

**STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
COMPLIANCE EXAMINATION**

For the Two Years Ended June 30, 2004

FINAL EXAMINATION

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2004

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**STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE**

AGENCY OFFICIALS

Commissioner (current)	Mr. D. Lorenzo Padron
Commissioner (until 1/31/03)	Mr. William A. Darr
First Deputy Commissioner	Mr. David Rodriguez
Deputy Commissioner	Ms. Anne Zickus
Deputy Commissioner (until 1/31/04)	Mr. Dan Karnatz
Assistant Commissioner of Administration	Mr. Robert Thompson
Assistant Commissioner of Real Estate (effective 6/01/04)	Mr. Ron Hardgrove
Assistant Commissioner of Real Estate (12/01/02-2/10/03)	Mr. Ron Hardgrove
Assistant Commissioner of Real Estate (until 7/15/02)	Ms. Jean Crosby
Assistant Commissioner of Banks and Trust	Mr. Scott Clarke
Assistant Commissioner of Residential Finance	Vacant
Fiscal Officer	Ms. Linda Harrod
Legal Counsel	Mr. Steven Ginsburg

Agency offices are located at:

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Illinois Department of Financial and Professional Regulation

Division of Banks and Real Estate

ROD R. BLAGOJEVICH
Governor

FERNANDO E. GRILLO
Secretary

D. LORENZO PADRON
Director
Division of Banks and Real Estate

MANAGEMENT ASSERTION LETTER

October 25, 2004

Honorable William G. Holland
Auditor General
Iles Park Plaza
740 E. Ash
Springfield, IL 62703-3154

Dear Mr. Holland:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grants that could have a material effect on the operations of the Agency. We are responsible for and we have established and maintained an effective system of, internal controls over compliance requirements. We have performed an evaluation of the Agency's compliance with the following assertions during the two-year period ended June 30, 2004. Based on this evaluation, we assert that during the years ended June 30, 2003 and June 30, 2004, the Agency has materially complied with the assertions below.

- A. The agency has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The agency has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The agency has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. The State revenues and receipts collected by the agency are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. The money or negotiable securities or similar assets handled by the agency on behalf of the State or held in trust by the agency have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Sincerely,

D. Lorenzo Pardo
(Commissioner)

Ronda C. Harrod
(Fiscal Officer)

Alan Gray
(Legal Counsel)

COMPLIANCE REPORT

SUMMARY

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

AUDITORS' REPORTS

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

SUMMARY OF FINDINGS

<u>Number of</u>	<u>This Report</u>	<u>Prior Report</u>
Findings	16	6
Repeated findings	2	2
Prior recommendations implemented or not repeated	4	5

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

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
FINDINGS (STATE COMPLIANCE)		
04-1	10	Efficiency initiative payments
04-2	13	Deficiencies identified with the CLEAR computer system
04-3	15	Untimely receipt reconciliations
04-4	16	Inadequate controls over revenue processing
04-5	18	Inadequate documentation for the Agency Fee Imposition Report
04-6	19	Failure to timely update licensing information

04-7	20	Lack of controls over State vehicles and related expenditures
04-8	23	Failure to establish a Savings Bank Examiner Training Foundation
04-9	24	Inadequate controls over the personnel function
04-10	26	Lack of controls over telecommunications
04-11	28	Inadequate controls over petty cash and locally held funds
04-12	30	Noncompliance with Residential Mortgage License Act of 1987
04-13	33	Untimely deposit of receipts
04-14	35	Residential mortgage licensee examinations were not conducted in accordance with statute
04-15	36	Late approval of vouchers and lack of procedures to track and pay interest
04-16	38	Noncompliance with the State Banking Act

PRIOR FINDINGS NOT REPEATED (STATE COMPLIANCE)

04-17	39	Improper issuance of auctioneer license
04-18	39	Noncompliance with Fiscal Control and Internal Auditing Act
04-19	39	Failure to annually ensure that vehicle operators are duly licensed and insured
04-20	39	Reporting personal use of State vehicle

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an exit conference on December 15, 2004. Attending were:

Office of Banks and Real Estate

Travis March, Acting CFO (Department of Financial and Professional Regulation)

Scott Clarke, Assistant Commissioner of Banks and Trust

Linda Harrod, Fiscal Officer

Marty Rockhold, Assistant Fiscal Officer

Dominic Greco, Acting Director Information Systems

Kraig Lounsberry, Acting Assistant Director, Real Estate

David Rodriguez, First Deputy Commissioner

Steven Ginsburg, Legal Counsel

Office of the Auditor General

Gayla Rudd, OAG Manager

Kathy Lovejoy, OAG Manager

Candice Long, OAG Manager

Jessica Olive, Staff Auditor

Teri Taylor, Staff Auditor

Responses to the recommendations were provided by Linda Harrod in correspondence dated December 27, 2004.

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OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

INDEPENDENT ACCOUNTANTS' REPORT ON STATE COMPLIANCE,
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have examined the State of Illinois, Office of Banks and Real Estate's compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2004. The management of the State of Illinois, Office of Banks and Real Estate is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Office of Banks and Real Estate's compliance based on our examination.

- A. The State of Illinois, Office of Banks and Real Estate has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The State of Illinois, Office of Banks and Real Estate has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The State of Illinois, Office of Banks and Real Estate has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. The State revenues and receipts collected by the State of Illinois, Office of Banks and Real Estate are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the State of Illinois, Office of Banks and Real Estate on behalf of the State or held in trust by the State of Illinois, Office of Banks and Real Estate have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the State of Illinois, Office of Banks and Real Estate's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the State of Illinois, Office of Banks and Real Estate's compliance with specified requirements.

In our opinion, the State of Illinois, Office of Banks and Real Estate complied, in all material respects, with the aforementioned requirements during the two years ended June 30, 2004. However, the results of our procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of State findings as findings 04-1, 04-3, 04-5, 04-6, 04-7, 04-8, 04-9, 04-11, 04-12, 04-13, 04-14, 04-15 and 04-16.

As required by the Audit Guide, immaterial findings relating to instances of noncompliance excluded from this report have been reported in a separate letter.

Internal Control

The management of State of Illinois, Office of Banks and Real Estate is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations. In planning and performing our examination, we considered the State of Illinois, Office of Banks and Real Estate's internal control over compliance with the aforementioned requirements in order to determine our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General.

Our consideration of internal control over compliance with the aforementioned requirements would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws and regulations that would be material in relation to one or more of the aforementioned requirements being examined may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance that we consider to be material weaknesses. However, the results of our procedures disclosed other matters involving internal control which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of State findings as findings 04-1, 04-2, 04-3, 04-4, 04-5, 04-6, 04-7, 04-9, 04-10, 04-11 and 04-15.

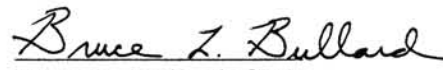
As required by the Audit Guide, immaterial findings relating to internal control deficiencies excluded from this report have been reported in a separate letter.

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information as listed in the table of contents as Supplementary Information for State Compliance Purposes is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the 2003 and the 2004 Supplementary Information for State Compliance Purposes, except for information on the Service Efforts and Accomplishments on which we did not perform any procedures. However, we do not express an opinion on the supplementary information.

We have not applied procedures to the 2002 Supplementary Information for State Compliance Purposes, and accordingly, we do not express an opinion thereon.

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


Bruce L. Bullard, CPA
Compliance Audit Director

October 25, 2004

04-1. **FINDING** (Efficiency initiative payments)

The Office of Banks and Real Estate (Agency) made payments for efficiency initiative billings from improper line item appropriations and funds.

Public Act 93-0025, in part, outlines a program for efficiency initiatives to reorganize, restructure and reengineer the business processes of the State. The State Finance Act details that the amount designated as savings from efficiency initiatives implemented by the Department of Central Management Services (CMS) shall be paid into the Efficiency Initiatives Revolving Fund. **“State agencies shall pay these amounts...from the line item appropriations where the cost savings are anticipated to occur.”** (30 ILCS 105/6p-5)

During FY04, the Agency received three billings totaling \$386,693 from CMS for savings from efficiency initiatives. The initiatives and amounts billed to the Agency were:

Billing Date	Initiative	Billed Amount
9/19/03	Procurement Efficiency	\$263,930
9/19/03	Information Technology	\$118,197
9/19/03	Vehicle Fleet Management	\$4,566
Total:		\$386,693

The Agency did not receive guidance or documentation with the billings from CMS detailing from which line item appropriations savings were anticipated to occur. According to Agency staff, they received no documentation or information from CMS detailing the nature and/or type of savings that CMS anticipated. The only guidance received on the billings was the amount of payments that should be taken from General Revenue Funds (\$263,930) versus Other Funds (\$122,763) for the September 2003 billings. The Agency adjusted its payments for the billings since it did not receive any General Revenue Fund appropriations for FY04.

Based on our review, we question whether the appropriate appropriations, as required by the State Finance Act, were used to pay for the anticipated savings. Additionally, we question the sources of funds used by the Agency to pay some of the efficiency billings.

We found that the Agency made payments for these billings **not** from line item appropriations where the cost savings were anticipated to have occurred but from line items that had available monies. For example, the Agency used:

- \$78,859 from the Savings and Residential Finance Regulatory Fund (Fund #0244) for parts of the CMS billings relative to the Procurement Efficiency, Information Technology and Vehicle Fleet Management Initiatives. State law (205 ILCS 105/7-19.1 (b)) details that “Moneys in the Savings and Residential Finance Regulatory Fund may not be appropriated, assigned, or transferred to another

State fund. The moneys in the Fund shall be for the sole benefit of the institutions assessed.” When specifically asked how the use of this Fund for the efficiency billings was in accordance with the law, the Agency replied, “These payments were made at the direction of the Governor’s Office of Management and Budget pursuant to Public Act 93-0025.”

- \$187,234 from the Bank and Trust Company Fund (Fund #0795) for parts of the CMS billings relative to the Procurement Efficiency, Information Technology and Vehicle Fleet Management Initiatives. State law (205 ILCS 5/48 (3) (c)) details that administrative expenses can be paid with monies in the Fund. Additionally, the law states that expenses are payable “all to the extent that those expenditures are directly incidental to such examinations or administration.” When specifically asked how the use of this Fund for the efficiency billings was in accordance with the law, the Agency replied, “These payments were made at the direction of the Governor’s Office of Management and Budget pursuant to Public Act 93-0025.”

The table below provides an illustration of the specific funds and line items the Agency used to make payments for the efficiency initiatives. Additionally, the table illustrates which efficiency initiatives were paid from the various line item appropriations.

Fund ¹	Line Item Appropriation	Amount Paid	Total Appropriation for Line Item	Efficiency Initiative ¹
0244, 0795, 0850	For Contractual Services	\$87,300	\$2,462,700	P
0244, 0795, 0850	For Travel	\$51,500	\$1,078,800	P
0244, 0386, 0562, 0641 0746, 0795, 0850	For Commodities	\$27,800	\$117,400	P
0244, 0746, 0795, 0850	For Equipment	\$9,100	\$235,900	P
0244, 0386, 0641, 0746 0795, 0850	For Electronic Data Processing	\$181,297	\$1,352,700	P, IT
0244, 0386, 0641, 0795 0850	For Telecommunications	\$24,130	\$360,400	P
0244, 0795, 0850	For Operation of Auto	\$5,566	\$18,500	P, V

¹ Legend:

0244-Savings and Residential Finance Regulatory Fund; 0386-Appraisal Administration Fund
0562-Pawnbroker Regulation Fund; 0641-Auction Regulation Administration Fund
0746-Home Inspector Administration Fund; 0795-Bank and Trust Company Fund
0850-Real Estate License Administration Fund
P-Procurement; IT-Information Technology; V-Vehicle Fleet Management

Use of appropriations unrelated to the cost savings initiatives results in non-compliance with the State Finance Act. Furthermore, use of appropriations for purposes other than those authorized by the General Assembly effectively negates a fundamental control established in State government. Finally, use of funds unrelated to the savings initiative may result in an adverse effect on services the Agency provides.

According to staff from CMS, efficiency initiatives billings will continue into the next fiscal year. (Finding Code No. 04-1)

RECOMMENDATION

We recommend that the Agency only make payments for efficiency initiative billings from line item appropriations where savings would be anticipated to occur. Further, the Agency should seek an explanation from the Department of Central Management Services as to how savings levels were calculated, or otherwise arrived at, and how savings achieved or anticipated impact the Agency's budget.

AGENCY RESPONSE

The Agency concurs with the finding with the following comments:

Pursuant to the provisions in Public Act 93-0025, and in order to meet the directive made by the Director of the Governor's Office of Management and Budget on September 19, 2003, the Agency made the Efficiency Initiative Payments from line items, to attain efficiency savings as requested, that would least affect the ability of the Agency to meet its statutory requirements. Without having the procurement savings identified in advance of the required date of the payment, the Agency targeted those lines having the 3% transferability option. Subsequent to the efficiency payments, the 3% transfers never occurred because the Agency was not provided documentation as to the details of the procurement savings. Since the time of efficiency payments the Agency has continued to seek identification of these savings.

04-2. **FINDING** (Deficiencies identified with the CLEAR computer system)

The Office of Banks and Real Estate's (Agency) Credentialing Licensing Enforcement And Regulation system (CLEAR) had significant deficiencies.

The CLEAR system was implemented in February 2003. CLEAR is an enterprise-wide computerized licensing, enforcement and regulatory system, which replaced the Agency's outdated legacy systems. The system was developed by a contractor with a total cost of approximately \$1 million.

During our review of the Mortgage Banking Division, we found the CLEAR system was not meeting the needs of the Agency. The following problems with the system were identified:

- Inability to accurately count fees and reconcile to dollar amounts.
- Entities are billed more than once for the same transaction.
- Licenses were not automatically listed as inactive when renewal timeframes were not met.
- Access to the system was not effectively controlled. We identified former employees with active access rights and staff with excessive rights based on job duties.
- A user manual to guide staff on the efficient and effective use of the system had not been developed.

Additionally, the lack of user training has led to inaccurate information being entered into the CLEAR system, thus causing incorrect fees to be assessed.

