stock was depleted. The Office determined that funds were available to replenish the stock and purchased the items needed during the lapse period.			
Equipment	44,592	47,276	94.32%
Due to the Governor's line item veto at the beginning of FY04, the Office cut back on spending throughout the year so equipment was not purchased. The Office determined that funds were available to replace obsolete equipment and purchased a copier and other items needed during the lapse period.			
Operation of Auto	2,857	12,532	22.80%
The lapse period spending was for repair of a vehicle involved in an automobile accident.			
State Pensions Fund (054)			
Contractual Services	906,649	3,001,377	30.21%
The lapse period spending was for audit service fees paid to a new firm involved in the discovery of unclaimed property. The services were provided prior to June 30.			

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION

ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
CONTINUED

<u>Fund, Account (if Applicable), and Explanation</u>	<u>Disbursements During Lapse Period</u>	<u>Disbursements for Fourteen Months Ended August 31, 2004</u>	<u>Percentage of Expenditures in Lapse Period</u>
State Pensions Fund (054) - Continued			
Commodities	\$ 6,465	\$ 18,169	35.58%
<p>Due to the Governor's line item veto at the beginning of FY04, the Office cut back on spending throughout the year so the commodities stock was depleted. The Office determined that funds were available to replenish the stock and purchased the items needed during the lapse period.</p>			
EDP	262,000	977,724	26.80%
<p>Due to the Governor's line item veto at the beginning of FY04, the Office cut back on spending throughout the year so equipment was not purchased. The Office determined that funds were available to replace obsolete equipment and purchased computers and other items needed during the lapse period. Additionally, some equipment purchased near fiscal year-end was placed on back order until August.</p>			
Municipal Economic Development Fund (650)	140,605	356,489	39.44%
<p>Municipal Economic Development to Cities and Villages Fund balance is paid to cities and villages at the end of each quarter. The lapse period spending was for the FY04 fourth quarter payment.</p>			

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION

INDIRECT COST REIMBURSEMENT FUNDS

For the Two Years Ended June 30, 2005

The Illinois Public Treasurers' Investment Pool Administrative Fund No. 195 (IPTIP Administrative Fund) is a non-appropriated enterprise fund. The IPTIP Administrative Fund was established to administer a pool of assets held by the Treasurer in a trustee capacity as an agent for public treasurers throughout the State of Illinois. The IPTIP Administrative Fund is charged for costs incurred for the provision of investment services and support for the pool marketing effort, and the Treasurer allocates resources to provide indirect support between the General Revenue Fund and the IPTIP Administrative fund.

The College Savings Pool Administrative Fund No. 668 (CSP Administrative Fund) is a non-appropriated enterprise fund. The CSP Administrative Fund was established to administer a pool of assets held by the Treasurer in a trustee capacity as an agent for the general public throughout the State of Illinois and outside the State of Illinois. The CSP Administrative Fund is charged for costs incurred for the provision of investment services and support for the pool marketing effort, and the Treasurer allocates resources to provide indirect support between the General Revenue Fund and the CSP Administrative fund.

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION

AGENCY FUNCTIONS AND PLANNING PROGRAM

For the Two Years Ended June 30, 2005

In accordance with Chapter 22 of the "Audit Guide for Performing Financial Audits and Compliance Attestation Engagements of Illinois State Agencies" (July 2005) issued by the Office of the Auditor General - State of Illinois, we reviewed the "Agency Functions and Planning Program" of the Office of the Treasurer. The following information was prepared based on that review.

Treasury Functions

The principal constitutional and statutory powers related to the State of Illinois, Office of the Treasurer, currently held by Judy Baar Topinka, are as follows:

1. Receipt, disbursement and custody of funds in the State Treasury.
2. Investment of funds in the State Treasury.
3. Ex-officio custodianship of funds controlled by certain other agencies of the State.
4. Custody of securities deposited within the State Treasury as collateral or for safekeeping.
5. Assurance that monies are available to pay principal and interest on general obligation bonds issued by the State.
6. Administration of certain trust funds.
7. Joint administration with the Attorney General of the Illinois Estate Tax Law, including receipt and accounting for tax collections.
8. Administration of the Illinois Public Treasurers' Investment Pool.
9. Administration of the Bright Start College Savings Program.
10. Administration of Unclaimed Property.

