

McGladrey & Pullen

Certified Public Accountants

State of Illinois Department of Revenue

Financial Audit

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**

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Note: The Department has issued a separately bound Compliance Report.

**State of Illinois
Department of Revenue**

**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	David Hunt
Program Administrators:	
Administrative Services	Stephanie Arkin
Account Processing	Scott Miller
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**

Financial Statement Report

Summary

The audit of the accompanying basic financial statements of the State of Illinois, Department of Revenue (Department), was performed by McGladrey & Pullen, LLP.

Based on their audit, the auditors expressed an unqualified opinion on the Department's basic financial statements.

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying 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, as of and for the year ended June 30, 2006, which collectively comprise the State of Illinois, Department of Revenue's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State of Illinois, Department of Revenue's management. Our responsibility is to express opinions on these financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the financial statements of the State of Illinois, Department of Revenue are intended to present the financial position and changes in financial position and cash flows, where applicable, of only that portion of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the State that is attributable to the transactions of the State of Illinois, Department of Revenue. They do not purport to, and do not, present fairly the financial position of the State of Illinois as of June 30, 2006, and its changes in financial position including cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position 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, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 15, 2006 on our consideration of the State of Illinois, Department of Revenue's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The State of Illinois, Department of Revenue has not presented a management's discussion and analysis and budgetary comparison information for the General and Motor Fuel Tax Funds that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Illinois, Department of Revenue's basic financial statements. The combining statements and schedules listed as supplementary information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements and schedules listed as supplementary information in the table of contents have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements 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, the Comptroller, 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

State of Illinois
Department of Revenue

Statement of Net Assets

June 30, 2006 (Expressed in Thousands)

	Governmental Activities	Business-type Activities	Total
ASSETS			
Unexpended appropriations	\$ 18,311	\$ -	\$ 18,311
Cash equity in State Treasury	1,130,377	13,858	1,144,235
Cash and cash equivalents	5	4,965	4,970
Investments	-	1,104	1,104
Taxes receivable, net	1,188,402	-	1,188,402
Intergovernmental receivables	467	-	467
Other receivables	2,904	12,946	15,850
Due from Department fiduciary funds	-	1,040	1,040
Due from Department funds	(65,683)	65,683	-
Due from State of Illinois component units	276,481	-	276,481
Inventories	283	1,291	1,574
Prepaid expenses	550	80	630
Capital assets being depreciated, net	1,706	695	2,401
Total assets	2,553,803	101,662	2,655,465
LIABILITIES			
Accounts payable and accrued liabilities	993,737	66,564	1,060,301
Intergovernmental payables	869,714	286	870,000
Due to other Department fiduciary funds	25,779	-	25,779
Due to other State fiduciary funds	597	142	739
Due to other State funds	64,919	3,410	68,329
Due to State of Illinois component units	422	2	424
Deferred revenue	28,535	2,365	30,900
Long-term obligations:			
Portion due or payable within one year	280	150	430
Portion due or payable after one year	14,705	2,181	16,886
Total liabilities	1,998,688	75,100	2,073,788
NET ASSETS			
Invested in capital assets, net of related debt	1,706	695	2,401
Restricted for education	-	25,867	25,867
Unrestricted net assets	553,409	-	553,409
Total net assets	\$ 555,115	\$ 26,562	\$ 581,677

The accompanying notes to the financial statements are an integral part of this statement.

State of Illinois
Department of Revenue
Statement of Activities

For the Year Ended June 30, 2006 (Expressed in Thousands)

	Program Revenues			Net (Expense) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs						
Governmental activities						
General government	\$ 294,085	\$ 40,115	\$ 240	\$ (253,730)	\$ -	\$ (253,730)
Employment and economic development	5,000	-	-	(5,000)	-	(5,000)
Environment and business regulation	12,996	6,560	-	(6,436)	-	(6,436)
Intergovernmental-revenue sharing	4,438,047	-	-	(4,438,047)	-	(4,438,047)
Interest	1	-	-	(1)	-	(1)
Total governmental activities	<u>4,750,129</u>	<u>46,675</u>	<u>240</u>	<u>(4,703,214)</u>	<u>-</u>	<u>(4,703,214)</u>
Business-type activities						
Lottery	1,334,373	1,968,755	-		634,382	634,382
Total Department	<u>\$ 6,084,502</u>	<u>\$ 2,015,430</u>	<u>\$ 240</u>			
General revenues						
Taxes:						
Income taxes				11,127,490	-	11,127,490
Sales taxes				9,578,320	-	9,578,320
Motor fuel taxes				1,422,955	-	1,422,955
Public utility taxes				1,454,617	-	1,454,617
Other taxes				1,811,628	-	1,811,628
Interest and investment income				6,379	110	6,489
Other revenues				340,503	3	340,506
Appropriations from State Resources				218,191	-	218,191
Lapsed appropriations				(8,006)	-	(8,006)
Receipts collected and transmitted to State Treasury				(19,433,032)	-	(19,433,032)
Net change in liabilities for reappropriated accounts				(2)	-	(2)
Amount of SAMS transfers-in				(3,168,830)	-	(3,168,830)
Amount of SAMS transfers-out				1,319,513	-	1,319,513
Capital transfers to other State agencies				(18)	-	(18)
Transfers-in				641,987	-	641,987
Transfers-out				(332,682)	(645,919)	(978,601)
Total general revenues and transfers				<u>4,979,013</u>	<u>(645,806)</u>	<u>4,333,207</u>
Change in net assets						
Net assets, July 1, 2005				275,799	(11,424)	264,375
Net assets, June 30, 2006				279,316	37,986	317,302
				<u>\$ 555,115</u>	<u>\$ 26,562</u>	<u>\$ 581,677</u>

The accompanying notes to the financial statements are an integral part of this statement.

State of Illinois
Department of Revenue

Balance Sheet -
Governmental Funds

June 30, 2006 (Expressed in Thousands)

	General Fund	Motor Fuel Tax Fund 0012	Non-major funds	Total Governmental Funds
ASSETS				
Unexpended appropriations	\$ 6,771	\$ 10,171	\$ 1,369	\$ 18,311
Cash equity in State Treasury	412,787	3,728	713,862	1,130,377
Cash and cash equivalents	-	-	5	5
Taxes receivables, net	847,305	122,002	219,095	1,188,402
Intergovernmental receivables	443	24	-	467
Other receivables	-	-	2,904	2,904
Due from other Department funds	85,146	-	175,790	260,936
Due from State of Illinois component units	-	-	276,481	276,481
Inventories	283	-	-	283
Total assets	\$ 1,352,735	\$ 135,925	\$ 1,389,506	\$ 2,878,166
LIABILITIES				
Accounts payable and accrued liabilities	\$ 953,947	\$ 6,257	\$ 33,533	\$ 993,737
Intergovernmental payables	447	6,337	862,930	869,714
Due to other Department fiduciary funds	-	-	25,779	25,779
Due to other State fiduciary funds	257	153	187	597
Due to other Department funds	282,118	-	44,501	326,619
Due to other State funds	63,390	185	1,344	64,919
Due to State of Illinois component units	39	-	383	422
Unavailable revenue	123,240	8,253	27,795	159,288
Deferred revenue	28,535	-	-	28,535
Total liabilities	1,451,973	21,185	996,452	2,469,610
FUND BALANCES (DEFICITS)				
Reserved for:				
Encumbrances	-	-	835	835
Inventories	283	-	-	283
Unreserved, undesignated				
General fund	(99,521)	-	-	(99,521)
Special revenue funds	-	114,740	392,219	506,959
Total fund balances (deficits)	(99,238)	114,740	393,054	408,556
Total liabilities and fund balances (deficits)	\$ 1,352,735	\$ 135,925	\$ 1,389,506	\$ 2,878,166

The accompanying notes to the financial statements are an integral part of this statement.

State of Illinois
Department of Revenue
Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Assets
June 30, 2006
(Expressed in Thousands)

Total fund balances-governmental funds	\$	408,556
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		1,706
Prepaid expenses for governmental activities are current uses of financial resources for funds		550
Revenues in the Statement of Activities that do not provide current financial resources are deferred in the funds.		159,288
Some liabilities reported in the Statement of Net Assets do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds. These activities consist of:		
Compensated absences		(14,985)
Net assets of governmental activities	\$	<u>555,115</u>

The accompanying notes to the financial statements are an integral part of this statement.

State of Illinois
Department of Revenue

**Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds**

For the Year Ended June 30, 2006 (Expressed in Thousands)

	General Fund	Motor Fuel Tax Fund 0012	Non-major funds	Total Governmental Funds
REVENUES				
Federal operating grants	\$ -	\$ 24	\$ 192	\$ 216
Income taxes	10,174,590	-	981,456	11,156,046
Sales taxes	7,050,280	-	2,514,730	9,565,010
Motor fuel taxes	-	1,352,710	74,253	1,426,963
Public utility taxes	1,049,552	-	405,423	1,454,975
Other taxes	676,962	-	1,135,759	1,812,721
Licenses and fees	6,463	907	36,808	44,178
Other charges for services	2,326	-	168	2,494
Interest and other investment income	-	-	6,379	6,379
Other	1,553	-	338,950	340,503
Total revenues	<u>18,961,726</u>	<u>1,353,641</u>	<u>5,494,118</u>	<u>25,809,485</u>
EXPENDITURES				
General government	142,917	62,785	87,310	293,012
Employment and economic development	-	-	5,000	5,000
Environment and business regulation	-	-	12,996	12,996
Intergovernmental	-	-	4,438,047	4,438,047
Debt service - principal	51	-	-	51
Debt service - interest	1	-	-	1
Capital outlays	452	84	399	935
Total expenditures	<u>143,421</u>	<u>62,869</u>	<u>4,543,752</u>	<u>4,750,042</u>
Excess (deficiency) of revenues over (under) expenditures	<u>18,818,305</u>	<u>1,290,772</u>	<u>950,366</u>	<u>21,059,443</u>
OTHER SOURCES (USES) OF FINANCIAL RESOURCES				
Appropriations from State resources	133,824	79,801	4,566	218,191
Lapsed appropriations	(6,688)	(888)	(430)	(8,006)
Receipts collected and transmitted to State Treasury	(17,115,565)	(1,372,796)	(944,671)	(19,433,032)
Net change in liabilities for reappropriated accounts	-	-	(2)	(2)
Amount of SAMS Transfers-in	(3,131,030)	-	(37,800)	(3,168,830)
Amount of SAMS Transfers-out	1,318,155	-	1,358	1,319,513
Transfers-in	1,322,896	-	1,230,261	2,553,157
Transfers-out	(1,370,264)	-	(873,588)	(2,243,852)
Net other sources (uses) of financial resources	<u>(18,848,672)</u>	<u>(1,293,883)</u>	<u>(620,306)</u>	<u>(20,762,861)</u>
Net change in fund balances	<u>(30,367)</u>	<u>(3,111)</u>	<u>330,060</u>	<u>296,582</u>
Fund balances (deficits), July 1, 2005	(68,984)	117,851	62,994	111,861
Increase for changes in inventories	113	-	-	113
FUND BALANCES (DEFICITS), JUNE 30, 2006	<u>\$ (99,238)</u>	<u>\$ 114,740</u>	<u>\$ 393,054</u>	<u>\$ 408,556</u>

The accompanying notes to the financial statements are an integral part of this statement.