The CLEAR system was implemented without the use of system development standards that require adequate testing, and security controls to ensure the accuracy and integrity of the system.

Prudent business practices dictate projects are properly evaluated and approved, thoroughly tested, consistently documented, sufficiently secure and meet the needs of the users. (Finding Code No. 04-2)

RECOMMENDATION

The Agency should evaluate the CLEAR system and develop a corrective action plan to enhance the system to ensure that it meets the needs of the users.

AGENCY RESPONSE

The Agency concurs with the finding and has the following responses:

- **Inability to accurately count fees and reconcile to dollar amounts.**
The CLEAR System has a problem tracking fees. The Agency would prefer a payment tracking system, but CLEAR currently uses an account balance system. The

Agency has requested that the vendor convert to a payment tracking system that will more accurately account for fees paid. The Agency is awaiting a response from the vendor on a solution.

- **Entities are billed more than once for the same transaction.**

Procedures will be developed and training provided to the users and Agency personnel to assist in properly processing billings and payments in CLEAR.

- **Licenses were not automatically listed as inactive at end of renewal.**

The CLEAR System does not automatically change the status of a licensee, however, it does have a process that will accomplish this function. The Real Estate Board prefers not to inactivate licenses at the time of the expiration date due to the volume of renewals that have to be handled. Many renewals are received at the last minute and processing continues for some time after the due date. The system is designed to renew active licenses; therefore maintaining an active status after the expiration date saves processing time for late renewals. Other professions that utilize the system may require that processes be designed to monitor inactive licenses on a timelier basis.

- **Access to the system was not effectively controlled.**

For the IS Staff to be aware of an access rights modification, the business areas must communicate any desired staff changes. The business areas have final determination for access rights. The Agency will seek to identify better ways of communicating any applicable access rights changes to the IS Staff.

- **A user manual has not been developed.**

The Agency will be in conversation with the vendor to ascertain the capability of developing a complete Agency manual for all CLEAR users.

04-3. **FINDING** (Untimely receipt reconciliations)

The Office of Banks and Real Estate (Agency) did not perform monthly reconciliations of agency receipts to the Comptroller's records in accordance with the Statewide Accounting Management System (SAMS) Manual.

We noted that 84 out of 108 (78%) and 79 out of 108 (73%) monthly receipt reconciliations were not performed by the end of the following month during FY04 and FY03, respectively. These receipt reconciliations were performed up to 223 days late. Due to the untimely receipt reconciliations, Reconciliation Exception Notification forms were not timely submitted to the Comptroller to notify them of discrepancies noted to facilitate the timely correction of errors.

SAMS (Procedure 25.40.20) requires each agency to timely reconcile cash receipts monthly and notify the Comptroller of corrections and unreconcilable differences.

Agency personnel stated that the receipt reconciliations were not timely performed due to employee turnover and other projects taking priority.

Failure to notify the Comptroller's Office of all corrections and unreconcilable differences identified in the monthly reconciliations impairs the agency's and the Comptroller's ability to take corrective action to ensure accurate accounting of agency receipts. (Finding Code No. 04-3)

RECOMMENDATION

We recommend that the Agency timely perform monthly receipt reconciliations and timely submit Reconciliation Exception Notification forms as required by SAMS.

AGENCY RESPONSE

The Agency concurs with the finding. With the onset of the consolidation, reconciliation procedures are being reviewed for consistency across all Divisions. The individual handling the reconciliation process had several other duties, including but not limited to, assisting with the budget to prepare the Illinois State Legislature forms. As a result of the consolidation, the individual performing reconciliations has assumed other duties. Also, due to the consolidation, the Agency's reconciliation functions will be centralized allowing for greater focus on timely completion.

04-4. **FINDING** (Inadequate controls over revenue processing)

The Office of Banks and Real Estate (Agency) did not have adequate controls over its revenue processing.

The Agency was comprised of the following four Bureaus:

1. Bureau of Banks and Trust Companies,
2. Bureau of Real Estate Professions,
3. Bureau of Residential Finance and
4. Bureau of Administration.

The Bureau of Banks and Trust Companies collects fees in connection with supervising and examining Illinois state chartered banks, foreign banks and state chartered corporate fiduciaries in addition to licensing pawnshops in Illinois. The bank and fiduciary examination fees are collected electronically through an Automated Clearing House (ACH), while pawnshop licensing fees were mailed directly to the Bureau. During fiscal year 2004, the Agency changed the processing of pawnshop licensing fees to be collected electronically through an ACH.

The Bureau of Real Estate Professions directly collects fees associated with real estate professionals, auctioneer professionals, timeshare and landsales projects, and home inspector professionals.

The Bureau of Residential Finance directly collects fees associated with the supervision and examination of Illinois savings and loan associations, savings banks and mortgage bankers and brokers.

Each of these Bureaus process revenues to varying degrees and they are ultimately sent to Fiscal in the Bureau of Administration for final processing and posting to the general ledger. The Agency collected approximately \$42,872,046 and \$30,919,687 through 27 and 25 different fee categories in FY04 and FY03, respectively.

We noted the following deficiencies with revenue processing:

- Checks are not logged immediately after receipt in all divisions.
- Checks are not immediately restrictively endorsed in all divisions.
- Daily receipt logs, if maintained, are not reconciled to deposits or entries in the Credentialing Licensing Enforcement And Regulation (CLEAR) system.
- Receipts entered into the CLEAR system are not reconciled to the general ledger.
- Fees assessed are not reconciled to fees collected.
- The Agency does not maintain a listing of NSF/returned checks to promote adequate monitoring and follow-up.
- Divisions within the Bureau of Real Estate Professions and Bureau of Residential Finance do not have procedures in place to adequately monitor and track accounts

receivable. The total accounts receivable balances for these divisions were \$631,855 and \$449,207 at June 30, 2004 and 2003, respectively.

- General policies and procedures for revenue processing have not been developed.
- The Mortgage Banking division does not adequately segregate the billing function from the payment receipt function.

Good internal controls require checks be immediately logged and restrictively endorsed, certain reconciliations to be performed, effective monitoring of accounts receivable, adequate policies and procedures, and separation of duties to ensure the safeguarding of assets and the accuracy and reliability of accounting data.

Agency personnel stated that some of the deficiencies are due to the decentralized nature of receipt processing at the Agency. However, many of the deficiencies are due to the revenue system (CLEAR) not providing the information needed to perform any reconciliations or track returned checks and accounts receivable. (See Finding Code No. 04-2)

Failure to implement adequate internal controls over revenue processing increases the risk that errors and irregularities could occur and not be detected and may result in inaccurate financial reporting. (Finding Code No. 04-4)

RECOMMENDATION

We recommend that the Agency develop and implement adequate and consistent internal controls over revenue processing. We further recommend that the Agency adequately segregate the billing functions from the receipt functions.

AGENCY RESPONSE

The Agency concurs with the finding. Due to the consolidation the Agency plans to centralize the receipt processing function into the existing Cash Unit. The Agency believes centralization of this process will provide stricter oversight to the total receipt processing function. In addition, the Agency has submitted a request to the vendor for an estimate of costs to change the CLEAR System in respect to controls over revenue processing. The cost estimates that would provide for the revenue enhancements have been received from the vendor and are under Agency review.

04-5. **FINDING** (Inadequate documentation for the Agency Fee Imposition Report)

The Office of Banks and Real Estate (Agency) did not maintain adequate documentation to support their Agency Fee Imposition Report.

During our testing, it was noted that the number of fees charged for each type of fee listed on the FY03 and FY04 Agency Fee Imposition Reports was not adequately supported. In addition, we could not perform additional analytical procedures such as comparing the number of fees collected to the number of licenses issued due to the lack of documentation.

The State Comptroller Act (15 ILCS 405/16.2) requires each State agency that imposes fees to file the Agency Fee Imposition Report Form established under Section 3-8.5 of the Illinois State Auditing Act with the Comptroller at the time the Comptroller specifies by rule. In addition, good business practices would require the information submitted in the Agency Fee Imposition report to be accurate and adequately supported.

During the examination period a new revenue/fee system, Credentialing Licensing Enforcement And Regulation (CLEAR), was developed and implemented. Agency personnel stated that the CLEAR system in its current form does not provide an accurate count of the fees received. (See Finding Code No. 04-2)

Inaccurate or inadequately documented fee counts could lead to higher potential for abuse or misuse of revenue received. In addition, the reasonableness of revenue received for each fee cannot be determined unless accurate and adequately supported information is obtained. (Finding Code No. 04-5)

RECOMMENDATION

We recommend that the Agency use adequately supported information on their annually submitted Agency Fee Imposition Report.

AGENCY RESPONSE

The Agency concurs with the finding. The CLEAR System has a problem tracking fees. The Agency would prefer a payment tracking system but the CLEAR System currently uses an account balance system. The Agency has requested that the vendor convert to a payment tracking system that will more accurately account for fees paid. The Agency is awaiting a response from the vendor on a solution.

04-6. **FINDING** (Failure to timely update licensing information)

The Office of Banks and Real Estate (Agency) did not update licensing information on a timely basis.

The Residential Mortgage Act of 1987 states a “license which is not renewed by the date required in this Section shall automatically become inactive.” (205 ILCS 635/2-6(c)) The “date required in this Section” is “every year on the anniversary of the date of issuance of the original license.” (205 ILCS 635/2-6(a))

The Agency’s computer system (CLEAR) did not automatically mark a license as inactive when the license was not renewed within the required timeframe. Office personnel are required to manually mark the license as inactive resulting in a period of time where licenses, that had not been renewed, would appear as active.

The CLEAR system did not automatically mark licenses as inactive when renewal timeframes were not met. During our review, we tested 25 expired licenses, and determined 7 (28%) were listed as ACTIVE on the Agency’s license lookup web-site. In addition, of the 7 expired licenses listed as ACTIVE, 3 had been expired for more than 1 month, and 1 had been expired for more than 3 months.

Management stated the Act does not allow the Agency a time lapse to process renewals, with their staffing shortage.

As a result, individuals requesting information on active licenses directly from the Agency, or by accessing the Agency’s web-site, may receive inaccurate information regarding the status of a license. (Finding Code No. 04-6)

RECOMMENDATION

The computer system (CLEAR) should be modified to automatically mark a license inactive when it is not renewed by the required timeframe.

AGENCY RESPONSE

The Agency concurs with the finding. The CLEAR System does not automatically change the status of a licensee, however, it does have a process that will accomplish this function. The Real Estate Board prefers not to inactivate licenses at the time of the expiration date due to the volume of renewals that have to be handled. Many renewals are received at the last minute and processing continues for some time after the due date. The CLEAR system is designed to renew active licenses; therefore maintaining an active status after the expiration date saves processing time for late renewals. Other professions may require that processes be designed to monitor inactive licenses on a timelier basis.

04-7. **FINDING** (Lack of controls over State vehicles and related expenditures)

The Office of Banks and Real Estate (Agency) did not maintain adequate control over State vehicles. We noted the following:

- Vehicle logs were not being maintained to track vehicle usage. On seven of the 25 (28%) tested vouchers in our sample, we noted weekend gas purchases. From these seven vouchers we determined gas was purchased on a weekend 14 separate times. Therefore, we could not determine if vehicles were used for personal purposes, other than commuting.

Agency personnel stated employees are not required to maintain vehicle logs. Also, employees are not prohibited from purchasing gas on the weekends.

The State Property Control Act (30 ILCS 605/4) specifies each agency's accountability for supervision and control of State property. In addition, the Illinois Administrative Code (44 Ill. Adm. Code 5040.350(a)), states that "State owned vehicles shall only be used for public purposes and in the best interests of the State." Per a memorandum issued by the Governor on August 21, 2003, all personal use of state fleet vehicles is prohibited.

- Two of the Agency's mail cars were not personally assigned, yet were driven by two employees to and from their personal residences on a daily basis. Agency management did not want to leave the vehicles unattended at night and on weekends, so they have two employees transport them to and from their homes in order to safeguard the vehicles from vandalism. Neither employee is reporting the use of the vehicle for commuting purposes as a fringe benefit.

The Internal Revenue Regulation 1.61-21 "Taxation of Fringe Benefits" specifies that gross income includes fringe benefits (e.g., an employer-provided automobile). Section 1.61-21(f)(3) states that the value of the commuting use of an employer-provided vehicle is \$1.50 per one-way commute (e.g., from home to work or from work to home). In addition, section 1.61-21(f)(1)(ii) states that commuting is involved when "...the employer requires the employee to commute to and/or from work in the vehicle."

An estimate of the amount of commuting mileage driven is calculated below. The calculation takes into account 52 weeks in a year, five workdays a week, less approximately 13 holidays per year. The estimated percentage of vehicle-use caused by driving the vehicles to and from work follows:

Vehicle	Total miles driven in 24 months	Approximate distance to work each day (roundtrip commute)	Estimated # of work days less holidays	Estimated commute in 24 months	Estimated % of use for commute
Chicago mail car	23,528	35	494	17,290	73%
Springfield mail car	7,987	10	494	4,940	62%

Agency personnel stated that no commuting was involved, and no tax implication arises on either car since the employees are required to take the vehicle home. No reporting has been submitted to the Office of the Comptroller regarding the possible fringe benefit for the transportation of the cars to and from the employees' residences.

The Illinois Administrative Code (44 Ill. Adm. Code 5040.350(b)) states if the vehicles are not personally assigned, they should not be used to transport any person for any purpose unrelated to official State business. The agency maintains the vehicles are not personally assigned, even though the cars are used for the employees to drive to and from work.

According to Illinois Administrative Code (44 Ill. Adm. Code 5040.350(a)(7)), if the vehicle is personally assigned in accordance with the Illinois Administrative Code (44 Ill. Adm. Code 5040.340), commuting is considered an authorized use as long as the employee has met the certification requirements of the Illinois Vehicle Code (625 ILCS 5/7-601) and all applicable reporting requirements of the Office of the Comptroller. Employees personally assigned to State vehicles must report this fringe benefit on their withholding through the Comptroller's Office.