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION

AGENCY FUNCTIONS AND PLANNING PROGRAM - CONTINUED

For the Two Years Ended June 30, 2005

To fulfill these Fiscal Responsibilities, the Treasurer's Office has been organized into the following divisions:

- Executive Office, which has ultimate administrative responsibility for the entire organization and provides control and direction of all operations.
- Accounting Division, which is responsible for general accounting activities including the general ledger, processing accounts payable, reconciling bank accounts, and compiling budget estimates for the appropriation process. This includes the Estate Tax unit, which is responsible for the administration of the funds collected by county treasurers as a result of the Illinois Estate Tax law.
- Banking Division, which is responsible for management of the short-term investment portfolio, deposits of public funds in Illinois financial institutions and the protection of public funds, collection of various fees from all State agencies, and ensuring that the State's financial obligations are paid on a daily basis.
- College Savings Pool Administrative Division, which is under the administration of the Treasurer, provides investment opportunities available under Section 529 of the Internal Revenue Code to the general public which enables them to earn a competitive rate of return on investments to be used on qualified higher education.
- Capital Litigation Division, which is under the administration of the Treasurer, manages the Capital Litigation Trust Fund that was created by the Capital Crimes Litigation Act to promote fairness in the prosecution and defense of capital crimes by providing monies to pay costs associated with the prosecution and defense of capital cases throughout the State of Illinois.
- Communications Division, which provides for the creation and development of all publications and printed materials for the Treasurer's Office, as well as the development and maintenance of the Treasurer's websites.
- Economic Opportunity Division, which oversees many programs administered by the Illinois State Treasurer's Office. These programs are community development oriented and range from assistance to farmers, economic development projects, and assistance to persons with disabilities.

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION

AGENCY FUNCTIONS AND PLANNING PROGRAM - CONTINUED

For the Two Years Ended June 30, 2005

- Financial Education Division, which is responsible for all programs for the Financial Education Division including the Bank at School Program and financial education seminars for all levels of education (Elementary, Junior High, High School, College, and Adult Education).
- Fiscal Operations Division, which oversees accounting, banking, management information systems and warrant divisions and provides administrative support through general services for such areas as printing and telecommunications.
- Human Resources Division, which is responsible for development and implementation of a comprehensive system of human resource management for the Treasurer's Office, which includes development and publication of office policies and procedures relating to such issues as collective bargaining, ethics, a job classification system and an office pay plan.
- Illinois Funds Division, which is under the administration of the Treasurer, provides custodians of public funds with an investment opportunity which enables them to earn a competitive rate of return on fully collateralized investments, while maintaining immediate access to invested funds.
- Inter-Governmental Affairs Division, which coordinates the outreach efforts involving various office programs as they relate to other state agencies, not-for-profit organizations, and Illinois local governments. Furthermore, this division is responsible to make initial contact with local governments, provide program information and refer interested parties to the Director/Manager of the specific program(s) that would be beneficial to them.
- Internal Audit Division, which is responsible for conducting a comprehensive program of internal audits under the Fiscal Control and Internal Auditing Act.
- Law Division, which is responsible for handling the legal affairs of the Treasurer's Office including negotiating and drafting contracts and other legal agreements, performing legal analysis and offering legal opinions, coordinating representation of the Treasurer's Office by outside legal counsel, and providing legal support to the other divisions of the Treasurer's Office.

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION

AGENCY FUNCTIONS AND PLANNING PROGRAM - CONTINUED

For the Two Years Ended June 30, 2005

- Legislative Division, which is responsible for the legislative activities affecting the Treasurer's Office. Duties include developing and monitoring legislative initiatives, researching, analyzing and drafting legislation, working with the members of the General Assembly and keeping the Treasurer advised on all pertinent legislation.
- Information Technology Division (IT), which is responsible for meeting the data processing needs of the operational divisions of the Treasurer's Office through the provision of the most up-to-date electronic solutions available in the marketplace. This division also maintains all operational systems and provides both hardware and software support for the Treasurer's mainframe computer and wide area network.
- Our Own Home Program Division, which is responsible for the statewide program that helps people buy a home or keep their homes from being foreclosed.
- Press Office Division, which acts as the chief spokesman for the Office of the State Treasurer in all matters involving media and media relations. Additionally, this division handles all media inquiries, press releases, news stories, press conference and events, public relations and official statements regarding the Treasurer's Office.
- Scheduling and Events Management Division, which is responsible for the scheduling and coordination of all Treasurer's Office events and special activities.
- Unclaimed Property Division, which is responsible for assisting unclaimed property owners in the retrieval of their abandoned assets.
- Warrant Division, which processes over \$55 billion annually through more than 8 million warrants. The Treasurer is mandated by law to cancel and record all State warrants presented for payment. The Treasurer is also mandated by law to assure that all State warrants drawn on the State Treasury have sufficient fund balances to support the payment. All warrants that do not pass this critical test are held until sufficient monies become available.

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION

AGENCY FUNCTIONS AND PLANNING PROGRAM - CONTINUED

For the Two Years Ended June 30, 2005

Treasurer's Planning Program

The Office of the Treasurer is responsible for the safekeeping and investing of monies deposited with her Office and for disbursing monies upon order of the Comptroller. The Treasurer's investment policies are governed by State statute. In addition, the Treasurer's Office has adopted its own investment practices which supplement the statutory requirements.

The Honorable Judy Baar Topinka was elected to a third four-year term which began January 2003.

The management of the Treasurer's Office has established and implemented an overall planning program in order to accomplish and comply with its responsibilities and mission. Each year, as part of the budgetary cycle, division managers submit "Divisional Budget Listings." Preparation of these forms enables managers to establish major goals and objectives for the budget year, assess the impact of established objectives on divisional resources and operations, and establish target dates for commencement and completion of defined activities. In addition, periodic senior staff retreats are scheduled to develop an overall annual planning strategy for the Treasurer, including specific target levels for each program initiative.