State of Illinois
Department of Revenue
Reconciliation of Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to Statement of Activities
For the Year Ended June 30, 2006
(Expressed in Thousands)

Net change in fund balances		\$ 296,582
Change in inventories		113
		296,695
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlays exceed depreciation in the current period.		209
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		51
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This amount represents the decrease in unavailable revenue over the prior year.		(20,678)
Prepaid expenses in the Statement of Net Assets are not reported as expenses in governmental funds. This amount represents the increase in prepaid expense over the prior year.		300
Some capital assets were transferred out to other State agencies and, therefore, no proceeds were received for the capital asset's value.		(18)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Increase in compensated absences obligation		(760)
		(760)
Change in net assets of governmental activities		\$ 275,799

The accompanying notes to the financial statements are an integral part of this statement.

State of Illinois
Department of Revenue

Statement of Net Assets -
Proprietary Funds
June 30, 2006 (Expressed in Thousands)

	<u>Nonmajor Enterprise Fund State Lottery 0711</u>
ASSETS	
Cash equity with State Treasurer	\$ 13,858
Cash and cash equivalents	4,965
Investments, short-term	129
Other receivables, net	12,946
Due from other Department fiduciary funds	1,040
Due from other Department funds	65,685
Inventories	1,291
Prepaid expenses	80
Total current assets	<u>99,994</u>
Investments	975
Capital assets being depreciated, net	695
Total assets	<u>101,664</u>
LIABILITIES	
Accounts payable and accrued liabilities	66,564
Intergovernmental payables	286
Due to other State fiduciary funds	142
Due to other Department funds	2
Due to other State funds	3,410
Due to State of Illinois component units	2
Deferred revenue	2,365
Current portion of long-term obligations	150
Total current liabilities	<u>72,921</u>
Noncurrent portion of long-term obligations	2,181
Total liabilities	<u>75,102</u>
NET ASSETS	
Invested in capital assets, net of related debt	695
Net assets restricted for education	25,867
Total net assets	<u>\$ 26,562</u>

The accompanying notes to the financial statements are an integral part of this statement.

State of Illinois

Department of Revenue

Statement of Revenues, Expenses and Changes in Fund

Net Assets - Proprietary Funds

For the Year Ended June 30, 2006 (Expressed in Thousands)

	Nonmajor Enterprise Fund State Lottery 0711
OPERATING REVENUES	
Charges for sales and services	\$ 1,964,255
Other	4,500
Total operating revenues	<u>1,968,755</u>
OPERATING EXPENSES	
Cost of sales and services	144,984
Prizes and claims	1,133,130
General and administrative	55,960
Depreciation	285
Total operating expenses	<u>1,334,359</u>
Operating income (loss)	<u>634,396</u>
NONOPERATING REVENUES (EXPENSES)	
Interest and investment income	110
Other revenues	3
Other expenses	(14)
Income (loss) before operating transfers	<u>634,495</u>
Transfers-out	<u>(645,919)</u>
Net income (loss)	<u>(11,424)</u>
Net assets (deficit), July 1, 2005	<u>37,986</u>
NET ASSETS (DEFICIT), JUNE 30, 2006	<u>\$ 26,562</u>

The accompanying notes to the financial statements are an integral part of this statement.

State of Illinois
Department of Revenue

Statement of Cash Flows -
Proprietary Funds

For the Year Ended June 30, 2006 (Expressed in Thousands)

	Nonmajor Enterprise Fund State Lottery 0711
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from sales and services (net of \$839,982 cash prizes paid by agents and \$99,248 commission retained by agents)	\$ 1,018,856
Cash payments to employees for services	(103,654)
Cash payments for lottery prizes	(272,441)
Cash receipts from other operating activities	4,500
Net cash provided (used) by operating activities	<u>647,261</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers-out to other funds	(674,503)
Net cash provided (used) by noncapital financing activities	<u>(674,503)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(292)
Net cash (used) by capital and related financing activities	<u>(292)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends on investments	110
Net cash provided (used) by investing activities	<u>110</u>
Net increase (decrease) in cash and cash equivalents	(27,424)
Cash and cash equivalents, July 1, 2005	<u>46,247</u>
CASH AND CASH EQUIVALENTS, JUNE 30, 2006	\$ 18,823
Reconciliation of cash and cash equivalents to the statement of net assets:	
Total cash and cash equivalents per the statement of net assets	4,965
Add: Cash equity with State Treasurer	13,858
CASH AND CASH EQUIVALENTS, JUNE 30, 2006	\$ 18,823

The accompanying notes to the financial statements are an integral part of this statement.

State of Illinois
Department of Revenue

Statement of Cash Flows -
Proprietary Funds

For the Year Ended June 30, 2006 (Expressed in Thousands)

	Nonmajor Enterprise Fund State Lottery 0711
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
OPERATING INCOME (LOSS)	\$ 634,396
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	285
Provision for uncollectible accounts	893
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(6,465)
(Increase) decrease in due from other funds	(329)
(Increase) decrease in inventory	320
(Increase) decrease in prepaid expenses	36
Increase (decrease) in accounts payable and accrued liabilities	18,115
Increase (decrease) in intergovernmental payables	19
Increase (decrease) in due to other funds	463
Increase (decrease) in due to component units	1
Increase (decrease) in deferred revenues	(605)
Increase (decrease) in other liabilities	132
Total adjustments	<u>12,865</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 647,261
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
Loss on disposal of capital assets	<u>\$ (14)</u>
Transfers of capital assets to other funds	<u>\$ 3</u>

The accompanying notes to the financial statements are an integral part of this statement.

State of Illinois
Department of Revenue

Statement of Fiduciary Net Assets

June 30, 2006 (Expressed in Thousands)

	<u>Investment Trust Fund</u>		<u>Deferred Prize Winners Trust Fund 0978</u>	<u>Agency Funds</u>
ASSETS				
Cash equity in State Treasury	\$ 1,547	\$		261,637
Cash and cash equivalents	-			2,494
Fixed income investments	708,282			-
Taxes receivable, net	-			112,546
Other receivables, net	1			405
Due from other Department funds	-			25,779
Total assets	<u>709,830</u>	<u>\$</u>		<u>402,861</u>
LIABILITIES				
Accounts payable and accrued liabilities	-	\$		13,407
Intergovernmental payables	-			386,952
Due to other Department funds	1,040			-
Other liabilities	507			2,502
Total liabilities	<u>1,547</u>	<u>\$</u>		<u>402,861</u>
NET ASSETS				
Restricted-Held in trust for prizewinners	<u>708,283</u>			
Total net assets	<u>\$ 708,283</u>			

The accompanying notes to the financial statements are an integral part of this statement.

State of Illinois
Department of Revenue

Statement of Changes in Fiduciary Net Assets

For the Year Ended June 30, 2006 (Expressed in Thousands)

	<u>Investment Trust Fund</u>
	<u>Deferred Prize Winners Trust Fund 0978</u>
Additions:	
Investment earnings:	
Interest, dividends and other investment income	\$ 49,721
Net decrease in the fair value of investments	(55,385)
Net investment income	<u>(5,664)</u>
Participant account transactions:	
Prize securities deposited	12,790
Total additions	<u>7,126</u>
Deductions:	
Payments to prizewinners	169,203
Total deductions	<u>169,203</u>
Net additions (deductions)	(162,077)
Net assets, July 1, 2005	<u>870,360</u>
Net assets, JUNE 30, 2006	<u>\$ 708,283</u>

The accompanying notes to the financial statements are an integral part of this statement.

**STATE OF ILLINOIS
DEPARTMENT OF REVENUE**

Notes to Financial Statements

June 30, 2006

(1) Organization

The Department of Revenue (the Department) is a part of the executive branch of government of the State of Illinois (State) and operates under the authority of and review by the Illinois General Assembly. The Department operates under a budget approved by the General Assembly in which resources primarily from the General Revenue Fund and the Motor Fuel Tax Funds are appropriated for the use of the Department. Activities of the Department are subject to the authority of the Office of the Governor, the State's chief executive officer, and other departments of the executive and legislative branches of government (such as the Department of Central Management Services, the Governor's Office of Management and Budget, the State Treasurer's Office, and the State Comptroller's Office) as defined by the Illinois General Assembly. All funds appropriated to the Department and all other cash received are under the custody and control of the State Treasurer, with the exception of the Surety Bond Fund, the Lottery Agent Security Deposits Fund, and the Evidence Fund.

The Department is organized to provide for administering, collecting, enforcing and determining distribution of the taxes imposed by the State's major tax acts. The Department also administers and oversees the operations of the Illinois Lottery, the Liquor Control Commission, the Illinois Gaming Board, and the Illinois Racing Board.

(2) Summary of Significant Accounting Policies

The financial statements of the Department have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB). To facilitate the understanding of data included in the financial statements, summarized below are the more significant accounting policies.

(a) Financial Reporting Entity

As defined by GAAP, the financial reporting entity consists of a primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit's board and either (a) the primary government's ability to impose its will, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- 2) Fiscal dependency on the primary government.

Based upon the required criteria, the Department has no component units and is not a component unit of any other entity. However, because the Department is not legally separate from the State of Illinois, the financial statements of the Department are included in the financial statements of the State of Illinois. The State of Illinois' Comprehensive Annual Financial Report may be obtained by writing to the State Comptroller's Office, Division of Financial Reporting, 325 West Adams Street, Springfield, Illinois, 62704-1871.

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(b) Basis of Presentation

The financial statements of the State of Illinois, Department of Revenue, are intended to present the financial position, changes in financial position, and cash flows of only that portion of the governmental activities, each major governmental fund of the State of Illinois, the enterprise fund, and the aggregate remaining fund information of the State of Illinois that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the State of Illinois as of June 30, 2006 the changes in financial position for the year then ended, and the cash flows in conformity with accounting principles generally accepted in the United States of America.

Government-wide Statements. The government-wide statement of net assets and statement of activities report the overall financial activity of the Department, excluding fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities of the Department. These statements distinguish between the *governmental* and *business-type* activities of the Department. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net assets presents the assets and liabilities of the Department's governmental and business-type activities with the difference being reported as net assets. The assets and liabilities are presented in order of their relative liquidity by class of asset or liability with liabilities whose average maturities are greater than one year reported in two components - the amount due within one year and the amount due in more than one year.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Department and for each function of the Department's governmental activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges paid by the recipients of goods or services offered by the programs. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements. The fund financial statements provide information about the Department's funds, including fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equally values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The Department administers the following major governmental funds (or portions thereof in the case of shared funds - see note 2(d)) of the State:

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General – This is the State’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The services which are administered by the Department and accounted for in the general fund include, among others, general government services.

Motor Fuel Tax – This fund accounts for the activities for various transportation related program expenditures and the administrative cost of supervising the use of funds apportioned to municipalities, counties and road districts. Funding sources include State fuel taxes and an allocation (transfer) of State sales tax collections from the General Fund.

Additionally, the Office administers the following fund types:

Governmental Fund Types:

Special Revenue – These funds account for resources obtained from specific revenue sources that are legally restricted to expenditures for specified purposes. Special revenue funds account for, among other things, federal grant programs, taxes levied with statutorily defined distributions and other resources restricted as to purpose.

Proprietary Fund Types:

Enterprise – The State Lottery Fund accounts for operations of the State Lottery in which the net proceeds are used for the support of the State’s Common School Fund.

Fiduciary Fund Types:

Investment Trust – The Deferred Lottery Prizewinners Trust Fund accounts for the external portion of investment pools made on behalf of Lottery prizewinners.