Allowing employees to utilize the mail cars for personal use causes excess mileage to be placed on the State vehicles, thereby increasing costs to the State in mileage, maintenance, and gas. Also, employees could be subject to personal tax liability for failure to report personal usage.

- Six of the 25 (24%) vouchers tested contained automotive expenditures that lacked supporting documentation. These six vouchers were missing a total of 16 gas tickets that totaled \$363 of purchases paid by the Agency with no supporting documentation.

Per Agency personnel, the gas invoice provides a detailed billing and the purchases are paid without the charge tickets if they appear reasonable.

Good business practices require records be maintained to adequately control fiscal operations and provide reliable data for necessary management reports. Without

the actual charge receipts, the auditor is unable to determine reasonableness of purchases.

Failure to adequately maintain State vehicles can result in improper use of State vehicles, resulting in increased costs to the State. (Finding Code No. 04-7)

RECOMMENDATION

We recommend that the Agency maintain daily vehicle logs that include purpose of travel, destination, dates, and mileage readings. Also, the Agency should obtain and maintain adequate support before paying expenditures. In addition, we recommend that the Agency re-evaluate the need for mail cars to be taken home by employees on a nightly basis. The Agency should also seek further interpretation as to whether a tax benefit is being received as a result of the arrangement.

AGENCY RESPONSE

The Agency concurs with the finding. Each year, at the time of the annual vehicle certification, employees that are assigned State vehicles are mailed a mileage pamphlet to log their daily personal and work related mileage. The annual certifications were returned to meet the statutory requirement, however, mileage logs were not maintained and submitted to Fiscal on a timely basis.

The Agency concurs that pool vehicles being driven home on a daily basis, by the mail messengers, should be discontinued. The Agency will take the proper measures to see that this practice is discontinued.

The Agency also concurs that Fiscal should obtain the vehicle gas tickets prior to paying the State vendor. The Agency will reinforce the necessity to send gas tickets to the Fiscal division as purchases are made, so the receipts will be on hand when the invoice is received from the vendor.

Page04-8. **FINDING** (Failure to establish a Savings Bank Examiner Training Foundation)

The Office of Banks and Real Estate (Agency) did not establish a Savings Bank Examiner Training Foundation (Foundation) in accordance with 205 ILCS 205/9007 of the Savings Bank Act (Act).

The Act requires that a Savings Bank Examiner Training Foundation be established for the purpose of funding and overseeing the training of savings bank examiners. The Foundation shall be governed by a 15-member board of trustees and shall promulgate regulations to govern the formation, administration, and activities of the foundation.

According to Agency officials, they attempted to have this provision repealed, however, the law was not changed. In addition, Agency officials stated the Agency is trying to find candidates and is reviewing the feasibility of the Foundation. The Agency was unable to provide an estimate of the cost to establish the Foundation.

Nonperformance of the mandate requirement is a violation of State statute. (Finding Code No. 04-8, 02-6)

RECOMMENDATION

We recommend that the Agency enforce the provisions of the Savings Bank Act or continue to seek legislative remedy to the statutory requirement.

AGENCY RESPONSE

The Agency has determined that implementing a Savings Bank Examiner Training Foundation provision is impracticable under current conditions. Amendments to the Savings Bank Act to mitigate the finding are being drafted. Once the draft language is finalized it will then be forwarded to management for consideration.

04-9. **FINDING** (Inadequate controls over the personnel function)

The Office of Banks and Real Estate (Agency) did not maintain adequate controls over employee attendance, performance evaluations, and leave usage. We tested 25 employees and noted the following:

- Performance evaluations for 18 of 25 (72%) employees tested were not conducted in accordance with agency policies. Nine of the employees' evaluations were conducted 43 to 721 days late and nine employees did not have any record of an evaluation.

The Illinois Administrative Code (80 Ill. Adm. Code 302.270) states that for a certified employee an evaluation of employee performance shall be prepared not less often than annually.

Per Agency personnel, performance evaluations were not completed timely due to other items taking priority.

- The monthly attendance records for eight out of 25 (32%) of employees did not trace to the Central Time and Attendance System (CTAS).

The Illinois Administrative Code (80 Ill. Adm. Code 303.340) states that each operating agency shall maintain accurate, daily attendance records.

Per Agency personnel, inconsistencies between the employee's monthly attendance records and the information in CTAS were due to data entry errors made by the timekeepers.

- Agency policies require requests for leave time to be submitted in advance, however no written documentation of requests is maintained by human resources.

Good business practices dictate that the Agency maintain an accurate record of time usage and require employees to submit written requests for leave time.

Per Agency personnel, at the conclusion of each month every employee prepares an Employee's Certification of Attendance and submits it to their supervisor for approval of time used and earned during the month. The Agency feels these certifications are sufficient.

- Nine out of 25 (36%) employees tested did not use leave time in accordance with Agency policies. Employees used sick time in ½ hour increments, personal time in ½ hour and 1 hour increments, and vacation leave and holiday time in ¼ hour increments.

Agency policies dictate that:

- sick time must be used in increments of not less than 1 hour
- personal time can be used in 2 hour, ½ day, or whole day increments
- vacation leave and holiday time can be used in ½ day, whole day, or in ½ hour increments

Per Agency personnel, employees were allowed to take leave time in increments other than those specified in agency policies due to oversight.

- Two of seven (29%) employees tested on leave of absence had a statement on file that in the physician's opinion the patient was permanently and totally disabled for employment, but the employees' disability leave was not terminated.

Illinois Administrative Code (80 Ill. Adm. Code 303.145) states that an employee's disability leave shall terminate when said employee is no longer temporarily disabled from performing his/her regularly assigned duties. In addition, an employee is no longer temporarily disabled when he/she is found to be permanently disabled and unable to perform a substantial or significant portion of his/her regularly assigned duties by the appropriate authority, or in the absence of such authority, by the attending physician.

Agency personnel stated that they will contact the two employees to determine if the leave could be terminated.

Failure to conduct performance evaluations annually is a violation of personnel rules. Failure to maintain accurate attendance records, not requiring advance submission of leave requests, and failing to enforce Agency attendance policies, leaves the Agency susceptible to employee abuse of time and attendance policies. Failure to terminate the disability leave of employees who are permanently disabled is a violation of Illinois Administrative Code. (Finding Code No. 04-9)

RECOMMENDATION

We recommend that the Agency implement procedures to ensure that performance evaluations are conducted in a timely manner and to ensure that monthly attendance records are accurate in accordance with the Illinois Administrative Code. In addition, we recommend the Agency require the use and submission of written leave requests and that the Agency implement the necessary controls to ensure that employee use of leave time is in accordance with Agency policies.

AGENCY RESPONSE

The Agency concurs with the finding. After the consolidation the Agency implemented new procedures for timekeeping. The procedure of entering the employee's time monthly has now been modified to enter time on a semi-monthly basis. In addition, employees are required to complete a time sheet prior to the use of time, which should result in a more efficient tracking method for the Agency.

The Agency will continue to work toward meeting the provisions in the Illinois Administrative Code (80 Ill. Adm. Code 302.270) that stipulates, "the evaluation of an employee shall be prepared not less often than annually."

04-10. **FINDING** (Lack of controls over telecommunications)

The Office of Banks and Real Estate (Agency) did not cancel calling cards for terminated employees in a timely manner and does not have adequate controls over the review of telecommunications invoices.

- Eleven of 38 (29%) of calling cards were not cancelled in a timely manner. The telephone calling cards were cancelled from 2 to 1,139 days after the employees' separation date. The cards had no charges from time of employee termination until cancellation of card.

Good business practices require the timely cancellation of telephone credit cards upon an employees' termination in order to avoid unnecessary charges.

- Five of 25 (20%) of the vouchers tested contained unusual phone calls that were not documented and/or pursued. Of the five vouchers:
 - Four contained 16 telephone calls that were greater than 30 minutes in length.
 - Three contained 55 telephone calls that were made frequently to an out of state location.
 - Three contained 93 telephone calls that were placed after hours and 111 telephone calls that were placed on weekends.
 - One contained 15 telephone calls that were personal in nature. The employee making the phone calls had reimbursed calls to the phone number on their cell phone, but not on their desk phone.

Good business practices require that Office personnel review the telecommunications invoices to determine the propriety of unusual telephone calls.

According to Agency personnel, telephone credit cards cannot be cancelled until the fiscal unit is notified by human resources that an employee is separating, and in some instances that did not occur timely. The Agency gives employees their call listing to review and document any personal calls that need to be reimbursed. According to Agency personnel, until July 1, 2003 employees were required to review their telephone call listings, however they were not required to turn in documentation of their review. During testing we noted that all vouchers after July 1, 2003 contained documentation of review, the instances noted above occurred prior to that date.

By failing to cancel calling cards timely, the Agency is susceptible to telephone abuse among former employees as well as unnecessary expenditures. Inadequate review of telecommunications vouchers leaves the Agency vulnerable to employee abuse of the telecommunications policy. (Finding Code No. 04-10)

RECOMMENDATION

We recommend that the Agency implement procedures to identify and cancel telephone calling cards for terminated employees on the date of termination. We recommend that the human resources department notify the telecommunications coordinator of the terminated employees before the employee's termination date. In addition, we recommend that the Agency implement procedures to ensure that telecommunications invoices are documented as reviewed.

AGENCY RESPONSE

The Agency concurs with the finding. However, of the 11 cards not cancelled timely, 10 were cancelled between 2 and 47 days and only one resulted in 1,139 days before it was cancelled. The card for 1,139 days was an employee on disability leave for an extended period of time and who later died on May 20, 1999. As soon as the error was discovered the Agency cancelled the card on July 2, 2002. In addition, it should be noted that once the card is terminated by the Agency and notification is forwarded to CMS, CMS does not immediately cancel the card. During this time period the State is still vulnerable for charges. In addition, it is the Agency's understanding that no charges were made on any of the cards not cancelled in a timely fashion. As a result of the consolidation the telecommunications function will become the responsibility of one unit, which will provide for more resources to focus on telecommunication issues.

04-11. **FINDING** (Inadequate controls over petty cash and locally held funds)

The Office of Banks and Real Estate did not have adequate controls over its petty cash and locally held funds.

During our testing we noted the following:

- A petty cash fund that had been inactive since 1996 was dissolved during the period. This petty cash fund was held in a bank account and had a fund balance of \$480. Of the \$480 fund balance, \$332 was lost due to bank charges. This fund had been inactive since 1996 but was not dissolved until April 2003. Since the Agency was not aware of this petty cash fund, they were not submitting the annual Petty Cash Fund Usage Report to the Comptroller's Office as required.
- Two locally held funds, one with a balance of \$27,861 and another with a balance of \$592, were not reflected in Agency records or properly established and reported to the Comptroller as required by the State Comptroller Act and the Statewide Accounting Management System (SAMS). These funds had been inactive since the 1996 reorganization that created the Office of Banks and Real Estate. In addition, funds were held in either checking or passbook savings accounts at minimal interest rates since 1996 with no efforts made to invest in higher yielding accounts. These funds were transferred to State unclaimed property in April 2004.

Good business practices require adequate controls over identifying, tracking, monitoring and reporting petty cash and locally held funds. SAMS Procedure 9.10.40 requires the Petty Cash Fund Usage Report to be completed for those petty cash funds exceeding \$100 and should be filed with the Comptroller's Office no later than January 31 for the preceding calendar year. In addition, the State Comptroller Act (15 ILCS 405/16) requires agencies to submit locally held fund reports as prescribed by the Comptroller. SAMS Procedure 33.13.10 requires agencies to quarterly report certain information regarding locally held funds to the Comptroller's Office. Lastly, good business practices require cash and other investable State assets to be invested and maximized whenever possible to achieve the greatest return consistent with prudent management.

Agency personnel stated that they were unaware that these funds existed. Once they became aware, the appropriate action was taken to dissolve the funds.

Failure to identify, track and monitor petty cash and locally held funds increases the potential for theft, unauthorized use and loss of fund balance due to bank charges. Failure to report on petty cash and locally held funds is noncompliance with statute and SAMS procedures. Additionally, failure to invest and maximize funds results in lost interest revenue. (Finding Code No. 04-11)

RECOMMENDATION

We recommend that the Agency develop procedures to adequately identify, track, monitor, and report petty cash and locally held funds. We also recommend that the Agency invest and maximize cash and other investable State assets to achieve the greatest return when appropriate.

AGENCY RESPONSE

The Agency concurs with the finding. The responses to the finding are as follows:

- **Petty Cash fund inactive since 1996**

Agency personnel were at all times aware of the existence of this fund. When the error was discovered attempts were immediately made by the Agency to close out the account with the Treasurer's Office. However, the Comptroller required replenishment of the fund to \$480 before it could be dissolved. Final dissolution of the fund was approved by the Comptroller's Office on April 22, 2003.

- **Two locally held funds**

The locally held funds subject to this finding resulted from funds unclaimed following the receivership of failed State bank. Receivers appointed by the Commissioner no longer forward unclaimed funds directly to the Agency but forward them directly to the State Treasurer's Unclaimed Property Division, thereby precluding a similar situation from occurring again.

The Agency has developed procedures to more accurately identify, track and monitor petty cash and locally held funds and to report on those funds to the Comptroller's Office accordingly. This process will allow the Agency to achieve the greatest return on our investments.

04-12. **FINDING** (Noncompliance with Residential Mortgage License Act of 1987)

The Office of Banks and Real Estate (Agency) was not in compliance with provisions of the Residential Mortgage License Act of 1987 (Act) (205 ILCS 635). We noted the following:

- Residential Mortgage Board (Board) members were not appointed in accordance with the Act.
 - Five of 5 (100%) Board members were not appointed on or before January 15 as necessary to maintain the 5 member board.
 - Five of 5 (100%) Board members' terms did not commence on February 1 of the year they were appointed.
 - Three of 5 (60%) Board members were not appointed for terms of 3 years.
 - A vacancy on the Board was not filled until 173 days after the vacancy occurred.
 - Three of 4 (75%) Board members did not timely file a statement with the Commissioner regarding current business transactions or other affiliations with licensees under the Act for 2003.
 - One of 4 (25%) Board members did not file a statement with the Commissioner regarding current business transactions or other affiliations with licensees under the Act for 2003.