In addition to the process discussed above, the Treasurer has created an Investment Policy Committee to provide guidance in the allocation of State assets within the Treasurer's investment portfolio. The committee also develops strategy for the selection of State depositories and designs and implements programmatic initiatives to address community development needs throughout the State.

The Treasurer also has an EDP Steering Committee to provide guidance in the acquisition and commitment of data processing resources and the prioritization of data processing projects for the Treasurer's various organizational units. EDP personnel prepare a long-range Information Systems Plan which includes a three-year timeline projection and an analysis of current computer security and control, staffing, hardware, software and systems.

Auditor's Assessment of Planning Program

We read the Divisional Budget Listings, the Treasurer's long-range Information Systems Plan, and other supporting documentation which were obtained during the examination period. There were no items noted in the procedures performed as part of our examination through the completion of the planning program review checklist that are required to be reported as deficiencies in the Independent Accountants' Report on State Compliance, on Internal Control over Compliance, and on Supplementary Information for State Compliance Purposes. We believe this planning program is appropriate.

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION

AVERAGE NUMBER OF EMPLOYEES

For the Years Ended June 30

TREASURER'S PERSONNEL

The average number of personnel employed at the Treasurer's Office is as follows:

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Executive Offices	14	12	18
Accounting Division	14	15	15
Banking Division	20	20	18
Capital Litigation Division	2	2	2
Communications Division	3	1	1
Economic Development Division	8	7	1
Financial Education Division	5	6	6
Fiscal Operations Division	6	8	9
Human Resources Division	3	3	3
Inter-Governmental Affairs Division	13	11	9
Internal Audit Division	7	7	2
Law Division	1	2	6
Legislative Division	6	5	1
Information Technology Division	2	1	8
Our Own Home Program Division	3	1	1
Press Office Division	5	4	6
Scheduling and Events Management Division	2	2	2
Unclaimed Property Division	42	44	55
Warrant Division	6	6	6
Subtotal - personnel compensated through appropriated funds	<u>162</u>	<u>157</u>	<u>169</u>
 IPTIP Administrative Trust Fund employees (compensated through unappropriated State Treasury Fund)	 28	 31	 28
 College Savings Administrative Trust Fund employees (compensated through unappropriated State Treasury Fund)	 <u>6</u>	 <u>4</u>	 <u>4</u>
 Total average number of Treasurer personnel	 <u><u>196</u></u>	 <u><u>192</u></u>	 <u><u>201</u></u>

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION

EMERGENCY PURCHASES

For the Two Years Ended June 30, 2005

The Treasurer's Office reported the following emergency purchases to the Office of the Auditor General during the two fiscal years ended June 30, 2005:

Fiscal Year 2005

<u>Description</u>	<u>Amount</u>
Claims processing for the Unclaimed Property Division	\$ 356,686.93
Publication of names of apparent owners of abandoned property in Will County	\$ <u>27,995.20</u>
	\$ <u>384,682.13</u>

Fiscal Year 2004

There were no emergency purchases during FY04.

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION

UNCLAIMED PROPERTY FUNCTION

For the Two Years Ended June 30, 2005

Effective July 1, 1999, the rights, powers, duties, and functions vested in the Department of Financial Institutions to administer the Uniform Disposition of Unclaimed Property Act were transferred to the State Treasurer.

The Unclaimed Property Division was established within the Office of the Treasurer to administer the Uniform Disposition of Unclaimed Property Act, which stipulates that the State should assist unclaimed property owners in the retrieval of their abandoned assets. The law requires that all public and private entities remit all unclaimed assets that have been left unclaimed for a period of five years or more. Government entities must remit all unclaimed assets within seven years. Because Illinois is a custodial state, an owner or heir can always claim funds that were remitted to the division. There is no time limit.

STATE OF ILLINOIS
OFFICE OF THE TREASURER
NONFISCAL OFFICER RESPONSIBILITIES
COMPLIANCE EXAMINATION

SERVICE EFFORTS AND ACCOMPLISHMENTS
(Not Examined)

The following table details various data representative of the Treasurer's operations:

<u>For the Fiscal Year Ended June 30</u>	<u>2005</u>	<u>2004</u>
Warrant Division		
Number of warrants issued	8,460,917	9,108,478
Number of warrants paid	8,399,938	8,966,741
Number of forgery claims	1,087	1,482
Amount of forgery claims	\$ 664,704	\$ 752,689
Number of warrants outstanding as confirmed with the Comptroller's Office	323,761	360,793
Unclaimed Property Division		
Number of written unclaimed property inquiries processed	98,569	62,926
Amount of unclaimed property remittances received	\$ 160,372,123	\$ 184,861,872
Number of unclaimed property claims paid	40,138	26,490
Amount of unclaimed property claims paid	\$ 68,337,495	\$ 55,670,636