Agency – These funds account for taxes and other assets collected and held by the Department, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

(c) *Measurement Focus and Basis of Accounting*

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Department gives (or receives) value without directly receiving (or giving) equal value in exchange, include income, sales, motor fuel, excise and replacement taxes. On an accrual basis, revenues from these taxes are recognized in the fiscal year in which the underlying exchange transaction occurs. Revenue from grants, entitlements, and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

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Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the State considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, 1) principal and interest on formal debt issues, such as bonds and capital leases, are recorded only when payment is due and 2) compensated absences and claims and judgments are recorded when they are expected to be liquidated with expendable available financial resources. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Significant revenue sources which are susceptible to accrual include income taxes, sales taxes, public utility taxes, motor fuel taxes, other taxes and interest. All other revenue sources including fines, penalties, licenses, and other miscellaneous revenues are considered to be measurable and available only when cash is received.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The State also has the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The State has elected not to follow subsequent private-sector guidance as it relates to the Department's operations.

(d) Shared Fund Presentation

The financial statement presentation for the General Revenue Fund, Education Assistance Fund, Motor Fuel Tax Fund, Public Utility Fund, Underground Storage Tank Fund, Illinois Gaming Law Enforcement Fund, Used Tire Management Fund, Natural Areas Acquisition Fund, Open Space Lands Acquisition and Development Fund, Common School Fund, Drycleaner Environment Response Trust Fund, Supplemental Low Income Energy Assistance Fund, Renewable Energy Resources Trust Fund, School Infrastructure Fund, Petroleum Resources Revolving Fund, International Tourism Fund, Tobacco Settlement Recovery Fund, Emergency Public Health Fund, Build Illinois Fund, and Local Tourism Fund represent only the portion of the shared fund that can be directly attributed to the operations of the Department. Financial statements for total fund operations of the shared State funds are presented in the State of Illinois' Comprehensive Annual Financial Report.

In presenting these financial statements, certain unique accounts are used for the presentation of shared funds. The following accounts are used in these financial statements to present the Department's portion of shared funds:

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Unexpended Appropriations

This "asset" account represents lapse period warrants issued between July and August annually in accordance with the Statewide Accounting Management System (SAMS) records plus any liabilities relating to obligations re-appropriated to the subsequent fiscal year.

Appropriations from State Resources

This "other financing source" account represents the final legally adopted appropriation according to SAMS records.

Lapsed Appropriations

Lapsed appropriations are the legally adopted appropriations less net warrants issued for the 14 month period from July to August of the following year and re-appropriations to subsequent years according to SAMS records.

Receipts Collected and Transmitted to State Treasury

This "other financing use" account represents all cash receipts received during the fiscal year from SAMS records.

Amount of SAMS Transfers-In

This "other financing use" account represents cash transfers made by the Office of the Comptroller in accordance with statutory provisions to the corresponding fund during the fiscal year per SAMS records in which the Department did not make a deposit into the State Treasury.

Amount of SAMS Transfers-Out

This "other financing source" account represents cash transfers made by the Office of the Comptroller in accordance with statutory provision from the corresponding fund during the fiscal year per SAMS records in which a legally adopted appropriation was not charged.

(e) Eliminations

Eliminations have been made in the government-wide statement of net assets to minimize the "grossing-up" effect on assets and liabilities within the governmental activities column of the Department. As a result, amounts reported in the governmental funds balance sheet as interdepartmental interfund receivables and payables have been eliminated in the government-wide statement of net assets. Amounts reported in the governmental funds balance sheet and proprietary statement of net assets as receivable from or payable to fiduciary funds have been included in the government-wide statement of net assets as receivable from and payable to external parties, rather than as internal balances.

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(f) Cash and Cash Equivalents

Cash equivalents are defined as short-term, highly liquid investments readily convertible to cash with maturities of less than 90 days at time of purchase. Cash and cash equivalents include cash on hand and cash in banks for locally held funds.

(g) Inventories

Inventories, consisting primarily of lottery tickets and postage and printing supplies, are valued at cost, principally on the first-in, first-out (FIFO) method. Significant inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

(h) Prepaid items

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items on the government-wide statement of net assets.

(i) Interfund Transactions

The Department has the following types of interfund transactions between Department funds and funds of other State agencies:

Services provided and used—sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as interfund receivables and payables in the governmental funds balance sheet or the government-wide and proprietary fund statements of net assets.

Reimbursements—repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Transfers—flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses.

(j) Capital Assets

Capital assets, which consist of equipment and automobiles, are reported at cost. Contributed assets are reported at estimated fair value at the time received. Capital assets are depreciated using the straight-line method.

The capitalization threshold for equipment and automobiles is \$5,000 and the estimated useful life is 3-15 years.

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(k) *Compensated Absences*

The liability for compensated absences reported in the government-wide and proprietary fund statements of net assets consists of unpaid, accumulated vacation and sick leave balances for Department employees. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. The liability has been calculated based on the employees' current salary level and includes salary related costs (e.g., social security and Medicare tax).

Legislation that became effective January 1, 1998 capped the paid sick leave for all State Employees' Retirement System members at December 31, 1997. Employees continue to accrue twelve sick days per year, but will not receive monetary compensation for any additional time earned after December 31, 1997. Sick days earned between 1984 and December 31, 1997 (with a 50% cash value) would only be used after all days with no cash value are depleted. Any sick days earned and unused after December 31, 1997 will be converted to service time for purposes of calculating employee pension benefits.

(l) *Fund Balances*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for specific purpose. Designations of fund balances represent tentative State plans that are subject to change.

(m) *Net Assets*

In the government-wide and proprietary fund statements of net assets, equity is displayed in three components as follows:

Invested in Capital Assets, Net of Related Debt – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the State's policy to use restricted resources first, then unrestricted resources when they are needed.

Unrestricted – This consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

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(n) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(o) New Accounting Pronouncements

Effective for the year ended June 30, 2006 the State adopted GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, which established accounting and financial reporting standards for the impairment of capital assets. There was no significant impact on the Department's financial statements as a result of adopting this statement.

Effective for the year ended June 30, 2006 the State adopted GASB Statement No. 47, *Accounting for Termination Benefits*, which established accounting and financial reporting standards for termination benefits. There was no significant impact on the Department's financial statements as a result of adopting this statement.

(3) Deposits and Investments

(a) Deposits

The State Treasurer is the custodian of the State's cash and cash equivalents for funds maintained in the State Treasury. These deposits are pooled and invested with other State funds in accordance with the Deposit of State Moneys Act of the Illinois Compiled Statutes (15 ILCS 520/11). Funds held by the State Treasurer have not been categorized as to credit risk because the Department does not own individual securities. Detail on the nature of these deposits and investments is available within the State of Illinois' Comprehensive Annual Financial Report.

(b) Investments

As of June 30, 2006, the Department had the following investments outside of the State Treasury:

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	Fair Value (Thousands)	Weighted Average Maturity (Years)
<i>Enterprise Funds</i>		
Annuities	\$ 1,104	7.366
<i>Fiduciary Funds</i>		
U.S. Treasury Bonds	\$ 708,282	3.851

Interest Rate Risk: The Department does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk: Prior to July 30, 1985, the Department did not have a formal investment policy that limited investment choices. Subsequent to July 30, 1985, the Department is limited to investing in direct obligations of the United States of America or backed by the full faith and credit of the United States of America. The Department's investments in annuities are not rated.

(4) Taxes Receivable

Taxes receivable (amounts expressed in thousands) at June 30, 2006 are as follows:

	General Fund	Motor Fuel Tax Fund	Nonmajor Governmental Funds	Fiduciary Funds
Taxes receivables:				
Income	\$ 755,115	\$ -	\$ 80,547	\$ -
Sales	557,125	-	183,212	98,462
Motor fuel tax	-	149,885	11,347	-
Public utility	16,081	-	18,181	8,531
Other	30,953	-	20,454	5,553
Total taxes receivable	1,359,274	149,885	313,741	112,546
Less: allowance for uncollectible taxes	511,969	27,883	94,646	-
Taxes receivable, net	\$ 847,305	\$ 122,002	\$ 219,095	\$ 112,546

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(5) Interfund Balances and Activity

(a) Balances Due to/from Other Funds

The following balances (amounts expressed in thousands) at June 30, 2006 represent amounts due from other Department funds.

<u>Fund</u>	<u>Due from</u>		<u>Description/Purpose</u>
	<u>Other Department Funds</u>	<u>Other Department Fiduciary Funds</u>	
General	\$ 85,146	\$ -	Due from other Department funds pursuant to statutory tax allocations.
Nonmajor governmental funds	175,790	-	Due from other Department funds pursuant to statutory tax allocations.
Lottery	65,685	1,040	Due from General Fund for cumulative overpayment of lottery profits and for unclaimed lottery prizes.
Fiduciary Funds	25,779	-	Due from other Department funds pursuant to statutory tax allocations.
	<u>\$ 352,400</u>	<u>\$ 1,040</u>	

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The following balances (amounts expressed in thousands) at June 30, 2006 represent amounts due to other Department and State of Illinois funds.

Fund	Due to				Description/Purpose
	Other Department Funds	Other State Funds	Other Department Fiduciary Funds	Other State Fiduciary Funds	
General	\$ 282,118	\$ 63,390	\$ -	\$ 257	Due to other Department funds pursuant to statutory tax allocations and cumulative overpayment of lottery profits, to other State funds for administrative expenses, and to other State fiduciary funds for payment of retirement benefits.
Motor Fuel	-	185	-	153	Due to other State funds for administrative expenses and to other State fiduciary funds for payment of retirement benefits.
Nonmajor governmental funds	44,501	1,344	25,779	187	Due to other Department funds pursuant to statutory tax allocations, to other State funds for administrative expenses, other Department fiduciary funds pursuant to statutory tax allocations, and to other State fiduciary funds for payment of retirement benefits.
Lottery	2	3,410	-	142	Due to other State funds for administrative expenses and due to other State fiduciary funds for payment of retirement benefits.
Fiduciary Funds	1,040	-	-	-	Due to Lottery Fund for unclaimed lottery prizes.
	<u>\$ 327,661</u>	<u>\$ 68,329</u>	<u>\$ 25,779</u>	<u>\$ 739</u>	

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(b) Transfers to/from Other Funds

Interfund transfers in (amounts expressed in thousands) for the year ended June 30, 2006, were as follows:

<u>Fund</u>	<u>Transfers in from</u>		<u>Description/Purpose</u>
	<u>Other Department Funds</u>	<u>Other State Funds</u>	
General	\$ 1,322,896	\$ -	Transfers from Lottery Fund for lottery profits, other Department funds pursuant to statutory tax allocations, and from other State nonmajor governmental funds for debt service payments.
Nonmajor governmental funds	1,229,961	300	Transfers from other Department funds pursuant to statutory tax allocations.
	<u>\$ 2,552,857</u>	<u>\$ 300</u>	

Interfund transfers out (amounts expressed in thousands) for the year ended June 30, 2006, were as follows:

<u>Fund</u>	<u>Transfers out to</u>		<u>Description/Purpose</u>
	<u>Other Department Funds</u>	<u>Other State Funds</u>	
General	\$ 1,047,135	\$ 323,129	Transfers to other Department funds and other State funds pursuant to statutory tax allocations.
Nonmajor governmental funds	864,035	9,553	Transfers to other Department funds and other State funds pursuant to statutory tax allocations and to other State funds for budget shortfalls.
Lottery Fund	641,687	4,232	Transfers to General Fund for lottery profits and to other State funds for budget shortfalls.
	<u>\$ 2,552,857</u>	<u>\$ 336,914</u>	

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(c) Balances Due to State of Illinois Component Units

The following balances (amounts expressed in thousands) at June 30, 2006 represent amounts due to State of Illinois Component Units for reimbursements for expenses incurred.