The Act (205 ILCS 635/1-5(a)) states, that on or before January 15 of each year, the Commissioner shall appoint one or more board members, as shall be necessary to maintain a 5 member Board, whose terms shall be for 3 years commencing February 1 of the year in which they are respectively appointed. If a vacancy occurs on the Residential Mortgage Board, the Commissioner shall within 60 days appoint a new member who shall hold office for the remainder of the vacated term. The Act (205 ILCS 635/1-5(c)) states that each member of the Residential Mortgage Board shall file annually, no later than February 1, with the Commissioner a statement of his or her current business transactions or other affiliations with any licensee under this Act.

According to Agency personnel, members of the Residential Mortgage Board were not appointed on or before January 15, terms did not commence on February 1 of the year appointed, and a vacancy was not filled within 60 days due to oversight. Members were not appointed for terms of 3 years in an effort to stagger the years that the terms expired so that all terms would not expire in the same year. The Conflict of Interest statements were not filed timely due to the Board members delay in signing the statements.

- A sample of 25 licensees was selected from a universe of 2,001 licensees. According to the Agency's "Report of FYE Date – MB Only" as of June 11, 2004, fourteen (56%) of the licensees tested did not submit an annual report within 90 days of their fiscal year end and the Commissioner did not cause an audit of the licensee to be made.

The Act (205 ILCS 635/3-2(d)) states that the most recent audit report shall be filed with the Commissioner within 90 days after the end of the licensee's fiscal year. The Act (205 ILCS 635/3-2(e)) states that if any licensee required to make an audit shall fail to cause an audit to be made, the Commissioner shall cause the same to be made by a certified public accountant at the licensee's expense. The Commissioner shall select such certified public accountant by advertising for bids or by such other fair and impartial means as he or she establishes by regulation.

According to Agency personnel, the Examination staff review the reports as they come in, but the Licensing Section must input the reports. The date the reports are received is logged manually and approximately 1,700 licensees have December 31 year-ends, so between March and April the Agency has a large volume of statements to input.

- The Agency obtained the Report of Default and Foreclosure only once (July 2003) during fiscal years 2003 and 2004.

The Act (205 ILCS 635/4-8(a)) states that, the Commissioner shall obtain from the U.S. Department of Housing and Urban Development on a semi-annual basis the Department's default claim rates for endorsements issued by that Department.

Agency personnel stated that the Mortgage Banking Division has been understaffed, with inadequate human resources to allocate to conducting the semi-annual default and foreclosure examinations.

Noncompliance with the provisions of the Act is a violation of State statute. (Finding Code No. 04-12, 02-3)

RECOMMENDATION

We recommend that the Agency implement procedures to ensure compliance with provisions of the Residential Mortgage License Act of 1987.

AGENCY RESPONSE

The Agency concurs with the finding and will implement the following procedures to comply:

- Request the hiring of additional staffing resources to perform licensing, examination, supervision, investigation, legal, switchboard, and other clerical functions.
- Provide three to four month advance notification to the Director, the names of Board members with expiring terms.
- Establish procedures to increase frequency of communication with all Residential Mortgage Board members who have outstanding conflict of interest statements. Board members will be notified two to three months in advance to file Conflict of Interest and business transaction statements.

- Mortgage Banking Regulation will seek the assistance of the Agency SPO to establish a bid process for selecting licensed certified public accountants to audit licensees that have not submitted financial statements within 90 days of their fiscal year end.
- Mortgage Banking Regulation will review its current processes to conduct semi-annual default and foreclosure examinations.

04-13. **FINDING** (Untimely deposit of receipts)

The Office of Banks and Real Estate (Agency) did not timely deposit receipts or document the date of receipt.

During our testing, we noted that 19 of 50 (38%) receipts tested totaling \$80,929 were deposited approximately 2 to 69 days late.

Days Late	Number of Receipts	Total Dollar Amount
0-10	11	\$65,379
11-20	2	\$2,175
21-30	1	\$2,500
31-40	1	\$750
41-50	1	\$1,625
51-60	2	\$6,000
61-70	1	\$2,500

In addition, the exact date of receipt could not be determined for six receipts tested totaling \$15,300 because the Agency did not maintain documentation of the date received.

The State Officers and Employees Money Disposition Act (Act) (30 ILCS 230/2 (a)) generally requires each State agency to deposit individual receipts exceeding \$10,000 in the same day received, an accumulation of receipts of \$10,000 or more within 24 hours, receipts valued between \$500 and \$10,000 within 48 hours, and cumulative receipts valued up to \$500 on the next first or fifteenth day of the month after receipt. The Agency had been granted an additional seven days to deposit cash receipts for the Bank and Trust Company Fund. The Act also requires each State agency to keep a detailed, itemized account of money received, including the date of receipt.

Agency personnel stated that these late deposits were due to many factors including the understaffing in one division and the practice of waiting to deposit payments for consent orders until the order has been fully authorized by the Commissioner's signature. Until recently, the Agency's procedures for handling payments for consent orders did not include documenting the date received.

Untimely deposit of receipts and not documenting the receipt date is a violation of the State Officers and Employees Money Disposition Act. Receipts are also more susceptible to abuse when they are not deposited timely. (Finding Code No. 04-13)

RECOMMENDATION

We recommend that the Agency comply with the State Officers and Employees Money Disposition Act by making timely deposits and documenting the dates that receipts are received.

AGENCY RESPONSE

The Agency concurs with the finding. The response to the finding has three components:

- Due to the consolidation the Agency plans to centralize the receipt processing function into the existing Cash Unit. The Agency believes centralization of this process will provide stricter oversight to the total receipt processing function.
- Fine receipt processing will be reviewed to determine the most effective method of levy and collection.
- The Agency is implementing ACH processing for a number of license fees, thereby eliminating manual check processing.

04-14. **FINDING** (Residential mortgage licensee examinations were not conducted in accordance with statute)

The Office of Banks and Real Estate (Agency) failed to conduct examinations of the affairs of residential mortgage licensees.

The Residential Mortgage License Act (205 ILCS 635/4-2) requires the Commissioner to conduct examinations of the business affairs of a licensee for compliance with the Act. The Financial Institutions Code (38 Ill. Adm. Code 1050.425) states the Commissioner is to conduct examinations at intervals based on the licensee's rating. Examinations are to occur 12 to 36 months from the initial examination.

During our testing we noted examinations have not been conducted as required for 203 of 515 (39%) of the licensees reviewed. The 203 examinations were late:

Months late	# Late
1-5	88
6-10	81
11-15	19
16-20	15
Total	203

Management stated due to staff shortages, the Office has not been able to complete all examinations in the required timeframe.

Failure to conduct an examination could result in the licensee conducting business not in compliance with the Residential Mortgage License Act. (Finding Code No. 04-14)

RECOMMENDATION

The Agency should ensure examinations are conducted within the required timeframe to ensure licensees are in compliance with the Act.

AGENCY RESPONSE

The Agency concurs with the finding. Mortgage Banking Regulation lacks sufficient examination resources to fully comply with the mandated examination frequency schedule. Currently, Mortgage Banking Regulation has 6 examiners to conduct 1-30 day licensing examinations of 2,000+ broker/banker licensees. Further, special examinations must be performed and are excluded from the regular examination frequency count. Moreover, the Administrative Rule of the Residential Mortgage License Act requires all licensees be examined at least once over a 3-year period. During 2003 Mortgage Banking Regulation entered into a reciprocal agreement with New York regulators to mitigate some of the examination staffing issues. Mortgage Banking regulation will continue to seek other avenues/resources to improve compliance efforts as it pertains to the examination frequency schedule.

04-15. **FINDING** (Late approval of vouchers and lack of procedures to track and pay interest)

The Office of Banks and Real Estate (Agency) did not have adequate controls to ensure vouchers were approved or denied within 30 days and required interest is paid. We noted the following:

- Twenty-three of the 314 vouchers tested (7.3%) were not approved within 30 days of receipt of a proper bill. The vouchers were approved from 3 to 81 days late.

74 Illinois Administrative Code (Code) Section 900.70(b) states, an agency shall approve Proper Bills or deny bills with defects, in whole or in part, within 30 days after receipt.

- The Agency does not have procedures to pay interest accrued on vouchers not paid within 60 days of receipt of a proper bill. The Agency did not pay vendors interest charges totaling \$306 for two out of the 314 (1%) vouchers tested.

Section 900.30(a) of the rules states that it is the duty and responsibility of each State agency to develop and implement internal procedures that will permit full compliance with the provisions of the [State Prompt Payment] Act. Section 900.30(b) states that all State agencies must maintain written or electronic records reflecting the date or dates on which:

- the Goods were received and accepted or the Services were rendered;
- the Proper Bill was received by the State agency;
- approval for payment of a bill was given by the agency;
- a vendor bill was disapproved, in whole or in part, based upon a defect or what the State agency believes to be a defect, and
- the payment was issued by the Comptroller's office.

Section 900.100(d) states that interest shall begin accruing on the 61st day after receipt of a Proper Bill and shall continue to accrue until the bill is paid by the Comptroller's Office. Section 900.90(a) states interest amounting to \$50 or more need not be requested by a Vendor. Agencies are responsible for calculating and paying such interest and are to do so within a reasonable time.

Agency personnel stated that the Fiscal Division did not receive proper documentation from other divisions in a timely manner, and no interest was paid because Agency used a later receipt date.

Failure to approve or deny vouchers within 30 days of receipt of a proper bill and not implementing procedures to pay interest on vouchers not paid within 60 days of receipt is non-compliance with the State Prompt Payment Rules. (Finding Code No. 04-15)

RECOMMENDATION

We recommend that the Agency implement procedures to ensure that all vouchers are approved or denied within 30 days of receipt, monitor the date of payment by the Comptroller's Office, and pay interest charges as required by the State Prompt Payment Act.

AGENCY RESPONSE

The Agency concurs with the finding with the addition of the following comments:

- The Agency follows Comptroller guidelines outlined in the statute 30 ILCS 540 and 74 Illinois Administrative Code Section 900 regarding prompt payment.
- The Agency was unable to meet the 30-day approval timeframe on voucher processing due to various problems such as timely receipt of support documentation on invoices and Comptroller requests for additional processing requirements.
- The Agency will reinforce the policy concerning the promptness of submitting proper billings and documentation on future vendor payments.

04-16. **FINDING** (Noncompliance with the State Banking Act)

The Office of Banks and Real Estate (Agency) was not in compliance with the provisions of the State Banking Act (Act) (205 ILCS 5/78) regarding the State Banking Board. The Act states that the State Banking Board of Illinois shall consist of the Commissioner as its chairman and 16 additional members divided into 3 classes designated Class A members, Class B members, and Class C members who are appointed by the Governor by and with the advice and consent of the Senate. During our testing we noted the following:

- Two of four (50%) Class A positions were vacant.

The Act states that Class A shall consist of 4 persons, none of whom shall be an officer or director of or owner, whether direct or indirect, of more than 5% of the outstanding capital stock of any bank.

- Seven of ten (70%) Class B positions were vacant.

The Act states that Class B shall consist of 10 persons who at the time of their respective appointments shall have had not less than 10 years banking experience. Of the 10 Class B members, 2 members shall be from State banks having total assets of not more than \$20,000,000 at the time of appointment, 2 shall be from State banks having total assets of more than \$20,000,000 but not more than \$50,000,000 at the time of their appointment, 2 shall be from State banks having total assets of more than \$50,000,000, but not more than \$125,000,000 at the time of their appointment, one shall be from a State bank having total assets of more than \$125,000,000 but not more than \$250,000,000 at the time of appointment, one shall be from a State bank having total assets of more than \$250,000,000 but not more than \$1,000,000,000 at the time of appointment, and one shall be from a foreign banking corporation certified pursuant to the Foreign Banking Office Act.

Agency personnel stated that the Governor appoints the members of the State Banking Board and it is the responsibility of the Governor's Office to determine that the members have the required qualifications.

Failure to appoint Board members according to the criteria set forth in the Act is noncompliance with State statute. (Finding Code 04-16)

RECOMMENDATION

We recommend that the Agency submit a letter to the Governor's office to request that the vacancies are filled.

AGENCY RESPONSE

The Agency concurs with the finding and has been in contact with the Governor's Office to advise them of the need for appointments to the Banking Board.

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2004

PRIOR FINDINGS NOT REPEATED (STATE COMPLIANCE)

04-17 **PRIOR FINDING** (Improper issuance of auctioneer license)

In the prior period, it was noted that the Office of Banks and Real Estate (Agency) issued an auctioneer license when all requirements for issuance were not met.

During the current period, it was noted that applicants receiving a license met the requirements for issuance. (Finding Code No. 02-1)

04-18 **PRIOR FINDING** (Noncompliance with Fiscal Control and Internal Auditing Act)

During the prior period, it was noted that the Agency did not perform audits of major systems at least once every two years and the chief internal auditor did not submit a report detailing the FY02 audit plan.

During the current period, the Agency's internal audit function was moved to the Office of Internal Audit at the Department of Central Management Services. (Finding Code No. 02-2)

04-19 **PRIOR FINDING** (Failure to annually ensure that vehicle operators are duly licensed and insured)

During the prior period, the Agency did not annually obtain current evidence of certification of automobile liability insurance and valid Illinois driver's license from every employee authorized to operate a vehicle for State purposes.

During the current period, our sample testing disclosed that the Agency obtained current evidence of certification of automobile liability insurance and a valid Illinois driver's license from the employees personally assigned to operate a vehicle for State purposes. (Finding Code No. 02-4)

04-20 **PRIOR FINDING** (Reporting personal use of State vehicle)

During the prior period, the Agency did not report the value of personal use for employees assigned a State vehicle to the Comptroller's Office.