Fund	Due to		
	General Fund	Nonmajor Governmental Fund	Lottery Fund
Illinois Toll Highway	\$ -	\$ -	\$ 2
University of Illinois	39	383	-
	<u>\$ 39</u>	<u>\$ 383</u>	<u>\$ 2</u>

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(6) Capital Assets

Capital asset activity (amounts expressed in thousands) for the year ended June 30, 2006 was as follows:

	<u>Balance July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Net Transfers</u>	<u>Balance June 30, 2006</u>
Governmental activities:					
Capital assets being depreciated:					
Equipment	\$ 10,421	\$ 935	\$ 18	\$ (531)	\$ 10,807
Less accumulated depreciation:					
Equipment	<u>8,906</u>	<u>726</u>	<u>18</u>	<u>(513)</u>	<u>9,101</u>
Governmental activity capital assets, net	<u>\$ 1,515</u>	<u>\$ 209</u>	<u>\$ -</u>	<u>\$ (18)</u>	<u>\$ 1,706</u>

Depreciation expense for governmental activities (amounts expressed in thousands) for the year ended June 30, 2006 was charges to functions as follows:

	General government	<u>\$ 726</u>			
	<u>Balance July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Net Transfers</u>	<u>Balance June 30, 2006</u>
Business-type activities:					
Capital assets being depreciated:					
Equipment	3,029	292	556	8	2,773
Less accumulated depreciation:					
Equipment	<u>2,330</u>	<u>285</u>	<u>542</u>	<u>5</u>	<u>2,078</u>
Business-type activity capital assets, net	<u>\$ 699</u>	<u>\$ 7</u>	<u>\$ 14</u>	<u>\$ 3</u>	<u>\$ 695</u>

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(7) Long-Term Obligations

(a) Changes in Long-Term Obligations

Changes in long-term obligations (amounts expressed in thousands) for the year ended June 30, 2006 were as follows:

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006	Amounts Due Within One Year
Governmental activities:					
Compensated Absences	\$ 14,225	\$ 8,585	\$ 7,825	\$14,985	\$ 280
Installment purchase obligations	51	-	51	-	
Total governmental activities	<u>\$ 14,276</u>	<u>\$ 8,585</u>	<u>\$ 7,876</u>	<u>\$14,985</u>	<u>\$ 280</u>
Business-type activities:					
Compensated Absences	\$ 1,095	\$ 663	\$ 531	\$ 1,227	\$ 21
Obligations to Lottery prizewinners	1,233	-	129	1,104	129
Total business-type activities	<u>\$ 2,328</u>	<u>\$ 663</u>	<u>\$ 660</u>	<u>\$ 2,331</u>	<u>\$ 150</u>

Compensated absences have been liquidated by the applicable governmental funds that account for the salaries and wages of the related employees.

(b) Obligations to Lottery Prize Winners

The State has obligations to certain lottery prize winners for awards payable in annual installments ranging from nineteen years to the life of the prize winner, with the first payment being made after the claim is presented for payment. In addition, the State has fulfilled its obligations for certain other prize winners through the purchase of annuities under group contracts.

For certain prize winners, annuities were purchased in the name of the State for which the State has retained the rights of ownership. Effective July 30, 1985, State law provides that the State Treasurer, with the consent of the Director of Revenue, may contract to invest in securities, which provide payments corresponding to the Lottery's obligation to these winners. The present value of these annuities and the related liabilities owed to prize winners, approximating \$1.1 million, have been reported in the financial statements of the State Lottery Fund, a non-major enterprise fund.

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In addition to the prize obligations discussed above, the State has provided for other payments corresponding to the Lottery's obligation to prize winners through the purchase of direct obligations of the federal government, primarily in the form of United States Treasury zero coupon bonds. As established by State law, such securities shall be maintained in the Deferred Lottery Prize Winners Trust Fund, a special trust fund separate and apart from all public money or funds of the State. These investments are purchased in amounts to provide for annual annuity payments to the prize winner(s) of each qualifying individual drawing. Since these monies are invested by the State on behalf of external legally separate entities (the prize winners), with specific investments being acquired for these individual entities for which the income from and changes in the value of the investments affect only the prize winners for whom they were acquired, in accordance with the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the Deferred Lottery Prize Winners Trust Fund is reported as an investment trust fund. The investments of the fund are reported at fair value, \$708.3 million at June 30, 2006, and the net assets are reported as reserved for external investment pool participants.

(8) Pension Plan

Substantially all of the Department's full-time employees who are not eligible for participation in another state-sponsored retirement plan participate in the State Employees' Retirement System (SERS), which is a pension trust fund in the State of Illinois reporting entity. The SERS is a single-employer defined benefit public employee retirement system (PERS) in which State employees participate, except those covered by the State Universities, Teachers', General Assembly, and Judges' Retirement Systems. The financial position and results of operations of the SERS for fiscal year 2006 are included in the State of Illinois' Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2006. The SERS issues a separate CAFR that may be obtained by writing to the SERS, 2101 South Veterans Parkway, Springfield, Illinois, 62794-9255.

A summary of SERS benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the SERS' CAFR. Also included is a discussion of employer and employee obligations to contribute and the authority under which those obligations are established.

The Department pays employer retirement contributions based upon an actuarially determined percentage of their payrolls. For fiscal year 2006, the employer contribution rate was 7.792%. Effective for pay periods beginning after December 31, 1991, the State opted to pay the employee portion of retirement for most State agencies (including the Department) with employees covered by the State Employees' and Teachers' Retirement Systems. However, effective with the fiscal year 2004 budget, the State opted to stop paying the portion or a part of the portion of retirement for many State agencies (including the Department) for certain classes of employees covered by the State Employees' and Teachers' Retirement Systems. The pickup, when applicable, is subject to sufficient annual appropriations and those employees covered may vary across employee groups and State agencies.

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(9) Post-employment Benefits

The State provides health, dental, and life insurance benefits for certain retirees and their dependents. Substantially all State employees become eligible for post-employment benefits if they eventually become annuitants of one of the State sponsored pension plans. Health and dental benefits include basic benefits for annuitants under the State's self-insurance plan and insurance contracts currently in force. Life insurance benefits are limited to \$5,000 per annuitant age 60 and older. The total cost of health, dental, and life insurance benefits of all members, including post-employment health, dental, and life insurance benefits, is recognized as an expenditure for the State in the Illinois Comprehensive Annual Financial Report. The total costs incurred for health, dental, and life insurance benefits are not separated by Department for annuitants and their dependents nor active employees and their dependents.

(10) Fund Deficits

The General, Local Government Tax, Illinois Racing Board Grant, Illinois Tax Increment, School Infrastructure, and Personal Property Tax Replacement funds had fund balance deficits of \$99.238 million, \$4.046 million, \$17 thousand, \$633 thousand, \$2.295 million, and \$15.913 million, respectively, at June 30, 2006. The fund deficits in the General Fund and School Infrastructure Funds will be eliminated through the appropriation of future State revenues to the Department. The fund deficits in the Local Government Tax Fund and the Personal Property Tax Replacement Fund will be eliminated by future recognition of earned but unavailable revenues. The fund deficit of the Illinois Racing Board Grant Fund and the Illinois Tax Increment Fund will be eliminated through future revenues earned.

(11) Risk Management

The Department is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; workers compensation and natural disasters. The State retains the risk of loss (i.e self insured) for these risks.

The Department's risk management activities are financed through appropriations to the Illinois Department of Central Management Services and are accounted for in the general fund of the State. The claims are not considered to be a liability of the Department; and accordingly, have not been reported in the Department's financial statements for the year ended June 30, 2006.

(12) Commitments and Contingencies

(a) Operating leases

The Department leases certain office space under annual agreements which require the Department to make minimum lease payments. Rent expense under operating leases was \$8.904 million for the year ended June 30, 2006.

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June 30, 2006

(b) *Litigation*

The Department is routinely involved in a number of legal proceedings and claims that cover a wide range of matters. In the opinion of management, the outcome of these matters is not expected to have any material adverse effect on the financial position or results of operations of the Department.

State of Illinois
Department of Revenue
Combining Schedule of Accounts
General Fund

June 30, 2006 (Expressed in Thousands)

	General Revenue Account 0001	Common School Special 0005	Education Assistance 0007	Income Tax Refund 0278	Common School 0412	Total
ASSETS						
Unexpended appropriation	\$ 6,771	-	-	-	-	\$ 6,771
Cash equity in State Treasury	149,204	58,938	9,138	178,896	16,611	412,787
Taxes receivable, net	664,551	93,393	28,647	58,430	2,284	847,305
Intergovernmental receivables	-	-	-	443	-	443
Due from other Department funds	84,424	-	720	-	2	85,146
Inventories	283	-	-	-	-	283
Total assets	\$ 905,233	\$ 152,331	\$ 38,505	\$ 237,769	\$ 18,897	\$ 1,352,735

LIABILITIES						
Accounts payable and accrued liabilities	\$ 175,047	\$ 45,868	-	\$ 727,157	\$ 5,875	\$ 953,947
Intergovernmental payables	447	-	-	-	-	447
Due to other State fiduciary funds	257	-	-	-	-	257
Due to other Department funds	96,058	-	-	120,375	65,685	282,118
Due to other State funds	63,390	-	-	-	-	63,390
Due to Component Units	39	-	-	-	-	39
Unavailable revenue	95,127	8,661	6,148	12,865	439	123,240
Deferred revenue	28,535	-	-	-	-	28,535
Total liabilities	458,900	54,529	6,148	860,397	71,999	1,451,973

FUND BALANCES (DEFICITS)						
Reserved for:						
Encumbrances	-	-	-	-	-	-
Inventories	283	-	-	-	-	283
Unreserved, undesignated	446,050	97,802	32,357	(622,628)	(53,102)	(99,521)
Total fund balances (deficits)	446,333	97,802	32,357	(622,628)	(53,102)	(99,238)
Total liabilities and fund balances (deficits)	\$ 905,233	\$ 152,331	\$ 38,505	\$ 237,769	\$ 18,897	\$ 1,352,735

State of Illinois
Department of Revenue

**Combining Schedule of Revenues,
Expenditures and Changes in Fund Balance -
General Fund**

For the Year Ended June 30, 2006 (Expressed in Thousands)

	General Revenue Account 0001	Common School Special 0005	Education Assistance 0007	Income Tax Refund 0278	Common School 0412	Eliminations	Total
REVENUES							
Income taxes	\$ 9,362,796	\$ -	\$ 737,494	\$ 74,300	\$ -	\$ -	\$ 10,174,590
Sales taxes	5,284,762	1,765,518	-	-	-	-	7,050,280
Public utility taxes	949,608	-	-	-	99,944	-	1,049,552
Other taxes	508,491	-	-	-	168,471	-	676,962
Licenses and fees	6,187	-	-	-	276	-	6,463
Other charges for services	1,326	-	1,000	-	-	-	2,326
Other	1,553	-	-	-	-	-	1,553
Total revenues	16,114,723	1,765,518	738,494	74,300	268,691	-	18,961,726
EXPENDITURES							
General government	119,723	-	-	23,194	-	-	142,917
Debt service - principal	51	-	-	-	-	-	51
Debt service - interest	1	-	-	-	-	-	1
Capital outlay	452	-	-	-	-	-	452
Total expenditures	120,227	-	-	23,194	-	-	143,421
Excess (deficiency) of revenues over (under) expenditures	15,994,496	1,765,518	738,494	51,106	268,691	-	18,818,305
OTHER SOURCES (USES) OF FINANCIAL RESOURCES							
Appropriations from State resources	133,824	-	-	-	-	-	133,824
Lapsed appropriations	(6,688)	-	-	-	-	-	(6,688)
Receipts collected and transmitted to State Treasury	(16,115,636)	-	(735,567)	-	(264,362)	-	(17,115,565)
Amount of SAMS transfers-in	(26,572)	-	(685,000)	-	(2,419,458)	-	(3,131,030)
Amount of SAMS transfers-out	1,318,155	-	-	-	-	-	1,318,155
Transfers-in	107,702	-	677,120	-	2,390,645	(1,852,571)	1,322,896
Transfers-out	(1,330,460)	(1,748,958)	-	(143,417)	-	1,852,571	(1,370,264)
Net other sources (uses) of financial resources	(15,919,675)	(1,748,958)	(743,447)	(143,417)	(293,175)	-	(18,848,672)
Net change in fund balances	74,821	16,560	(4,953)	(92,311)	(24,484)	-	(30,367)
Fund balances (deficits), July 1, 2005	371,399	81,242	37,310	(530,317)	(28,618)	-	(68,984)
Increase for changes in inventories	113	-	-	-	-	-	113
FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ 446,333	\$ 97,802	\$ 32,357	\$ (622,628)	\$ (53,102)	\$ -	(99,238)

State of Illinois
Department of Revenue
Combining Balance Sheet -
Non-major Governmental Funds
 June 30, 2006 (Expressed in Thousands)

	Special Revenue									
	Public Utility	Underground Storage Tank	Illinois Law Enforcement	State Gaming	IDOR Federal Trust	Rental Housing Support Program	State & Local Sales Tax Reform	RTA Occupation and Use Tax Replacement		
	0059	0072	0085	0129	0140	0150	0186	0187		
ASSETS										
Unexpended appropriations	\$ -	\$ 31	\$ 1,338	\$ -	\$ -	\$ -	\$ -	\$ -		
Cash equity in State Treasury	-	4,253	23	15,493	143	21,145	39,391	-		
Cash and cash equivalents	-	-	-	-	-	-	-	-		
Taxes receivable, net	5,501	6,715	738	2,167	-	-	15,030	-		
Other receivables	-	-	-	-	-	-	-	-		
Due from other Department funds	-	-	-	-	-	-	-	-		5,016
Due from State of Illinois component units	-	-	-	-	-	-	-	-		-
Total assets	\$ 5,501	\$ 10,999	\$ 2,099	\$ 17,660	\$ 143	\$ 21,145	\$ 54,421	\$ 5,016		
LIABILITIES										
Accounts payable and accrued liabilities	\$ 484	\$ 212	\$ 65	\$ 458	\$ 143	\$ 7,000	\$ -	\$ -		
Intergovernmental payables	-	2	1,267	12,843	-	-	10,032	5,016		
Due to other Department fiduciary funds	-	-	-	-	-	-	-	-		
Due to other State fiduciary funds	-	6	7	66	-	-	-	-		
Due to other Department funds	-	-	-	720	-	-	39,825	-		
Due to other State funds	-	1	17	840	-	-	301	-		
Due to State of Illinois component units	-	-	-	77	-	-	-	-		
Unavailable revenue	3	397	13	-	-	-	4,263	-		
Total liabilities	487	618	1,369	15,004	143	7,000	54,421	5,016		
FUND BALANCES (DEFICITS)										
Reserved for encumbrances	-	-	-	682	-	-	-	-		
Unreserved, undesignated	5,014	10,381	730	1,974	-	14,145	-	-		
Total fund balances	5,014	10,381	730	2,656	-	14,145	-	-		
Total liabilities and fund balances (deficits)	\$ 5,501	\$ 10,999	\$ 2,099	\$ 17,660	\$ 143	\$ 21,145	\$ 54,421	\$ 5,016		

State of Illinois
Department of Revenue
Combining Balance Sheet -
Non-major Governmental Funds
 June 30, 2006 (Expressed in Thousands)

	Special Revenue									
	County & Mass Transit 0188	Local Government Tax 0189	Illinois Sports Facility 0225	Emergency Public Health 0240	Racing Board Fingerprint License 0248	Illinois Charity 0271	Debt Collection Board 0279	Illinois Racing Board Grant 0280	Illinois Tax Increment 0281	
ASSETS										
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity in State Treasury	53,988	214,358	3,938	10	82	361	5	22	3,161	
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-
Taxes receivable, net	16,091	74,947	3,938	-	-	-	-	-	1,353	
Other receivables	-	-	625	406	-	-	-	-	7	
Due from other Department funds	-	-	-	-	-	-	-	-	-	
Due from State of Illinois component units	-	-	-	-	-	-	-	-	-	
Total assets	\$ 70,079	\$ 289,305	\$ 8,501	\$ 416	\$ 82	\$ 361	\$ 5	\$ 22	\$ 4,521	
LIABILITIES										
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 531
Intergovernmental payables	43,893	289,305	8,501	-	-	-	-	39	4,494	
Due to other Department fiduciary funds	25,779	-	-	-	-	-	-	-	-	
Due to other State fiduciary funds	-	-	-	-	-	-	-	-	4	
Due to other Department funds	-	-	-	-	-	-	-	-	-	
Due to other State funds	-	-	-	-	21	-	-	-	-	26
Due to State of Illinois component units	-	-	-	-	-	-	-	-	-	
Unavailable revenue	407	4,046	-	10	-	-	-	-	-	99
Total liabilities	70,079	293,351	8,501	10	21	-	-	39	-	5,154
FUND BALANCES (DEFICITS)										
Reserved for encumbrances	-	-	-	-	-	-	-	-	-	34
Unreserved, undesignated	-	(4,046)	-	406	61	361	5	(51)	(633)	
Total fund balances	\$ 70,079	\$ 289,305	\$ 8,501	\$ 406	\$ 61	\$ 361	\$ 5	\$ (17)	\$ (633)	
Total liabilities and fund balances (deficits)										

State of Illinois
Department of Revenue
Combining Balance Sheet -
Non-major Governmental Funds
 June 30, 2006 (Expressed in Thousands)

	Special Revenue						
	Illinois Affordable Housing Trust 286	Used Tire Management 0294	Natural Areas Acquisition 0298	Open Space Lands Acquisition & Development 0299	Horse Racing Equity Trust 0313	Tax Compliance and Administration 0384	Local Government Distributive 0515
ASSETS							
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity in State Treasury	45,178	53	455	1,062	-	1,276	47
Cash and cash equivalents	-	-	-	-	-	-	-
Taxes receivable, net	-	-	-	-	-	443	-
Other receivables	-	1,557	-	-	-	-	-
Due from other Department funds	-	-	-	-	-	-	121,417
Due from State of Illinois component units	276,481	-	-	-	-	-	-
Total assets	\$ 321,659	\$ 1,610	\$ 455	\$ 1,062	\$ -	\$ 1,719	\$ 121,464
LIABILITIES							
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45	\$ -
Intergovernmental payables	-	-	-	-	-	4	120,839
Due to other Department fiduciary funds	-	-	-	-	-	-	-
Due to other State fiduciary funds	-	-	-	-	-	17	-
Due to other Department funds	-	460	-	-	-	-	625
Due to other State funds	-	-	-	-	-	54	-
Due to State of Illinois component units	-	-	-	-	-	-	-
Unavailable revenue	-	51	-	-	-	140	-
Total liabilities	\$ -	\$ 511	\$ -	\$ -	\$ -	\$ 260	\$ 121,464
FUND BALANCES (DEFICITS)							
Reserved for encumbrances	-	-	-	-	-	23	-
Unreserved, undesignated	321,659	1,099	455	1,062	-	1,436	-
Total fund balances	\$ 321,659	\$ 1,099	\$ 455	\$ 1,062	\$ -	\$ 1,459	\$ -
Total liabilities and fund balances (deficits)	\$ 321,659	\$ 1,610	\$ 455	\$ 1,062	\$ -	\$ 1,719	\$ 121,464

State of Illinois
Department of Revenue
Combining Balance Sheet -
Non-major Governmental Funds
 June 30, 2006 (Expressed in Thousands)

	Special Revenue											
	Drycleaner Environmental Response 0548	Supplemental Low Income Energy Assistance 0550	Renewable Energy Resource 0564	School Infrastructure 0568	Petroleum Resources 0573	International Tourism 0621	Horse Racing 0632	Municipal Economic Development 0650				
ASSETS												
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity in State Treasury	-	2,466	154	2,695	23	622	3,417	77	-	-	-	-
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-
Taxes receivable, net	174	7,211	-	1,224	-	951	38	21	-	-	-	-
Other receivables	-	-	450	-	-	-	-	-	-	-	-	-
Due from other Department funds	-	-	-	-	-	-	-	-	-	-	-	-
Due from State of Illinois component units	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 174	\$ 9,677	\$ 604	\$ 3,919	\$ 23	\$ 1,573	\$ 3,455	\$ 98				
LIABILITIES												
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 5,790	\$ -	\$ 21	\$ 171	\$ -				
Intergovernmental payables	-	-	-	-	-	-	12	-				
Due to other Department fiduciary funds	-	-	-	-	-	-	-	-				
Due to other State fiduciary funds	-	-	-	-	-	-	6	-				
Due to other Department funds	-	-	-	-	-	-	2,871	-				
Due to other State funds	-	-	-	-	-	-	52	-				
Due to State of Illinois component units	-	-	-	-	-	-	306	-				
Unavailable revenue	-	-	-	424	-	34	-	21				
Total liabilities	\$ -	\$ -	\$ -	\$ 6,214	\$ -	\$ 55	\$ 3,418	\$ 21				
FUND BALANCES (DEFICITS)												
Reserved for encumbrances	-	-	-	-	-	-	15	-				
Unreserved, undesignated	174	9,677	604	(2,295)	23	1,518	22	77				
Total fund balances	\$ 174	\$ 9,677	\$ 604	\$ (2,295)	\$ 23	\$ 1,518	\$ 37	\$ 77				
Total liabilities and fund balances (deficits)	\$ 174	\$ 9,677	\$ 604	\$ 3,919	\$ 23	\$ 1,573	\$ 3,455	\$ 98				

State of Illinois
Department of Revenue
Combining Balance Sheet -
Non-major Governmental Funds
 June 30, 2006 (Expressed in Thousands)

	Special Revenue										Total
	Tobacco Settlement Recovery 0733	Personal Property Tax Replacement 0802	Dram Shop 0821	Senior Citizen Real Estate Deferred Tax 0930	Build Illinois 0960	Local Tourism 0969	Evidence Fund 1369				
ASSETS											
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,369
Cash equity in State Treasury	-	283,665	1,676	1,871	11,445	1,107	-	-	-	-	713,862
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	5	5
Taxes receivable, net	-	48,772	-	-	32,116	1,665	-	-	-	-	219,095
Other receivables	-	484	-	-	-	-	-	-	-	-	2,904
Due from other Department funds	-	39,282	-	-	9,450	-	-	-	-	-	175,790
Due from State of Illinois component units	-	-	-	-	-	-	-	-	-	-	276,481
Total assets	\$ -	\$ 372,403	\$ 1,676	\$ 1,871	\$ 53,011	\$ 2,772	\$ -	\$ 5	\$ -	\$ -	\$ 1,389,506
LIABILITIES											
Accounts payable and accrued liabilities	\$ 3	\$ 7,506	\$ 57	\$ -	\$ 11,010	\$ 37	\$ -	\$ -	\$ -	\$ -	\$ 33,533
Intergovernmental payables	-	364,812	-	1,871	-	-	-	-	-	-	862,930
Due to other Department fiduciary funds	-	-	-	-	-	-	-	-	-	-	25,779
Due to other State fiduciary funds	-	76	5	-	-	-	-	-	-	-	187
Due to other Department funds	-	-	-	-	-	-	-	-	-	-	44,501
Due to other State funds	-	9	23	-	-	-	-	-	-	-	1,344
Due to State of Illinois component units	-	-	-	-	-	-	-	-	-	-	383
Unavailable revenue	-	15,913	-	-	1,938	36	-	-	-	-	27,795
Total liabilities	3	388,316	85	1,871	12,948	73	-	-	-	-	996,452
FUND BALANCES (DEFICITS)											
Reserved for encumbrances	-	-	49	32	-	-	-	-	-	-	835
Unreserved, undesignated	(3)	(15,913)	1,542	(32)	40,063	2,699	-	-	-	5	392,219
Total fund balances	(3)	(15,913)	1,591	-	40,063	2,699	-	-	-	5	393,054
Total liabilities and fund balances (deficits)	\$ -	\$ 372,403	\$ 1,676	\$ 1,871	\$ 53,011	\$ 2,772	\$ -	\$ 5	\$ -	\$ -	\$ 1,389,506