During the current period, the Agency reported the value of personal use for the employee assigned a State vehicle to the Comptroller's Office. However, we noted other instances of noncompliance that are reported in finding 04-7. (Finding Code No. 02-5)

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

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

- Fiscal Schedules and Analysis:

- Schedule of Appropriations, Expenditures and Lapsed Balances
- Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
- Schedule of Efficiency Initiative Payments
- Schedule of Receipts, Disbursements and Fund Balance (Cash Basis) - Locally Held Funds
- Schedule of Changes in State Property
- Comparative Schedule of Cash Receipts
- Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller
- Analysis of Significant Variations in Expenditures
- Analysis of Significant Variations in Receipts
- Analysis of Significant Lapse Period Spending
- Analysis of Accounts Receivable

- Analysis of Operations:

- Agency Functions and Planning Program
- Average Number of Employees
- Service Efforts and Accomplishments

The auditors' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the auditors have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the 2003 and 2004 Supplementary Information for State Compliance Purposes, except for information on the Service Efforts and Accomplishments on which they did not perform any procedures. However, the auditors do not express an opinion on the supplementary information.

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For The Fiscal Year Ended June 30, 2004

P.A. 93-62 93-0664 FISCAL YEAR 2004	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
Appropriated Funds					
<u>Savings and Residential Finance Regulatory Fund - 244</u>					
Personal Services	\$ 2,534,410	\$ 2,158,308	\$ 95,866	\$ 2,254,174	\$ 280,236
Personal Services: Per Diem	1,000	0	0	0	1,000
Employee Retirement					
Contributions Paid by Employer	100,468	37,837	2,089	39,926	60,542
State Contribution to State					
Employees' Retirement System	340,573	290,205	12,890	303,095	37,478
State Contributions to Social Security	193,835	159,945	7,181	167,126	26,709
Group Insurance	484,000	342,225	14,367	356,592	127,408
Contractual Services	566,084	447,772	13,735	461,507	104,577
Travel	148,900	138,415	6,801	145,216	3,684
Commodities	27,800	15,381	1,989	17,370	10,430
Printing	42,100	4,142	3,422	7,564	34,536
Equipment	100,186	4,647	1,432	6,079	94,107
Electronic Data Processing	258,314	184,973	71,054	256,027	2,287
Telecommunications	49,280	34,446	3,674	38,120	11,160
Operation of Automotive Equipment	4,300	3,331	463	3,794	506
Refunds	4,314	3,700	150	3,850	464
Subtotal Fund -244	<u>\$ 4,855,564</u>	<u>\$ 3,825,327</u>	<u>\$ 235,113</u>	<u>\$ 4,060,440</u>	<u>\$ 795,124</u>

Note: Above information was taken from Agency records and reconciled to the Comptroller's records.

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For The Fiscal Year Ended June 30, 2004

P.A. 93-62 93-0664 FISCAL YEAR 2004	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
<u>Appraisal Administration Fund -386</u>					
Personal Services	\$ 527,100	\$ 439,900	\$ 19,306	\$ 459,206	\$ 67,894
Personal Services: Per Diem	3,000	0	0	0	3,000
Employee Retirement					
Contributions Paid by Employer	21,100	6,500	289	6,789	14,311
State Contribution to State					
Employees' Retirement System	70,800	59,172	2,597	61,769	9,031
State Contributions to Social Security	40,300	32,464	1,428	33,892	6,408
Group Insurance	110,000	93,981	4,104	98,085	11,915
Contractual Services	199,954	112,342	6,478	118,820	81,134
Travel	25,000	10,206	3,006	13,212	11,788
Commodities	7,800	3,974	427	4,401	3,399
Printing	8,000	6,823	155	6,978	1,022
Equipment	1,800	851	0	851	949
Electronic Data Processing	46,500	34,353	1,601	35,954	10,546
Telecommunications	10,700	6,072	425	6,497	4,203
Forwarding Real Estate Appraisal					
Fees to the Federal Government	230,000	193,975	0	193,975	36,025
Refunds	3,000	1,750	0	1,750	1,250
Subtotal Fund -386	<u>\$ 1,305,054</u>	<u>\$ 1,002,363</u>	<u>\$ 39,816</u>	<u>\$ 1,042,179</u>	<u>\$ 262,875</u>

Note: Above information was taken from Agency records and reconciled to the Comptroller's records.

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For The Fiscal Year Ended June 30, 2004

P.A. 93-62 93-0664 FISCAL YEAR 2004	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
<u>Pawnbroker Regulation Fund - 562</u>					
Personal Services	\$ 70,800	\$ 64,860	\$ 2,948	\$ 67,808	\$ 2,992
Employee Retirement					
Contributions Paid by Employer	2,900	0	0	0	2,900
State Contribution to State					
Employees' Retirement System	9,500	8,719	397	9,116	384
State Contributions to Social Security	5,400	4,784	218	5,002	398
Group Insurance	13,428	12,673	576	13,249	179
Contractual Services	3,376	2,850	0	2,850	526
Travel	7,100	2,502	1,122	3,624	3,476
Commodities	1,000	372	0	372	628
Printing	3,000	333	31	364	2,636
Electronic Data Processing	3,100	3,009	91	3,100	0
Telecommunications	1,800	853	91	944	856
	<u>121,404</u>	<u>100,955</u>	<u>5,474</u>	<u>106,429</u>	<u>14,975</u>
Subtotal Fund -562	\$ 121,404	\$ 100,955	\$ 5,474	\$ 106,429	\$ 14,975

Note: Above information was taken from Agency records and reconciled to the Comptroller's records.

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For The Fiscal Year Ended June 30, 2004

P.A. 93-62 93-0664 FISCAL YEAR 2004	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
<u>Auction Regulation Administration Fund- 641</u>					
Personal Services	\$ 101,000	\$ 27,122	\$ 1,198	\$ 28,320	\$ 72,680
Personal Services: Per Diem	2,500	0	0	0	2,500
Employee Retirement					
Contributions Paid by Employer	4,000	1,085	48	1,133	2,867
State Contribution to State					
Employees' Retirement System	13,600	3,645	161	3,806	9,794
State Contributions to Social Security	7,700	2,051	91	2,142	5,558
Group Insurance	22,000	6,592	286	6,878	15,122
Contractual Services	77,243	36,645	771	37,416	39,827
Travel	10,000	353	0	353	9,647
Commodities	4,600	1,496	0	1,496	3,104
Printing	9,300	109	31	140	9,160
Equipment	7,500	0	0	0	7,500
Electronic Data Processing	26,200	20,808	1,248	22,056	4,144
Telecommunications	11,400	7,836	410	8,246	3,154
Refunds	4,900	0	0	0	4,900
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Subtotal Fund -641	\$ 301,943	\$ 107,742	\$ 4,244	\$ 111,986	\$ 189,957

Note: Above information was taken from Agency records and reconciled to the Comptroller's records.

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For The Fiscal Year Ended June 30, 2004

P.A. 93-62 93-0664 FISCAL YEAR 2004	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
<u>Home Inspector Administration Fund - 746</u>					
Personal Services	\$ 137,700	\$ 114,849	\$ 4,444	\$ 119,293	\$ 18,407
Personal Services: Per Diem	3,000	0	0	0	3,000
Employee Retirement					
Contributions Paid by Employer	5,500	147	101	248	5,252
State Contribution to State					
Employees' Retirement System	18,500	15,436	597	16,033	2,467
State Contributions to Social Security	10,500	8,472	329	8,801	1,699
Group Insurance	33,000	27,002	886	27,888	5,112
Contractual Services	18,000	14,022	377	14,399	3,601
Travel	13,500	621	0	621	12,879
Commodities	2,000	606	0	606	1,394
Equipment	18,800	3,800	0	3,800	15,000
Electronic Data Processing	18,400	12,153	5,051	17,204	1,196
Telecommunications	3,200	856	62	918	2,282
Refunds	1,000	0	0	0	1,000
	<u>\$ 283,100</u>	<u>\$ 197,964</u>	<u>\$ 11,847</u>	<u>\$ 209,811</u>	<u>\$ 73,289</u>
<u>Real Estate Audit Fund - 750</u>					
Operating expenses for					
Real Estate Audits	\$ 100,000	\$ 0	\$ 0	\$ 0	\$ 100,000
	<u>\$ 100,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 100,000</u>

Note: Above information was taken from Agency records and reconciled to the Comptroller's records.

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For The Fiscal Year Ended June 30, 2004

P.A. 93-62 93-0664 FISCAL YEAR 2004	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
<u>Bank and Trust Company Fund - 795</u>					
Personal Services	\$ 10,765,793	\$ 10,107,377	\$ 429,659	\$ 10,537,036	\$ 228,757
Employee Retirement					
Contributions Paid by Employer	428,809	268,136	12,241	280,377	148,432
State Contribution to State					
Employees' Retirement System	1,446,828	1,359,127	57,977	1,417,104	29,724
State Contributions to Social Security	818,677	748,486	32,043	780,529	38,148
Group Insurance	1,841,525	1,623,453	68,686	1,692,139	149,386
Contractual Services	930,290	864,475	17,842	882,317	47,973
Travel	872,905	817,533	45,156	862,689	10,216
Commodities	50,188	43,118	1,831	44,949	5,239
Printing	39,776	13,533	4,152	17,685	22,091
Equipment	35,679	8,598	281	8,879	26,800
Electronic Data Processing	838,834	627,760	190,184	817,944	20,890
Telecommunications	229,906	199,268	16,496	215,764	14,142
Operation of Automotive Equipment	9,000	6,949	1,654	8,603	397
Corporate Fiduciary Receivership	540,000	339,967	0	339,967	200,033
Refunds	3,191	3,191	0	3,191	0
	<u>\$ 18,851,401</u>	<u>\$ 17,030,971</u>	<u>\$ 878,202</u>	<u>\$ 17,909,173</u>	<u>\$ 942,228</u>
Subtotal Fund - 795					

Note: Above information was taken from Agency records and reconciled to the Comptroller's records.

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For The Fiscal Year Ended June 30, 2004

P.A. 93-62 93-0664 FISCAL YEAR 2004	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
<u>Real Estate Research and Education Fund - 849</u>					
Research and Education	\$ 70,000	\$ 6,756	\$ 700	\$ 7,456	\$ 62,544
Subtotal Fund -849	<u>\$ 70,000</u>	<u>\$ 6,756</u>	<u>\$ 700</u>	<u>\$ 7,456</u>	<u>\$ 62,544</u>
<u>Real Estate License Administration Fund - 850</u>					
Personal Services	\$ 2,445,700	\$ 2,104,621	\$ 94,995	\$ 2,199,616	\$ 246,084
Personal Services: Per Diem	9,000	0	0	0	9,000
Employee Retirement					
Contributions Paid by Employer	97,800	27,404	1,527	28,931	68,869
State Contribution to State					
Employees' Retirement System	328,700	282,446	12,771	295,217	33,483
State Contributions to Social Security	187,100	151,130	7,096	158,226	28,874
Group Insurance	484,000	365,437	15,491	380,928	103,072
Contractual Services	618,300	434,093	15,470	449,563	168,737
Travel	101,600	68,602	4,111	72,713	28,887
Commodities	26,200	18,855	753	19,608	6,592
Printing	47,400	28,564	1,077	29,641	17,759
Equipment	50,500	2,484	0	2,484	48,016
Electronic Data Processing	189,115	157,962	7,621	165,583	23,532
Telecommunications	62,100	53,164	4,621	57,785	4,315
Operation of Automotive Equipment	12,500	11,177	325	11,502	998
Refunds	11,100	7,430	975	8,405	2,695
Subtotal Fund -850	<u>\$ 4,671,115</u>	<u>\$ 3,713,369</u>	<u>\$ 166,833</u>	<u>\$ 3,880,202</u>	<u>\$ 790,913</u>
Total - All Appropriated Funds	<u><u>\$ 30,559,581</u></u>	<u><u>\$ 25,985,447</u></u>	<u><u>\$ 1,342,229</u></u>	<u><u>\$ 27,327,676</u></u>	<u><u>\$ 3,231,905</u></u>

Note: Above information was taken from Agency records and reconciled to the Comptroller's records.

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For The Fiscal Year Ended June 30, 2004

P.A. 93-62 93-0664 FISCAL YEAR 2004	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
Non-Appropriated Funds					
<u>Real Estate Recovery Fund - 629</u>					
Awards and Grants		\$ 11,500	\$ 0	\$ 11,500	
Subtotal Fund -629		<u>\$ 11,500</u>	<u>\$ 0</u>	<u>\$ 11,500</u>	
Total - All Non-Appropriated Funds		<u>\$ 11,500</u>	<u>\$ 0</u>	<u>\$ 11,500</u>	
GRAND TOTAL - ALL FUNDS		<u>\$ 25,996,947</u>	<u>\$ 1,342,229</u>	<u>\$ 27,339,176</u>	

Note: Above information was taken from Agency records and reconciled to the Comptroller's records.

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For The Fiscal Year Ended June 30, 2003

P.A. 92-0538	Appropriations		Lapse Period	Total	Balances
FISCAL YEAR 2003	(Net of Transfers)	Expenditures Through June 30	Expenditures July 1 to August 31	Expenditures 14 Months Ended August 31	Lapsed August 31
Appropriated Funds					
<u>Savings and Residential Finance Regulatory Fund - 244</u>					
Personal Services	\$ 2,896,400	\$ 2,535,260	\$ 97,988	\$ 2,633,248	\$ 263,152
Employee Retirement					
Contributions Paid by Employer	115,900	92,347	3,920	96,267	19,633
State Contribution to State					
Employees' Retirement System	307,200	264,356	10,117	274,473	32,727
State Contributions to Social Security	221,600	183,772	7,330	191,102	30,498
Group Insurance	447,700	338,940	14,007	352,947	94,753
Contractual Services	685,600	565,425	26,522	591,947	93,653
Travel	149,500	130,756	6,794	137,550	11,950
Commodities	50,400	28,435	2,247	30,682	19,718
Printing	61,900	44,474	1,527	46,001	15,899
Equipment	101,800	22,728	5,423	28,151	73,649
Electronic Data Processing	319,000	217,059	17,199	234,258	84,742
Telecommunications	50,500	42,721	2,718	45,439	5,061
Operation of Automotive Equipment	3,500	3,493	(14)	3,479	21
Savings and Loan and Mortgage					
Board Meeting Expenses	3,500	728	0	728	2,772
Refunds	500	0	0	0	500
Subtotal Fund -244	<u>\$ 5,415,000</u>	<u>\$ 4,470,494</u>	<u>\$ 195,778</u>	<u>\$ 4,666,272</u>	<u>\$ 748,728</u>

Note: Above information was taken from Agency records and reconciled to the Comptroller's records.