**State of Illinois
Department of Revenue**

**Combining Statement of Revenues,
Expenditures and Changes in Fund Balance -
Non-major Governmental Funds**

For the Year Ended June 30, 2006 (Expressed in Thousands)

	Special Revenue																			
	Public Utility 0059	Underground Storage Tank 0072	Illinois Gaming Law Enforcement 0085	State Gaming 0129	IDOR Federal Trust 0140	Rental Housing Support Program 0150	State & Local Sales Tax Reform 0186	RTA Occupation and Use Tax Replacement 0187												
REVENUES																				
Federal operating grants	-	-	-	-	-	-	-	-	192	-	-	-	-	-	-	-	-	-	-	-
Income taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Motor fuel taxes	-	74,253	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public utility taxes	6,387	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other taxes	-	-	3,408	800,677	-	21,145	-	-	-	-	-	-	-	-	-	-	-	-	-	-
License and fees	5,500	-	334	873	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other charges for services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and other investment income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	(24)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	11,887	74,253	3,742	801,526	192	21,145	223,965													
EXPENDITURES																				
General government	-	807	-	4,460	78	7,000	2	-	-	-	-	-	-	-	-	-	-	-	-	-
Employment and economic development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environment and business regulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	2,261	121,004	-	-	44,793	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt service - principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	119	114	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	807	2,261	125,583	192	7,000	44,795													
Excess (deficiency) of revenues over (under) expenditures	11,887	73,446	1,481	675,943	-	14,145	179,170													
OTHER SOURCES (USES) OF FINANCIAL RESOURCES																				
Appropriations from State resources	-	909	2,480	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lapsed appropriations	-	(117)	(236)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	(12,264)	(74,248)	(3,791)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net change in liabilities for reappropriated accounts	-	-	(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amount of SAMS transfers-in	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amount of SAMS transfers-out	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers-in	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers-out	-	-	-	(677,120)	-	-	(179,170)	-	-	-	-	-	-	-	-	-	-	-	-	-
Net other sources (uses) of financial resources	(12,264)	(73,456)	(1,539)	(677,120)	-	-	(179,170)													
Net change in fund balances	(377)	(10)	(58)	(1,177)	-	14,145	-													
Fund balances (deficits), July 1, 2005	5,391	10,391	788	3,833	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FUND BALANCES (DEFICITS), JUNE 30, 2006	5,014	10,381	730	2,656	-	14,145	-													

State of Illinois
Department of Revenue
Combining Statement of Revenues,
Expenditures and Changes in Fund Balance -
Non-major Governmental Funds

For the Year Ended June 30, 2006 (Expressed in Thousands)

	Special Revenue									
	County & Mass Transit 0188	Local Government Tax 0189	Illinois Sports Facility 0225	Emergency Public Health 0240	Racing Board License 0248	Illinois Board Charity 0271	Debt Collection 0279	Illinois Racing Board Grant 0280	Illinois Tax Increment 0281	
REVENUES										
Federal operating grants	-	-	-	-	-	-	-	-	-	-
Income taxes	-	-	-	-	-	-	-	-	-	-
Sales taxes	331,679	1,520,580	-	-	-	-	-	-	-	20,240
Motor fuel taxes	-	-	-	-	-	-	-	-	-	-
Public utility taxes	-	-	-	-	-	-	-	-	-	-
Other taxes	-	-	-	3,446	-	711	-	464	-	-
License and fees	-	-	-	-	98	-	-	-	-	-
Other charges for services	-	-	-	-	-	-	-	-	-	107
Interest and other investment income	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	5	-	-	-
Total revenues	331,679	1,520,580	-	3,446	98	711	5	464	-	20,347
EXPENDITURES										
General government	-	-	-	-	-	-	-	-	-	1
Employment and economic development	-	-	5,000	-	-	-	-	-	-	-
Environment and business regulation	-	-	-	-	89	750	-	460	-	-
Intergovernmental	331,679	1,520,321	-	-	-	-	-	-	-	20,433
Debt service - principal	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Total expenditures	331,679	1,520,321	5,000	-	89	750	-	460	-	20,434
Excess (deficiency) of revenues over (under) expenditures	-	259	(5,000)	3,446	9	(39)	5	4	-	(87)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES										
Appropriations from State resources	-	-	-	-	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	(3,408)	-	-	-	-	-	-
Net change in liabilities for reappropriated accounts	-	-	-	-	-	-	-	-	-	-
Amount of SAMS transfers-in	-	-	-	-	-	-	-	-	-	-
Amount of SAMS transfers-out	-	-	5,000	-	-	-	-	-	-	-
Transfers-in	-	-	-	-	(17)	-	-	-	-	-
Transfers-out	-	-	-	-	-	-	-	-	-	-
Net other sources (uses) of financial resources	-	-	5,000	(3,408)	(17)	-	-	-	-	-
Net change in fund balances	-	259	-	38	(8)	(39)	5	4	-	(87)
Fund balances (deficits), July 1, 2005	-	(4,305)	-	368	69	400	-	(21)	-	(546)
FUND BALANCES (DEFICITS), JUNE 30, 2006	-	(4,046)	-	406	61	361	5	(17)	-	(633)

**State of Illinois
Department of Revenue**

**Combining Statement of Revenues,
Expenditures and Changes in Fund Balance -
Non-major Governmental Funds**

For the Year Ended June 30, 2006 (Expressed in Thousands)

	Special Revenue						
	Illinois Affordable Housing Trust 286	Used Tire Management 0294	Natural Areas Acquisition 0298	Open Space Lands Acquisition & Development 0299	Horse Racing Equity Trust 0313	Tax Compliance and Administration 0384	Local Government Distributive 0515
REVENUES							
Federal operating grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Income taxes	-	-	-	-	-	-	-
Sales taxes	-	-	-	-	-	1	-
Motor fuel taxes	-	-	-	-	-	1,418	-
Public utility taxes	-	-	-	-	-	9	-
Other taxes	58,309	-	17,492	40,816	-	821	-
License and fees	35	12,904	-	-	-	168	-
Other charges for services	3,005	-	-	-	-	-	-
Interest and other investment income	334,102	-	-	-	-	-	-
Other	385,451	12,904	17,492	40,816	-	2,417	-
Total revenues							
	68,113	-	-	-	-	2,018	30
EXPENDITURES							
General government	-	-	-	-	-	-	-
Employment and economic development	-	-	-	-	-	-	-
Environment and business regulation	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	1,120,453
Debt service - principal	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	23	-
Total expenditures							
	68,113	-	-	-	-	2,041	1,120,483
Excess (deficiency) of revenues over (under) expenditures							
	327,338	12,904	17,492	40,816	-	376	(1,120,483)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES							
Appropriations from State resources	-	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	(12,948)	(17,489)	(40,808)	-	-	-
Net change in liabilities for reappropriated accounts	-	-	-	-	-	-	-
Amount of SAMS transfers-in	-	1,358	-	-	-	-	-
Amount of SAMS transfers-out	-	(1,344)	-	-	-	-	-
Transfers-in	(5,679)	-	-	-	-	(518)	1,125,483
Transfers-out	-	-	-	-	-	-	(5,000)
Net other sources (uses) of financial resources							
	(5,679)	(12,934)	(17,489)	(40,808)	-	(518)	1,120,483
Net change in fund balances							
	321,659	(80)	3	8	-	(142)	-
Fund balances (deficits), July 1, 2005	-	1,129	452	1,054	-	1,601	-
FUND BALANCES (DEFICITS), JUNE 30, 2006							
	\$ 321,659	\$ 1,099	\$ 455	\$ 1,062	\$ -	\$ 1,459	\$ -

**State of Illinois
Department of Revenue**

**Combining Statement of Revenues,
Expenditures and Changes in Fund Balance -
Non-major Governmental Funds**

For the Year Ended June 30, 2006 (Expressed in Thousands)

	Special Revenue									
	Drycleaner Environmental Response 0548	Supplemental Low Income Energy Assistance 0550	Renewable Energy Resource 0564	School Infrastructure 0568	Petroleum Resources 0573	International Tourism 0621	Horse Racing Development 0632	Municipal Economic Development 0650		
REVENUES										
Federal operating grants	-	-	-	-	-	-	-	-	-	-
Income taxes	-	-	-	-	-	-	-	-	-	-
Sales taxes	-	-	-	-	-	-	-	-	-	-
Motor fuel taxes	-	-	-	-	-	-	-	-	-	-
Public utility taxes	-	85,733	-	86,969	-	-	-	-	-	284
Other taxes	1,233	-	-	60,000	572	8,359	-	10,527	-	-
License and fees	1,019	-	5,316	-	-	-	-	-	-	-
Other charges for services	-	-	-	-	-	-	-	-	-	2
Interest and other investment income	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total revenues	2,252	85,733	5,316	146,969	572	8,359	10,527	286		
EXPENDITURES										
General government	-	-	-	-	-	-	-	-	-	219
Employment and economic development	-	-	-	-	-	-	-	-	-	-
Environment and business regulation	-	-	-	-	-	-	-	-	6,859	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Debt service - principal	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	12
Total expenditures	-	-	-	-	-	-	6,871	219		
Excess (deficiency) of revenues over (under) expenditures	2,252	85,733	5,316	146,969	572	8,359	3,656	67		
OTHER SOURCES (USES) OF FINANCIAL RESOURCES										
Appropriations from State resources	-	-	-	-	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	(2,318)	(83,784)	(5,241)	(149,032)	(556)	(8,167)	-	-	-	-
Net change in liabilities for reappropriated accounts	-	-	-	-	-	-	-	-	-	-
Amount of SAMS transfers-in	-	-	-	-	-	-	-	-	-	-
Amount of SAMS transfers-out	-	-	-	-	-	-	-	-	-	-
Transfers-in	-	-	-	-	-	-	-	-	-	-
Transfers-out	-	-	-	-	-	-	-	-	-	(26)
Net other sources (uses) of financial resources	(2,318)	(83,784)	(5,241)	(149,032)	(556)	(8,167)	(3,652)	(26)		
Net change in fund balances	(66)	1,949	75	(2,063)	16	192	4	41		
Fund balances (deficits), July 1, 2005	240	7,728	529	(232)	7	1,326	33	36		
FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ 174	\$ 9,677	\$ 604	\$ (2,295)	\$ 23	\$ 1,518	\$ 37	\$ 77		