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For The Fiscal Year Ended June 30, 2003

P.A. 92-0538	Appropriations		Lapse Period	Total	Balances
FISCAL YEAR 2003	(Net of Transfers)	Expenditures Through June 30	Expenditures July 1 to August 31	Expenditures 14 Months Ended August 31	Lapsed August 31
<u>Appraisal Administration Fund -386</u>					
Personal Services	\$ 524,300	\$ 495,357	\$ 11,457	\$ 506,814	\$ 17,486
Personal Services: Per Diem	30,000	27,500	500	28,000	2,000
Employee Retirement					
Contributions Paid by Employer	21,000	17,594	575	18,169	2,831
State Contribution to State					
Employees' Retirement System	55,600	51,169	2,006	53,175	2,425
State Contributions to Social Security	40,100	37,492	1,434	38,926	1,174
Group Insurance	93,000	79,640	3,755	83,395	9,605
Contractual Services	232,300	127,778	(12,245)	115,533	116,767
Travel	40,000	9,824	1,536	11,360	28,640
Commodities	8,000	3,436	150	3,586	4,414
Printing	8,000	466	0	466	7,534
Equipment	3,100	743	1,848	2,591	509
Electronic Data Processing	63,500	31,163	3,065	34,228	29,272
Telecommunications	15,700	6,884	855	7,739	7,961
Forwarding Real Estate Appraisal					
Fees to the Federal Government	30,000	525	17,225	17,750	12,250
Refunds	3,000	500	0	500	2,500
Subtotal Fund -386	<u>\$ 1,167,600</u>	<u>\$ 890,071</u>	<u>\$ 32,161</u>	<u>\$ 922,232</u>	<u>\$ 245,368</u>

Note: Above information was taken from Agency records and reconciled to the Comptroller's records.

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For The Fiscal Year Ended June 30, 2003

P.A. 92-0538	Appropriations		Lapse Period	Total	Balances
FISCAL YEAR 2003	(Net of Transfers)	Expenditures Through June 30	Expenditures July 1 to August 31	Expenditures 14 Months Ended August 31	Lapsed August 31
<u>Pawnbroker Regulation Fund - 562</u>					
Personal Services	\$ 81,700	\$ 58,398	\$ 5,898	\$ 64,296	\$ 17,404
Employee Retirement					
Contributions Paid by Employer	3,300	2,339	236	2,575	725
State Contribution to State					
Employees' Retirement System	8,700	6,035	609	6,644	2,056
State Contributions to Social Security	6,200	4,351	436	4,787	1,413
Group Insurance	11,300	9,085	1,087	10,172	1,128
Contractual Services	59,900	10,955	2,746	13,701	46,199
Travel	7,100	1,651	533	2,184	4,916
Commodities	1,000	200	121	321	679
Printing	3,000	1,259	0	1,259	1,741
Electronic Data Processing	4,300	3,684	49	3,733	567
Telecommunications	6,800	605	60	665	6,135
Subtotal Fund -562	<u>\$ 193,300</u>	<u>\$ 98,562</u>	<u>\$ 11,775</u>	<u>\$ 110,337</u>	<u>\$ 82,963</u>

Note: Above information was taken from Agency records and reconciled to the Comptroller's records.

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For The Fiscal Year Ended June 30, 2003

P.A. 92-0538	Appropriations		Lapse Period	Total	Balances
FISCAL YEAR 2003	(Net of Transfers)	Expenditures Through June 30	Expenditures July 1 to August 31	Expenditures 14 Months Ended August 31	Lapsed August 31
<u>Auction Regulation Administration Fund- 641</u>					
Personal Services	\$ 132,300	\$ 95,397	\$ 1,112	\$ 96,509	\$ 35,791
Personal Services: Per Diem	24,800	11,750	0	11,750	13,050
Employee Retirement					
Contributions Paid by Employer	5,300	3,055	45	3,100	2,200
State Contribution to State					
Employees' Retirement System	14,000	9,847	115	9,962	4,038
State Contributions to Social Security	10,100	7,009	84	7,093	3,007
Group Insurance	27,900	14,295	242	14,537	13,363
Contractual Services	106,600	44,160	61	44,221	62,379
Travel	20,000	4,869	0	4,869	15,131
Commodities	4,600	891	443	1,334	3,266
Printing	9,300	58	5,305	5,363	3,937
Equipment	10,000	0	0	0	10,000
Electronic Data Processing	35,700	23,729	1,008	24,737	10,963
Telecommunications	26,400	6,184	730	6,914	19,486
Refunds	4,900	0	0	0	4,900
Subtotal Fund -641	<u>\$ 431,900</u>	<u>\$ 221,244</u>	<u>\$ 9,145</u>	<u>\$ 230,389</u>	<u>\$ 201,511</u>

Note: Above information was taken from Agency records and reconciled to the Comptroller's records.

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For The Fiscal Year Ended June 30, 2003

P.A. 92-0538	Appropriations		Lapse Period	Total	Balances
FISCAL YEAR 2003	(Net of Transfers)	Expenditures Through June 30	Expenditures July 1 to August 31	Expenditures 14 Months Ended August 31	Lapsed August 31
<u>Home Inspector Administration Fund - 746</u>					
Personal Services	\$ 147,000	\$ 100,487	\$ 5,644	\$ 106,131	\$ 40,869
Personal Services: Per Diem	13,741	13,741	0	13,741	0
Employee Retirement					
Contributions Paid by Employer	5,880	3,700	226	3,926	1,954
State Contribution to State					
Employees' Retirement System	15,582	10,372	583	10,955	4,627
State Contributions to Social Security	11,246	7,415	417	7,832	3,414
Group Insurance	46,500	24,916	1,300	26,216	20,284
Contractual Services	18,000	5,646	141	5,787	12,213
Travel	13,500	1,577	0	1,577	11,923
Commodities	2,000	409	0	409	1,591
Equipment	15,459	0	0	0	15,459
Electronic Data Processing	25,000	10,718	31	10,749	14,251
Telecommunications	3,150	1,418	118	1,536	1,614
Refunds	1,000	400	0	400	600
	<u>\$ 318,058</u>	<u>\$ 180,799</u>	<u>\$ 8,460</u>	<u>\$ 189,259</u>	<u>\$ 128,799</u>
Subtotal Fund -746	<u>\$ 318,058</u>	<u>\$ 180,799</u>	<u>\$ 8,460</u>	<u>\$ 189,259</u>	<u>\$ 128,799</u>
<u>Real Estate Audit Fund - 750</u>					
Operating expenses for					
Real Estate Audits	\$ 200,000	\$ 0	\$ 0	\$ 0	\$ 200,000
	<u>\$ 200,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 200,000</u>
Subtotal Fund -750	<u>\$ 200,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 200,000</u>

Note: Above information was taken from Agency records and reconciled to the Comptroller's records.

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For The Fiscal Year Ended June 30, 2003

P.A. 92-0538	Appropriations		Lapse Period	Total	Balances
FISCAL YEAR 2003	(Net of Transfers)	Expenditures Through June 30	Expenditures July 1 to August 31	Expenditures 14 Months Ended August 31	Lapsed August 31
<u>Bank and Trust Company Fund - 795</u>					
Personal Services	\$11,921,100	\$ 11,072,210	\$ 430,330	\$ 11,502,540	\$ 418,560
Employee Retirement					
Contributions Paid by Employer	476,900	411,169	17,121	428,290	48,610
State Contribution to State					
Employees' Retirement System	1,263,600	1,145,404	44,442	1,189,846	73,754
State Contributions to Social Security	912,000	820,219	32,122	852,341	59,659
Group Insurance	1,674,500	1,556,952	63,854	1,620,806	53,694
Contractual Services	1,379,300	1,228,531	16,458	1,244,989	134,311
Legal Services	100,000	2,858	62,561	65,419	34,581
Travel	1,063,100	814,381	47,739	862,120	200,980
Commodities	52,200	50,575	97	50,672	1,528
Printing	47,000	44,797	154	44,951	2,049
Equipment	103,700	10,164	534	10,698	93,002
Electronic Data Processing	1,161,200	759,323	72,223	831,546	329,654
Telecommunications	230,700	215,490	13,701	229,191	1,509
Operation of Automotive Equipment	9,600	5,966	2,679	8,645	955
Corporate Fiduciary Receivership	900,000	176,895	0	176,895	723,105
Refunds	1,000	600	250	850	150
	<u>1,000</u>	<u>600</u>	<u>250</u>	<u>850</u>	<u>150</u>
Subtotal Fund -795	<u>\$21,295,900</u>	<u>\$ 18,315,534</u>	<u>\$ 804,265</u>	<u>\$ 19,119,799</u>	<u>\$ 2,176,101</u>

Note: Above information was taken from Agency records and reconciled to the Comptroller's records.

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For The Fiscal Year Ended June 30, 2003

P.A. 92-0538	Appropriations		Lapse Period	Total	Balances
FISCAL YEAR 2003	(Net of Transfers)	Expenditures Through June 30	Expenditures July 1 to August 31	Expenditures 14 Months Ended August 31	Lapsed August 31
<u>Real Estate Research and Education Fund - 849</u>					
Research and Education	\$ 130,000	\$ 12,729	\$ 0	\$ 12,729	\$ 117,271
Subtotal Fund -849	<u>\$ 130,000</u>	<u>\$ 12,729</u>	<u>\$ 0</u>	<u>\$ 12,729</u>	<u>\$ 117,271</u>
<u>Real Estate License Administration Fund - 850</u>					
Personal Services	\$ 2,717,100	\$ 2,243,825	\$ 87,655	\$ 2,331,480	\$ 385,620
Personal Services: Per Diem	56,000	43,250	4,750	48,000	8,000
Employee Retirement					
Contributions Paid by Employer	108,700	86,101	3,401	89,502	19,198
State Contribution to State					
Employees' Retirement System	288,000	231,677	9,047	240,724	47,276
State Contributions to Social Security	207,800	160,272	6,492	166,764	41,036
Group Insurance	453,900	351,801	14,009	365,810	88,090
Contractual Services	807,200	552,084	35,398	587,482	219,718
Travel	105,850	92,167	2,784	94,951	10,899
Commodities	39,200	19,918	1,729	21,647	17,553
Printing	64,000	26,382	13,124	39,506	24,494
Equipment	99,600	23,131	315	23,446	76,154
Electronic Data Processing	252,100	185,247	37,039	222,286	29,814
Telecommunications	67,100	53,945	4,903	58,848	8,252
Operation of Automotive Equipment	10,000	8,817	492	9,309	691
Refunds	6,750	2,160	485	2,645	4,105
Subtotal Fund -850	<u>\$ 5,283,300</u>	<u>\$ 4,080,777</u>	<u>\$ 221,623</u>	<u>\$ 4,302,400</u>	<u>\$ 980,900</u>
Total - All Appropriated Funds	<u>\$34,435,058</u>	<u>\$28,270,210</u>	<u>\$ 1,283,207</u>	<u>\$ 29,553,417</u>	<u>\$ 4,881,641</u>

Note: Above information was taken from Agency records and reconciled to the Comptroller's records.

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For The Fiscal Year Ended June 30, 2003

P.A. 92-0538 FISCAL YEAR 2003	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
Non-Appropriated Funds					
<u>Real Estate Recovery Fund - 629</u>					
Awards and Grants	\$	0	\$ 10,000	\$ 10,000	
Subtotal Fund -629	\$	0	\$ 10,000	\$ 10,000	
Total - All Non-Appropriated Funds	\$	0	\$ 10,000	\$ 10,000	
GRAND TOTAL - ALL FUNDS	\$	28,270,210	\$ 1,293,207	\$ 29,563,417	

Note: Above information was taken from Agency records and reconciled to the Comptroller's records.

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES
AND LAPSED BALANCES**
For the Fiscal Years Ended June 30,

	Fiscal Year		
	2004	2003	2002
	P.A. 93-0664	P.A. 92-0538	P.A. 92-0008
Savings and Residential Finance Regulatory Fund - 244			
Appropriations (Net of Transfers)	\$ 4,855,564	\$ 5,415,000	\$ 5,389,500
<u>Expenditures</u>			
Personal Services	\$ 2,254,174	\$ 2,633,248	\$ 2,490,475
Employee Retirement			
Contributions Paid by Employer	39,926	96,267	97,321
State Contribution to State			
Employees' Retirement System	303,095	274,473	250,322
State Contributions to Social Security	167,126	191,102	184,522
Group Insurance	356,592	352,947	360,703
Contractual Services	461,507	591,947	618,750
Travel	145,216	137,550	154,846
Commodities	17,370	30,682	31,385
Printing	7,564	46,001	37,327
Equipment	6,079	28,151	52,155
Electronic Data Processing	256,027	234,258	229,813
Telecommunications	38,120	45,439	38,442
Operation of Automotive Equipment	3,794	3,479	4,548
Savings and Loan and Mortgage			
Board Meeting Expenses	0	728	811
Refunds	3,850	0	500
Total Expenditures - Fund 244	\$ 4,060,440	\$ 4,666,272	\$ 4,551,920
Lapsed Balances - Fund 244	\$ 795,124	\$ 748,728	\$ 837,580

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES
AND LAPSED BALANCES**
For the Fiscal Years Ended June 30,

	Fiscal Year		
	2004	2003	2002
	P.A. 93-0664		
	P.A. 93-62	P.A. 92-0538	P.A. 92-0008
<u>Appraisal Administration Fund -386</u>			
Appropriations (Net of Transfers)	\$ 1,305,054	\$ 1,167,600	\$ 1,369,800
<u>Expenditures</u>			
Personal Services	\$ 459,206	\$ 506,814	\$ 481,175
Personal Services: Per Diem	0	28,000	29,250
Employee Retirement			
Contributions Paid by Employer	6,789	18,169	19,082
State Contribution to State			
Employees' Retirement System	61,769	53,175	48,350
State Contributions to Social Security	33,892	38,926	41,102
Group Insurance	98,085	83,395	77,796
Contractual Services	118,820	115,533	178,947
Travel	13,212	11,360	14,754
Commodities	4,401	3,586	8,795
Printing	6,978	466	2,381
Equipment	851	2,591	1,065
Electronic Data Processing	35,954	34,228	45,596
Telecommunications	6,497	7,739	7,153
Forwarding Real Estate Appraisal			
Fees to the Federal Government	193,975	17,750	224,575
Refunds	1,750	500	687
Total Expenditures - Fund 386	<u>\$ 1,042,179</u>	<u>\$ 922,232</u>	<u>\$ 1,180,708</u>
Lapsed Balances - Fund 386	<u>\$ 262,875</u>	<u>\$ 245,368</u>	<u>\$ 189,092</u>

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES
AND LAPSED BALANCES**
For the Fiscal Years Ended June 30,

	Fiscal Year		
	2004	2003	2002
	P.A. 93-0664		
	P.A. 93-62	P.A. 92-0538	P.A. 92-0008
<u>Pawnbroker Regulation Fund - 562</u>			
Appropriations (Net of Transfers)	\$ 121,404	\$ 193,300	\$ 140,300
<u>Expenditures</u>			
Personal Services	\$ 67,808	\$ 64,296	\$ 77,955
Employee Retirement			
Contributions Paid by Employer	0	2,575	3,125
State Contribution to State			
Employees' Retirement System	9,116	6,644	7,843
State Contributions to Social Security	5,002	4,787	5,885
Group Insurance	13,249	10,172	7,989
Contractual Services	2,850	13,701	11,859
Travel	3,624	2,184	3,737
Commodities	372	321	1,319
Printing	364	1,259	0
Electronic Data Processing	3,100	3,733	3,542
Telecommunications	944	665	577
Total Expenditures - Fund 562	<u>\$ 106,429</u>	<u>\$ 110,337</u>	<u>\$ 123,831</u>
Lapsed Balances - Fund 562	<u>\$ 14,975</u>	<u>\$ 82,963</u>	<u>\$ 16,469</u>

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES
AND LAPSED BALANCES**
For the Fiscal Years Ended June 30,

	Fiscal Year		
	2004	2003	2002
	P.A. 93-0664	P.A. 92-0538	P.A. 92-0008
<u>Auction Regulation Administration Fund- 641</u>			
Appropriations (Net of Transfers)	\$ 301,943	\$ 431,900	\$ 441,100
<u>Expenditures</u>			
Personal Services	\$ 28,320	\$ 96,509	\$ 125,354
Personal Services: Per Diem	0	11,750	21,750
Employee Retirement			
Contributions Paid by Employer	1,133	3,100	5,015
State Contribution to State			
Employees' Retirement System	3,806	9,962	12,587
State Contributions to Social Security	2,142	7,093	9,017
Group Insurance	6,878	14,537	23,100
Contractual Services	37,416	44,221	41,698
Travel	353	4,869	1,942
Commodities	1,496	1,334	2,074
Printing	140	5,363	1,925
Equipment	0	0	231
Electronic Data Processing	22,056	24,737	19,880
Telecommunications	8,246	6,914	6,986
Refunds	0	0	0
Total Expenditures - Fund 641	\$ 111,986	\$ 230,389	\$ 271,559
Lapsed Balances - Fund 641	\$ 189,957	\$ 201,511	\$ 169,541

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES
AND LAPSED BALANCES**
For the Fiscal Years Ended June 30,

	Fiscal Year		
	2004	2003	2002
	P.A. 93-0664	P.A. 92-0538	P.A. 92-0008
	P.A. 93-62	P.A. 92-0538	P.A. 92-0008
<u>Home Inspector Administration Fund - 746</u>			
Appropriations (Net of Transfers)	\$ 283,100	\$ 318,058	\$ 0
<u>Expenditures</u>			
Personal Services	\$ 119,293	\$ 106,131	\$ 0
Personal Services: Per Diem	0	13,741	0
Employee Retirement			
Contributions Paid by Employer	248	3,926	0
State Contribution to State			
Employees' Retirement System	16,033	10,955	0
State Contributions to Social Security	8,801	7,832	0
Group Insurance	27,888	26,216	0
Contractual Services	14,399	5,787	0
Travel	621	1,577	0
Commodities	606	409	0
Equipment	3,800	0	0
Electronic Data Processing	17,204	10,749	0
Telecommunications	918	1,536	0
Refunds	0	400	0
Total Expenditures - Fund 746	<u>\$ 209,811</u>	<u>\$ 189,259</u>	<u>\$ 0</u>
Lapsed Balances - Fund 746	<u>\$ 73,289</u>	<u>\$ 128,799</u>	<u>\$ 0</u>
<u>Real Estate Audit Fund - 750</u>			
Appropriations (Net of Transfers)	\$ 100,000	\$ 200,000	\$ 0
<u>Expenditures</u>			
Operating expenses for			
Real Estate Audits	\$ 0	\$ 0	\$ 0
Total Expenditures - Fund 750	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Lapsed Balances - Fund 750	<u>\$ 100,000</u>	<u>\$ 200,000</u>	<u>\$ 0</u>

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES
AND LAPSED BALANCES**
For the Fiscal Years Ended June 30,

	Fiscal Year		
	2004	2003	2002
	P.A. 93-0664		
	P.A. 93-62	P.A. 92-0538	P.A. 92-0008
<u>Bank and Trust Company Fund - 795</u>			
Appropriations (Net of Transfers)	\$ 18,851,401	\$ 21,295,900	\$ 20,552,400
<u>Expenditures</u>			
Personal Services	\$ 10,537,036	\$ 11,502,540	\$ 10,633,597
Employee Retirement			
Contributions Paid by Employer	280,377	428,290	416,630
State Contribution to State			
Employees' Retirement System	1,417,104	1,189,846	1,068,188
State Contributions to Social Security	780,529	852,341	788,870
Group Insurance	1,692,139	1,620,806	1,555,574
Contractual Services	882,317	1,244,989	1,271,594
Legal Services	0	65,419	100,000
Travel	862,689	862,120	902,330
Commodities	44,949	50,672	71,576
Printing	17,685	44,951	28,221
Equipment	8,879	10,698	58,478
Electronic Data Processing	817,944	831,546	921,512
Telecommunications	215,764	229,191	245,702
Operation of Automotive Equipment	8,603	8,645	5,612
Corporate Fiduciary Receivership	339,967	176,895	15,332
Refunds	3,191	850	3,000
Total Expenditures - Fund 795	<u>\$ 17,909,173</u>	<u>\$ 19,119,799</u>	<u>\$ 18,086,216</u>
Lapsed Balances - Fund 795	<u>\$ 942,228</u>	<u>\$ 2,176,101</u>	<u>\$ 2,466,184</u>

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES
AND LAPSED BALANCES**
For the Fiscal Years Ended June 30,

	Fiscal Year		
	2004	2003	2002
	P.A. 93-0664	P.A. 92-0538	P.A. 92-0008
Real Estate Research and Education Fund - 849			
Appropriations (Net of Transfers)	\$ 70,000	\$ 130,000	\$ 130,000
<u>Expenditures</u>			
Research and Education	\$ 7,456	\$ 12,729	\$ 29,799
Total Expenditures - Fund 849	\$ 7,456	\$ 12,729	\$ 29,799
Lapsed Balances - Fund 849	\$ 62,544	\$ 117,271	\$ 100,201
Real Estate License Administration Fund - 850			
Appropriations (Net of Transfers)	\$ 4,671,115	\$ 5,283,300	\$ 5,195,400
<u>Expenditures</u>			
Personal Services	\$ 2,199,616	\$ 2,331,480	\$ 2,257,568
Personal Services: Per Diem	0	48,000	57,250
Employee Retirement			
Contributions Paid by Employer	28,931	89,502	88,643
State Contribution to State			
Employees' Retirement System	295,217	240,724	226,751
State Contributions to Social Security	158,226	166,764	165,458
Group Insurance	380,928	365,810	357,896
Contractual Services	449,563	587,482	671,722
Travel	72,713	94,951	92,546
Commodities	19,608	21,647	31,499
Printing	29,641	39,506	35,497
Equipment	2,484	23,446	48,208
Electronic Data Processing	165,583	222,286	214,264
Telecommunications	57,785	58,848	58,944
Operation of Automotive Equipment	11,502	9,309	17,018
Refunds	8,405	2,645	4,002
Total Expenditures - Fund 850	\$ 3,880,202	\$ 4,302,400	\$ 4,327,266
Lapsed Balances - Fund 850	\$ 790,913	\$ 980,900	\$ 868,134

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES
AND LAPSED BALANCES**
For the Fiscal Years Ended June 30,

	Fiscal Year		
	2004	2003	2002
	P.A. 93-0664	P.A. 92-0538	P.A. 92-0008
GRAND TOTAL, ALL APPROPRIATED FUNDS			
Appropriations (Net of Transfers)	\$ 30,559,581	\$ 34,435,058	\$ 33,218,500
Total Appropriated Expenditures	\$ 27,327,676	\$ 29,553,417	\$ 28,571,299
Total Appropriated Lapsed Balances	\$ 3,231,905	\$ 4,881,641	\$ 4,647,201
 Non-Appropriated Funds			
Real Estate Recovery Fund - 629			
<u>Expenditures</u>			
Awards and Grants	\$ 11,500	\$ 10,000	\$ 0
Total Expenditures - Fund 629	\$ 11,500	\$ 10,000	\$ 0
 Salaries Paid From the Comptroller's Executive Salary Appropriations			
Appropriations (Net of Transfers)	\$ 409,000	\$ 409,000	\$ 409,000
<u>Expenditures</u>			
Personal Services:			
For the Commissioner	115,700	113,913	115,601
For the First Deputy Commissioner	106,460	80,156	106,460
For the Deputy Commissioners	147,738	163,289	186,616
Total Expenditures - State Officers' Salaries	\$ 369,898	\$ 357,358	\$ 408,677
State Officers' Salaries - Lapsed Balances	\$ 39,102	\$ 51,642	\$ 323

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
SCHEDULE OF EFFICIENCY INITIATIVE PAYMENTS
For the Fiscal Year Ended June 30, 2004

<u>Procurement Efficiency Initiative</u>	<u>Amount</u>
Savings and Residential Finance Regulatory Fund-244	
Contractual Services	\$ 22,300
Travel	15,000
Commodities	6,000
Equipment	1,900
Electronic Data Processing	10,700
Telecommunications	3,200
Appraisal Administration Fund-386	
Commodities	2,000
Electronic Data Processing	1,900
Telecommunications	800
Pawnbroker Regulation Fund-562	
Commodities	200
Auction Regulation Administration Fund-641	
Commodities	1,000
Electronic Data Processing	1,300
Telecommunications	800
Home Inspector Administration Fund-746	
Commodities	500
Electronic Data Processing	3,800
Telecommunications	600
Bank and Trust Company Fund-795	
Contractual Services	15,000
Travel	26,500
Commodities	12,000
Equipment	1,900
Electronic Data Processing	39,800
Telecommunications	15,030
Real Estate License Administration Fund-850	
Contractual Services	50,000
Travel	10,000
Commodities	6,100
Equipment	1,500
Electronic Data Processing	8,800
Telecommunications	4,300
Operation of Automotive Equipment	1,000
Sub-Total	<u>263,930</u>

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
SCHEDULE OF EFFICIENCY INITIATIVE PAYMENTS
For the Fiscal Year Ended June 30, 2004

<u>Information Technology Initiatives</u>	<u>Amount</u>
Savings and Residential Finance Regulatory Fund-244	
Electronic Data Processing	\$ 19,046
Appraisal Administration Fund-386	
Electronic Data Processing	2,801
Pawnbroker Regulation Fund-562	560
Electronic Data Processing	
Auction Regulation Administration Fund-641	560
Electronic Data Processing	
Home Inspector Administration Fund-746	1,120
Electronic Data Processing	
Bank and Trust Company Fund-795	75,624
Electronic Data Processing	
Real Estate License Administration Fund-850	18,486
Electronic Data Processing	
Sub-Total	<u>118,197</u>
<u>Vehicle Fleet Initiatives</u>	
Savings and Residential Finance Regulatory Fund-244	
Operation of Automotive Equipment	\$ 713
Bank and Trust Company Fund-795	
Operation of Automotive Equipment	820
Real Estate License Administration Fund-850	
Operation of Automotive Equipment	3,033
Sub-Total	<u>4,566</u>
Grand Total	<u>\$ 386,693</u>

Note: This schedule includes only those payments made pursuant to 30 ILCS 105/6p-5. Amounts were obtained from the Agency and reconciled to information from the Office of the Comptroller.

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE
(CASH BASIS) - LOCALLY HELD FUNDS
For the Two Years Ended June 30, 2004

Illinois Bank Examiners'
Education Foundation Fund - 1296

Cash Balance at July 1, 2002	\$	115,020
Receipts:		
FY02 Interest received in FY03		46,829
FY03 Interest received		49,341
Disbursements:		
Expenditures		19,322
Purchase of Investments		16,437
		<hr/>
Cash Balance at June 30, 2003	\$	<u><u>175,431</u></u>

Cash Balance at July 1, 2003	\$	175,431
Receipts:		
FY03 Interest received in FY04		6,937
FY04 Interest received		42,421
Disbursements:		
Expenditures		43,779
Purchase of Investments		25,000
		<hr/>
Cash Balance at June 30, 2004	\$	<u><u>156,010</u></u>

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
SCHEDULE OF CHANGES IN STATE PROPERTY
For the Two Years Ended June 30, 2004

	Equipment
Balance at July 1, 2002	\$ 4,627,005 *
Additions	792,199
Deletions	196,821
Net Transfers	(576,055)
Balance at June 30, 2003	\$ 4,646,328
Balance at July 1, 2003	\$ 4,646,328
Additions	111,078
Deletions	62,636
Net Transfers	(187,464)
Balance at June 30, 2004	\$ 4,507,306

Note: The above schedule has been derived from Agency records which have been reconciled to property reports submitted to the Office of the Comptroller.