**State of Illinois
Department of Revenue**

**Combining Statement of Revenues,
Expenditures and Changes in Fund Balance -
Non-major Governmental Funds**

For the Year Ended June 30, 2006 (Expressed in Thousands)

	Special Revenue										Total
	Tobacco Settlement Recovery 0733	Personal Property Tax Replacement 0802	Dram Shop 0821	Senior Citizen Real Estate Deferred Tax 0930	Build Illinois 0960	Local Tourism 0969	Evidence Fund 1369				
REVENUES											
Federal operating grants	-	-	-	-	-	-	-	-	-	-	\$ 192
Income taxes	-	981,456	-	-	-	-	-	-	-	-	981,456
Sales taxes	-	-	-	-	418,265	-	-	-	-	-	2,514,730
Motor fuel taxes	-	-	-	-	-	-	-	-	-	-	74,253
Public utility taxes	-	224,632	-	-	-	-	-	-	-	-	405,423
Other taxes	-	-	-	-	97,887	14,861	-	-	-	-	1,135,759
License and fees	-	-	5,751	-	-	-	-	-	-	-	36,808
Other charges for services	-	-	-	-	-	-	-	-	-	-	168
Interest and other investment income	-	3,265	-	-	-	-	-	-	-	-	6,379
Other	-	-	101	4,762	-	-	-	-	-	4	338,950
Total revenues	-	1,209,353	5,852	4,762	516,152	14,861	-	-	-	4	5,494,118
EXPENDITURES											
General government	-	96	-	4,486	-	-	-	-	-	-	87,310
Employment and economic development	-	-	-	-	-	-	-	-	-	-	5,000
Environment and business regulation	1,093	-	3,745	-	-	-	-	-	-	-	12,996
Intergovernmental	-	1,254,707	-	-	-	-	-	-	-	-	4,438,047
Debt service - principal	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	131	-	-	-	-	-	-	-	399
Total expenditures	1,093	1,254,803	3,876	4,486	-	-	-	-	-	-	4,543,752
Excess (deficiency) of revenues over (under) expenditures	(1,093)	(45,450)	1,976	276	516,152	14,861	-	-	-	4	950,366
OTHER SOURCES (USES) OF FINANCIAL RESOURCES											
Appropriations from State resources	1,167	-	-	-	-	-	-	-	-	-	4,566
Lapsed appropriations	(77)	-	-	-	-	-	-	-	-	-	(430)
Receipts collected and transmitted to State Treasury	-	-	-	-	(516,097)	(14,520)	-	-	-	-	(944,671)
Net change in liabilities for reappropriated accounts	-	-	-	-	-	-	-	-	-	-	(2)
Amount of SAMS transfers-in	-	-	-	-	(37,800)	-	-	-	-	-	(37,800)
Amount of SAMS transfers-out	-	-	-	-	-	-	-	-	-	-	1,358
Transfers-in	-	39,282	300	-	37,800	-	-	-	-	-	1,230,261
Transfers-out	-	-	(786)	(276)	-	-	-	-	-	-	(873,568)
Net other sources (uses) of financial resources	1,090	39,282	(486)	(276)	(516,097)	(14,520)	-	-	-	-	(620,306)
Net change in fund balances	(3)	(6,168)	1,490	-	55	341	-	-	-	4	330,060
Fund balances (deficits), July 1, 2005	-	(9,745)	101	-	40,008	2,358	-	-	-	1	62,994
FUND BALANCES (DEFICITS), JUNE 30, 2006	(3)	(15,913)	1,591	-	40,063	2,699	-	-	-	5	393,054

State of Illinois
Department of Revenue
Combining Statement of Fiduciary Net Assets
Agency Funds
 June 30, 2006 (Expressed in Thousands)

	Agency					
	County Water Commission Tax 0084	Non-Home Rule Municipal ROT 0088	Home Rule Municipal Drink ROT 0097	Home Rule Municipal Soft Municipal ROT 0138	Home Rule County ROT 0139	
ASSETS						
Cash equity in State Treasury	\$ 12,969	\$ 6,386	\$ 1,502	\$ 60,524	\$ 39,458	
Cash and cash equivalents	-	-	-	-	-	
Taxes receivable, net	1,742	2,549	730	38,304	14,600	
Other receivables	43	6	-	53	91	
Due from other Department funds	-	-	-	-	-	
Total assets	\$ 14,754	\$ 8,941	\$ 2,232	\$ 98,881	\$ 54,149	
LIABILITIES						
Accounts payable and accrued liabilities	-	-	-	\$ 1,456	\$ 54,149	
Intergovernmental payables	14,754	8,941	2,232	97,425	-	
Other liabilities	-	-	-	-	-	
Total liabilities	\$ 14,754	\$ 8,941	\$ 2,232	\$ 98,881	\$ 54,149	

State of Illinois
Department of Revenue
Combining Statement of Fiduciary Net Assets
Agency Funds

June 30, 2006 (Expressed in Thousands)

	Agency						
	Business District Retailers' Occupation Tax 0160	County Option Motor Fuel Tax 0190	County Public Safety ROT 0219	Sports Facility Tax Trust 0229	Metropolitan Pier & Expo. Auth. Trust 0337		
ASSETS							
Cash equity in State Treasury	19	\$ 5,940	\$ 9,710	\$ -	\$ -	\$ -	7,309
Cash and cash equivalents	-	-	-	-	-	-	-
Taxes receivable, net	10	2,590	3,863	57	57	-	8,347
Other receivables	-	17	-	-	-	-	25
Due from other Department funds	-	-	-	-	-	-	-
Total assets	\$ 29	\$ 8,547	\$ 13,573	\$ 57	\$ 57	\$ -	\$ 15,681
LIABILITIES							
Accounts payable and accrued liabilities	-	\$ 166	\$ -	\$ -	\$ 57	\$ -	\$ 63
Intergovernmental payables	29	8,381	13,573	-	-	-	15,618
Other liabilities	-	-	-	-	-	-	-
Total liabilities	\$ 29	\$ 8,547	\$ 13,573	\$ 57	\$ 57	\$ -	\$ 15,681

State of Illinois
Department of Revenue
Combining Statement of Fiduciary Net Assets
Agency Funds

June 30, 2006 (Expressed in Thousands)

		Agency			
		Illinois Tourism Tax 0452	Tax Suspense Trust 0583	Metro East Park & Recreation 0717	Municipal Telecommunications Fund 0719
ASSETS					
Cash equity in State Treasury	\$	2,940	\$ 8	\$ 725	\$ 38,428
Cash and cash equivalents		-	-	-	-
Taxes receivable, net		1,615	-	215	8,531
Other receivables		-	-	-	-
Due from other Department funds		-	-	-	-
Total assets	\$	4,555	\$ 8	\$ 940	\$ 46,959
LIABILITIES					
Accounts payable and accrued liabilities	\$	31	\$ -	\$ -	\$ 11,634
Intergovernmental payables		4,524	-	940	35,325
Other liabilities		-	8	-	-
Total liabilities	\$	4,555	\$ 8	\$ 940	\$ 46,959

State of Illinois
Department of Revenue
Combining Statement of Fiduciary Net Assets
Agency Funds

June 30, 2006 (Expressed in Thousands)

	Agency						
	RTA Public Transportation Tax 0741	RTA Sales Tax Trust 0812	Mass Transit District Tax 0841	Metro East Valley Authority Local Trust 0861	Tennessee Valley Authority Local Trust 0861	Municipal Automobile Renting Tax 0868	
ASSETS							
Cash equity in State Treasury	4	\$ 69,911	\$ 4,798	\$ -	\$ -	\$ 928	
Cash and cash equivalents	-	-	-	-	-	-	
Taxes receivable, net	-	27,612	1,229	-	-	552	
Other receivables	-	154	13	-	-	3	
Due from other Department funds	-	25,779	-	-	-	-	
Total assets	4	\$ 123,456	\$ 6,040	\$ -	\$ -	\$ 1,483	
LIABILITIES							
Accounts payable and accrued liabilities	-	\$ -	\$ -	\$ -	\$ -	\$ -	
Intergovernmental payables	4	123,456	6,040	-	-	1,483	
Other liabilities	-	-	-	-	-	-	
Total liabilities	4	\$ 123,456	\$ 6,040	\$ -	\$ -	\$ 1,483	

State of Illinois
Department of Revenue
Combining Statement of Fiduciary Net Assets
Agency Funds

June 30, 2006 (Expressed in Thousands)

	Agency				Total
	County Automobile Renting Tax 0869	Surety Bond 1151	Lottery Agent Security Deposit 1309		
ASSETS					
Cash equity in State Treasury	78	-	-	-	\$ 261,637
Cash and cash equivalents	-	2,059	435	-	2,494
Taxes receivable, net	-	-	-	-	112,546
Other receivables	-	-	-	-	405
Due from other Department funds	-	-	-	-	25,779
Total assets	78	2,059	435	435	\$ 402,861
LIABILITIES					
Accounts payable and accrued liabilities	-	-	-	-	\$ 13,407
Intergovernmental payables	78	-	-	-	386,952
Other liabilities	-	2,059	435	435	2,502
Total liabilities	78	2,059	435	435	\$ 402,861

State of Illinois
Department of Revenue

Combining Statement of Changes in Assets and Liabilities
Agency Funds

For the Year Ended June 30, 2006 (Expressed in Thousands)

	Balance at July 1, 2005	Additions	Deletions	Balance at June 30, 2006
County Water Commission Tax (0084)				
ASSETS				
Cash equity in State Treasury	\$ 10,112	\$ 37,811	\$ 34,954	\$ 12,969
Taxes receivable, net	2,042	1,742	2,042	1,742
Other receivables, net	21	43	21	43
Total assets	\$ 12,175	\$ 39,596	\$ 37,017	\$ 14,754
LIABILITIES				
Intergovernmental payables	\$ 12,175	\$ 14,754	\$ 12,175	\$ 14,754
Total liabilities	\$ 12,175	\$ 14,754	\$ 12,175	\$ 14,754
Non-Home Rule Municipal ROT (0088)				
ASSETS				
Cash equity in State Treasury	\$ 4,417	\$ 32,857	\$ 30,888	\$ 6,386
Taxes receivable, net	1,862	2,549	1,862	2,549
Other receivables, net	4	6	4	6
Total assets	\$ 6,283	\$ 35,412	\$ 32,754	\$ 8,941
LIABILITIES				
Intergovernmental payables	\$ 6,283	\$ 8,941	\$ 6,283	\$ 8,941
Total liabilities	\$ 6,283	\$ 8,941	\$ 6,283	\$ 8,941
Home Rule Municipal Soft Drink ROT (0097)				
ASSETS				
Cash equity in State Treasury	\$ 1,412	\$ 8,161	\$ 8,071	\$ 1,502
Taxes receivable, net	726	730	726	730
Total assets	\$ 2,138	\$ 8,891	\$ 8,797	\$ 2,232
LIABILITIES				
Intergovernmental payables	\$ 2,138	\$ 2,232	\$ 2,138	\$ 2,232
Total liabilities	\$ 2,138	\$ 2,232	\$ 2,138	\$ 2,232
Home Rule Municipal ROT (0138)				
ASSETS				
Cash equity in State Treasury	\$ 61,648	\$ 647,280	\$ 648,404	\$ 60,524
Taxes receivable, net	35,565	38,304	35,565	38,304
Other receivables, net	74	53	74	53
Total assets	\$ 97,287	\$ 685,637	\$ 684,043	\$ 98,881
LIABILITIES				
Accounts payable and accrued liabilities	\$ 1,311	\$ 1,456	\$ 1,311	\$ 1,456
Intergovernmental payables	95,976	97,425	95,976	97,425
Total liabilities	\$ 97,287	\$ 98,881	\$ 97,287	\$ 98,881

State of Illinois
Department of Revenue

Combining Statement of Changes in Assets and Liabilities
Agency Funds

For the Year Ended June 30, 2006 (Expressed in Thousands)

	Balance at July 1, 2005	Additions	Deletions	Balance at June 30, 2006
Home Rule County ROT (0139)				
ASSETS				
Cash equity in State Treasury	\$ 28,361	\$ 314,566	\$ 303,469	\$ 39,458
Taxes receivable, net	17,125	14,600	17,125	14,600
Other receivables, net	40	91	40	91
Total assets	\$ 45,526	\$ 329,257	\$ 320,634	\$ 54,149
LIABILITIES				
Intergovernmental payables	\$ 45,526	\$ 54,149	\$ 45,526	\$ 54,149
Total liabilities	\$ 45,526	\$ 54,149	\$ 45,526	\$ 54,149
Business District ROT (0160)				
ASSETS				
Cash equity in State Treasury	\$ -	\$ 19	\$ -	\$ 19
Taxes receivable, net	\$ -	\$ 10	\$ -	\$ 10
Total assets	\$ -	\$ 29	\$ -	\$ 29
LIABILITIES				
Intergovernmental payables	\$ -	\$ 29	\$ -	\$ 29
Total liabilities	\$ -	\$ 29	\$ -	\$ 29
County Option Motor Fuel Tax (0190)				
ASSETS				
Cash equity in State Treasury	\$ 5,598	\$ 30,823	\$ 30,481	\$ 5,940
Taxes receivable, net	2,568	2,590	2,568	2,590
Other receivables, net	10	17	10	17
Total assets	\$ 8,176	\$ 33,430	\$ 33,059	\$ 8,547
LIABILITIES				
Accounts payable and accrued liabilities	\$ 157	\$ 166	\$ 157	\$ 166
Intergovernmental payables	8,019	8,381	8,019	8,381
Total liabilities	\$ 8,176	\$ 8,547	\$ 8,176	\$ 8,547
County Public Safety ROT (0219)				
ASSETS				
Cash equity in State Treasury	\$ 8,074	\$ 67,377	\$ 65,741	\$ 9,710
Taxes receivable, net	4,036	3,863	4,036	3,863
Total assets	\$ 12,110	\$ 71,240	\$ 69,777	\$ 13,573
LIABILITIES				
Intergovernmental payables	\$ 12,110	\$ 13,573	\$ 12,110	\$ 13,573
Total liabilities	\$ 12,110	\$ 13,573	\$ 12,110	\$ 13,573

State of Illinois
Department of Revenue

Combining Statement of Changes in Assets and Liabilities
Agency Funds

For the Year Ended June 30, 2006 (Expressed in Thousands)

	Balance at July 1, 2005	Additions	Deletions	Balance at June 30, 2006
Sports Facility Tax Trust (0229)				
ASSETS				
Cash equity in State Treasury	\$ -	\$ 30,429	\$ 30,429	\$ -
Taxes receivable, net	7	57	7	57
Total assets	\$ 7	\$ 30,486	\$ 30,436	\$ 57
LIABILITIES				
Accounts payable and accrued liabilities	\$ 7	\$ 57	\$ 7	\$ 57
Total liabilities	\$ 7	\$ 57	\$ 7	\$ 57
Metro Pier & Exposition Authority Trust (0337)				
ASSETS				
Cash equity in State Treasury	\$ 9,619	\$ 99,551	\$ 101,861	\$ 7,309
Taxes receivable, net	7,697	8,347	7,697	8,347
Other receivables, net	13	25	13	25
Total assets	\$ 17,329	\$ 107,923	\$ 109,571	\$ 15,681
LIABILITIES				
Accounts payable and accrued liabilities	\$ 6	\$ 63	\$ 6	\$ 63
Intergovernmental payables	17,323	15,618	17,323	15,618
Total liabilities	\$ 17,329	\$ 15,681	\$ 17,329	\$ 15,681
Illinois Tourism Tax (0452)				
ASSETS				
Cash equity in State Treasury	\$ 2,660	\$ 14,387	\$ 14,107	\$ 2,940
Taxes receivable, net	1,427	1,615	1,427	1,615
Total assets	\$ 4,087	\$ 16,002	\$ 15,534	\$ 4,555
LIABILITIES				
Accounts payable and accrued liabilities	\$ 7	\$ 31	\$ 7	\$ 31
Intergovernmental payables	4,080	4,524	4,080	4,524
Total liabilities	\$ 4,087	\$ 4,555	\$ 4,087	\$ 4,555
Tax Suspense Trust (0583)				
ASSETS				
Cash equity in State Treasury	\$ 7	\$ 2	\$ 1	\$ 8
Total assets	\$ 7	\$ 2	\$ 1	\$ 8
LIABILITIES				
Other liabilities	\$ 7	\$ 2	\$ 1	\$ 8
Total liabilities	\$ 7	\$ 2	\$ 1	\$ 8

State of Illinois
Department of Revenue

Combining Statement of Changes in Assets and Liabilities
Agency Funds

For the Year Ended June 30, 2006 (Expressed in Thousands)

	Balance at July 1, 2005	Additions	Deletions	Balance at June 30, 2006
Metro East Park and Recreation (0717)				
ASSETS				
Cash equity in State Treasury	\$ 657	\$ 4,148	\$ 4,080	\$ 725
Taxes receivable, net	242	215	242	215
Total assets	\$ 899	\$ 4,363	\$ 4,322	\$ 940
LIABILITIES				
Intergovernmental payables	\$ 899	\$ 940	\$ 899	\$ 940
Total liabilities	\$ 899	\$ 940	\$ 899	\$ 940
Municipal Telecommunications Fund (0719)				
ASSETS				
Cash equity in State Treasury	\$ 42,148	\$ 275,566	\$ 279,286	\$ 38,428
Taxes receivable, net	5,658	8,531	5,658	8,531
Total assets	\$ 47,806	\$ 284,097	\$ 284,944	\$ 46,959
LIABILITIES				
Accounts payable and accrued liabilities	\$ 13,233	\$ 11,634	\$ 13,233	\$ 11,634
Intergovernmental payables	34,573	35,325	34,573	35,325
Total liabilities	\$ 47,806	\$ 46,959	\$ 47,806	\$ 46,959
RTA Public Transportation Tax (0741)				
ASSETS				
Cash equity in State Treasury	\$ 3	\$ 1	\$ -	\$ 4
Total assets	\$ 3	\$ 1	\$ -	\$ 4
LIABILITIES				
Intergovernmental payables	\$ 3	\$ 1	\$ -	\$ 4
Total liabilities	\$ 3	\$ 1	\$ -	\$ 4
RTA Sales Tax Trust (0812)				
ASSETS				
Cash equity in State Treasury	\$ 42,717	\$ 714,842	\$ 687,648	\$ 69,911
Taxes receivable, net	32,387	27,612	32,387	27,612
Other receivables, net	59	154	59	154
Due from other Department funds	23,529	25,779	23,529	25,779
Total assets	\$ 98,692	\$ 768,387	\$ 743,623	\$ 123,456
LIABILITIES				
Intergovernmental payables	\$ 98,692	\$ 123,456	\$ 98,692	\$ 123,456
Total liabilities	\$ 98,692	\$ 123,456	\$ 98,692	\$ 123,456

State of Illinois
Department of Revenue

Combining Statement of Changes in Assets and Liabilities
Agency Funds

For the Year Ended June 30, 2006 (Expressed in Thousands)

	Balance at		Balance at	
	July 1, 2005	Additions	Deletions	June 30, 2006
Metro East Mass Transit Dist. Tax (0841)				
ASSETS				
Cash equity in State Treasury	\$ 4,260	\$ 27,708	\$ 27,170	\$ 4,798
Taxes receivable, net	1,452	1,229	1,452	1,229
Other receivables, net	9	13	9	13
Total assets	\$ 5,721	\$ 28,950	\$ 28,631	\$ 6,040
LIABILITIES				
Intergovernmental payables	\$ 5,721	\$ 6,040	\$ 5,721	\$ 6,040
Total liabilities	\$ 5,721	\$ 6,040	\$ 5,721	\$ 6,040
Tennessee Valley Authority Local Trust (0861)				
ASSETS				
Cash equity in State Treasury	\$ -	\$ 202	\$ 202	\$ -
Total assets	\$ -	\$ 202	\$ 202	\$ -
LIABILITIES				
Accounts payable and accrued liabilities	\$ -	\$ 202	\$ 202	\$ -
Total liabilities	\$ -	\$ 202	\$ 202	\$ -
Municipal - Automobile Renting Tax (0868)				
ASSETS				
Cash equity in State Treasury	\$ 911	\$ 5,437	\$ 5,420	\$ 928
Taxes receivable, net	489	552	489	552
Other receivables, net	2	3	2	3
Total assets	\$ 1,402	\$ 5,992	\$ 5,911	\$ 1,483
LIABILITIES				
Intergovernmental payables	\$ 1,402	\$ 1,483	\$ 1,402	\$ 1,483
Total liabilities	\$ 1,402	\$ 1,483	\$ 1,402	\$ 1,483
County - Automobile Renting Tax (0869)				
ASSETS				
Cash equity in State Treasury	\$ 89	\$ 30	\$ 41	\$ 78
Taxes receivable, net	6	-	6	-
Total assets	\$ 95	\$ 30	\$ 47	\$ 78
LIABILITIES				
Intergovernmental payables	\$ 95	\$ 78	\$ 95	\$ 78
Total liabilities	\$ 95	\$ 78	\$ 95	\$ 78

State of Illinois
Department of Revenue

Combining Statement of Changes in Assets and Liabilities
Agency Funds

For the Year Ended June 30, 2006 (Expressed in Thousands)

	Balance at July 1, 2005	Additions	Deletions	Balance at June 30, 2006
Surety Bond (1151)				
ASSETS				
Cash and cash equivalents	\$ 1,415	\$ 1,274	\$ 630	\$ 2,059
Total assets	\$ 1,415	\$ 1,274	\$ 630	\$ 2,059
LIABILITIES				
Other liabilities	\$ 1,415	\$ 1,274	\$ 630	\$ 2,059
Total liabilities	\$ 1,415	\$ 1,274	\$ 630	\$ 2,059
Lottery Agent Security Deposit (1309)				
ASSETS				
Cash and cash equivalents	\$ 483	\$ 83	\$ 131	\$ 435
Total assets	\$ 483	\$ 83	\$ 131	\$ 435
LIABILITIES				
Other liabilities	\$ 483	\$ 83	\$ 131	\$ 435
Total liabilities	\$ 483	\$ 83	\$ 131	\$ 435
Total - All Agency Funds				
ASSETS				
Cash equity in State Treasury	\$ 222,693	\$ 2,311,197	\$ 2,272,253	\$ 261,637
Cash and cash equivalents	1,898	1,357	761	2,494
Taxes receivable, net	113,289	112,546	113,289	112,546
Other receivables, net	232	405	232	405
Due from other Department funds	23,529	25,779	23,529	25,779
Total assets	\$ 361,641	\$ 2,451,284	\$ 2,410,064	\$ 402,861
LIABILITIES				
Accounts payable and accrued liabilities	\$ 14,721	\$ 13,609	\$ 14,923	\$ 13,407
Intergovernmental payables	345,015	386,949	345,012	386,952
Other liabilities	1,905	1,359	762	2,502
Total liabilities	\$ 361,641	\$ 401,917	\$ 360,697	\$ 402,861