* Beginning balance was restated to agree to the Agency Report of State Property submitted to the Office of the Comptroller.

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
COMPARATIVE SCHEDULE OF CASH RECEIPTS
For the Fiscal Years Ended June 30,

	<u>2004</u>	<u>2003</u>	<u>2002</u>
SAVINGS AND RESIDENTIAL FINANCE			
REGULATORY FUND - 244			
Mortgage Banking License Fee	\$ 150,650	\$ 223,950	\$ 179,850
Mortgage Banking Exam Fee	236,073	175,877	153,011
Mortgage Bankers Fee	5,815,495	3,551,520	3,277,437
Savings & Loan Exam Fee	267,073	204,544	196,432
Savings & Loan Supervisory Fee	1,184,605	922,516	894,315
Savings & Loan Miscellaneous	-	13,086	34,085
Loan Originator License Fee	1,312,490	-	-
Fines	138,950	-	-
Other Miscellaneous	228	1,763	2,607
Interest	47,836	35,610	-
Nonoperating items	1,000	92	234
TOTAL RECEIPTS - FUND 244	<u>\$ 9,154,400</u>	<u>\$ 5,128,958</u>	<u>\$ 4,737,971</u>
APPRAISAL ADMINISTRATION FUND - 386			
License Fee	\$ 2,582,818	\$ 402,766	\$ 2,325,064
Fines	25,250	44,075	46,250
Miscellaneous	24	25	813
Nonoperating items	350	(175)	-
TOTAL RECEIPTS - FUND 386	<u>\$ 2,608,442</u>	<u>\$ 446,691</u>	<u>\$ 2,372,127</u>
PAWNBROKER REGULATION FUND - 562			
Pawnbroker License Fees	\$ 169,930	\$ 132,450	\$ 139,350
Fines	31,550	-	-
Miscellaneous	-	10,950	5,100
TOTAL RECEIPTS - FUND 562	<u>\$ 201,480</u>	<u>\$ 143,400</u>	<u>\$ 144,450</u>
REAL ESTATE RECOVERY FUND - 629			
Recovery Fines	\$ 71,380	\$ 58,085	\$ 36,852
Payout Recoveries	6,294	7,538	16,633
TOTAL RECEIPTS - FUND 629	<u>\$ 77,674</u>	<u>\$ 65,623</u>	<u>\$ 53,485</u>

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
COMPARATIVE SCHEDULE OF CASH RECEIPTS
For the Fiscal Years Ended June 30,

	<u>2004</u>	<u>2003</u>	<u>2002</u>
AUCTION REGULATION ADMINISTRATION FUND - 641			
License Fee	\$ 625,715	\$ 41,650	\$ 655,620
Interest	3,886	3,265	8,296
Miscellaneous Fees	-	-	9,625
TOTAL RECEIPTS - FUND 641	<u>\$ 629,601</u>	<u>\$ 44,915</u>	<u>\$ 673,541</u>
AUCTION RECOVERY FUND - 643			
Recovery Fines	\$ 2,000	\$ 500	\$ 36,275
Interest	1,783	2,211	2,183
TOTAL RECEIPTS - FUND 643	<u>\$ 3,783</u>	<u>\$ 2,711</u>	<u>\$ 38,458</u>
HOME INSPECTOR ADMINISTRATION FUND - 746			
License Fee	\$ 441,865	\$ 522,075	\$ -
Interest	4,772	5,117	-
Nonoperating items	90	-	-
TOTAL RECEIPTS - FUND 746	<u>\$ 446,727</u>	<u>\$ 527,192</u>	<u>\$ -</u>
REAL ESTATE AUDIT FUND - 750			
Interest	\$ 1,934	\$ 4,370	\$ 2,068
TOTAL RECEIPTS - FUND 750	<u>\$ 1,934</u>	<u>\$ 4,370</u>	<u>\$ 2,068</u>

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
COMPARATIVE SCHEDULE OF CASH RECEIPTS
For the Fiscal Years Ended June 30,

	<u>2004</u>	<u>2003</u>	<u>2002</u>
BANK AND TRUST COMPANY FUND - 795			
Exam Fees, Banking	\$ 16,641,455	\$ 13,277,083	\$ 12,401,593
Exam Fees, EDP	3,170,542	2,333,133	2,148,100
Miscellaneous Bank Fees	244,555	198,800	158,032
Miscellaneous Trust Fees	29,050	24,089	13,200
Exam Fees, International	2,391,815	2,283,902	2,395,363
Miscellaneous International Fees	56,700	13,400	12,200
Corporate Fiduciary Regulatory Fees	2,230,544	1,813,150	1,754,675
Corporate Receivership Fee	404,388	380,419	187,973
Check Printer	200	2,200	2,600
Miscellaneous	3,953	10,455	9,564
Fines	7,500	-	-
Interest	56,182	49,355	87,170
Nonoperating items	4,577	1,914	3,986
TOTAL RECEIPTS - FUND 795	<u>\$ 25,241,461</u>	<u>\$ 20,387,900</u>	<u>\$ 19,174,456</u>
 REAL ESTATE RESEARCH AND EDUCATION FUND - 849			
Interest	\$ 4,376	\$ 5,136	\$ 5,292
TOTAL RECEIPTS - FUND 849	<u>\$ 4,376</u>	<u>\$ 5,136</u>	<u>\$ 5,292</u>
 REAL ESTATE LICENSE ADMINISTRATION FUND - 850			
Time Share Licensing	\$ 319,300	\$ 300,812	\$ 277,114
Real Estate Licensing	6,115,690	4,192,616	4,136,517
Land Sales Licensing	86,650	104,637	55,400
Interest	46,864	88,983	187,645
Miscellaneous	8,932	6,064	7,001
Petty Cash Dissolution	480	-	-
Nonoperating items	10,362	220	4,100
TOTAL RECEIPTS - FUND 850	<u>\$ 6,588,278</u>	<u>\$ 4,693,332</u>	<u>\$ 4,667,777</u>
 <u>TOTAL RECEIPTS - ALL FUNDS</u>	 <u>\$ 44,958,156</u>	 <u>\$ 31,450,228</u>	 <u>\$ 31,869,625</u>

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
**RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS
REMITTED TO THE STATE COMPTROLLER**

For the Fiscal Years Ended June 30,

	2004	2003
SAVINGS AND RESIDENTIAL FINANCE REGULATORY FUND - 244		
Receipts per Agency records	\$ 9,154,400	\$ 5,128,958
Add: Deposits in transit, beginning of year	196,030	118,956
Miscellaneous Adjustment	4,200	-
Less: Deposits in transit, end of year	(1,643,220)	(196,030)
Interest	(47,836)	(35,610)
Miscellaneous Adjustment	-	(41)
Deposits recorded by the Comptroller	\$ 7,663,574	\$ 5,016,233
 APPRAISAL ADMINISTRATION FUND - 386		
Receipts per Agency records	\$ 2,608,442	\$ 446,691
Add: Deposits in transit, beginning of year	45,557	14,750
Miscellaneous Adjustment	50	-
Less: Deposits in transit, end of year	(31,792)	(45,557)
Miscellaneous Adjustment	-	(50)
Deposits recorded by the Comptroller	\$ 2,622,257	\$ 415,834
 PAWNBROKER REGULATION FUND - 562		
Receipts per Agency records	\$ 201,480	\$ 143,400
Add: Deposits in transit, beginning of year	3,000	-
Less: Deposits in transit, end of year	(160,650)	(3,000)
Deposits recorded by the Comptroller	\$ 43,830	\$ 140,400

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS
REMITTED TO THE STATE COMPTROLLER
For the Fiscal Years Ended June 30,

	2004	2003
REAL ESTATE RECOVERY FUND - 629		
Receipts per Agency records	\$ 77,674	\$ 65,623
Add: Deposits in transit, beginning of year	-	-
Less: Deposits in transit, end of year	(3,546)	-
	\$ 74,128	\$ 65,623
 AUCTION REGULATION		
ADMINISTRATION FUND - 641		
Receipts per Agency records	\$ 629,601	\$ 44,915
Add: Deposits in transit, beginning of year	2,075	1,650
Less: Deposits in transit, end of year	(1,350)	(2,075)
Interest	(3,886)	(3,265)
	\$ 626,440	\$ 41,225
 AUCTION RECOVERY FUND - 643		
Receipts per Agency records	\$ 3,783	\$ 2,711
Add: Deposits in transit, beginning of year	250	-
Less: Deposits in transit, end of year	-	(250)
Interest	(1,783)	(2,211)
	\$ 2,250	\$ 250

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS
REMITTED TO THE STATE COMPTROLLER
For the Fiscal Years Ended June 30,

	2004	2003
HOME INSPECTOR ADMINISTRATION		
FUND - 746		
Receipts per Agency records	\$ 446,727	\$ 527,192
Add: Deposits in transit, beginning of year	21,500	-
Miscellaneous Adjustment	400	-
Less: Deposits in transit, end of year	(20,500)	(21,500)
Interest	(4,772)	(5,117)
Deposits recorded by the Comptroller	\$ 443,355	\$ 500,575
 REAL ESTATE AUDIT FUND - 750		
Receipts per Agency records	\$ 1,934	\$ 4,370
Add: Deposits in transit, beginning of year	-	-
Less: Deposits in transit, end of year	-	-
Interest	(1,934)	(4,370)
Deposits recorded by the Comptroller	\$ -	\$ -
 BANK AND TRUST COMPANY FUND - 795		
Receipts per Agency records	\$ 25,241,461	\$ 20,387,900
Add: Deposits in transit, beginning of year	10,601	3,568
Less: Deposits in transit, end of year	(7,025)	(10,602)
Miscellaneous Adjustment	-	(48)
Interest	(56,182)	(49,355)
Deposits recorded by the Comptroller	\$ 25,188,855	\$ 20,331,463

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS
REMITTED TO THE STATE COMPTROLLER
For the Fiscal Years Ended June 30,

	2004	2003
REAL ESTATE RESEARCH AND EDUCATION FUND - 849		
Receipts per Agency records	\$ 4,376	\$ 5,136
Add: Deposits in transit, beginning of year	-	-
Less: Deposits in transit, end of year	-	-
Interest	(4,376)	(5,136)
Deposits recorded by the Comptroller	\$ -	\$ -
 REAL ESTATE LICENSE ADMINISTRATION FUND - 850		
Receipts per Agency records	\$ 6,588,278	\$ 4,693,332
Add: Deposits in transit, beginning of year	198,799	88,875
Miscellaneous Adjustment	774	400
Less: Deposits in transit, end of year	(245,121)	(198,799)
Miscellaneous Adjustment	-	-
Interest	(46,864)	(88,983)
Deposits recorded by the Comptroller	\$ 6,495,866	\$ 4,494,825

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2004

After completing the comparative schedule of net appropriations, expenditures, and lapsed balances by fund, significant changes in expenditures were explained by the Agency. Significant changes are defined as increases or decreases of \$5,000 and at least 20%.

BETWEEN FISCAL YEARS 2004 AND 2003

Savings & Residential Finance Regulatory Fund – 244

Employee Retirement Contributions Paid by Employer

<u>FY04</u>	<u>FY03</u>	<u>\$ Diff</u>	<u>% Diff</u>
\$39,926	\$96,267	(\$56,341)	(58.53%)

The decrease in FY04 was due to the State ceasing to pay pension pickup for Merit Comp employees as of 7/1/03.

Contractual Services

<u>FY04</u>	<u>FY03</u>	<u>\$ Diff</u>	<u>% Diff</u>
\$461,507	\$591,947	(\$130,440)	(22.04%)

The decrease in FY04 was due to a significant reduction in legal expenditures due to the settlement of lawsuits.

Commodities

<u>FY04</u>	<u>FY03</u>	<u>\$ Diff</u>	<u>% Diff</u>
\$17,370	\$30,682	(\$13,312)	(43.39%)

The decrease was due to the FY04 appropriation being cut by 50% from the FY03 level. The agency was forced to implement a myriad of cost savings initiatives.

Printing

<u>FY04</u>	<u>FY03</u>	<u>\$ Diff</u>	<u>% Diff</u>
\$7,564	\$46,001	(\$38,437)	(83.56%)

The decrease in FY04 was the result of not printing the consumer brochures for the Financial Literacy Program since the program was suspended.

Equipment

<u>FY04</u>	<u>FY03</u>	<u>\$ Diff</u>	<u>% Diff</u>
\$6,079	\$28,151	(\$22,072)	(78.41%)

The decrease in FY04 was due to a larger portion of the required 2% budget cut being taken from the Equipment line.

Appraisal Administration Fund – 386

Personal Services: Per Diem

<u>FY04</u>	<u>FY03</u>	<u>\$ Diff</u>	<u>% Diff</u>
\$0	\$28,000	(\$28,000)	(100.00%)

The decrease in FY04 was due to the elimination of most board per diem payments through an executive order and legislation.

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2004

Appraisal Administration Fund – 386 (continued)

Employee Retirement Contributions Paid by Employer

<u>FY04</u>	<u>FY03</u>	<u>\$ Diff</u>	<u>% Diff</u>
\$6,789	\$18,169	(\$11,380)	(62.63%)

The decrease in FY04 was due to the State ceasing to pay pension pickup for Merit Comp employees as of 7/01/03.

Printing

<u>FY04</u>	<u>FY03</u>	<u>\$ Diff</u>	<u>% Diff</u>
\$6,978	\$466	\$6,512	1397.42%

The increase in FY04 was due to the purchase of appraiser license forms that were not purchased in FY03.

Forwarding Real Estate Appraisal Fees to the Federal Government

<u>FY04</u>	<u>FY03</u>	<u>\$ Diff</u>	<u>% Diff</u>
\$193,975	\$17,750	\$176,225	992.82%

The increase in FY04 was due to alternating year payments of national registry fees.

Pawnbroker Regulation Fund – 562

Contractual Services

<u>FY04</u>	<u>FY03</u>	<u>\$ Diff</u>	<u>% Diff</u>
\$2,850	\$13,701	(\$10,851)	(79.20%)

The decrease in FY04 was due to the rent payments not being made out of this fund as they were in FY03. CMS made the rent payment in FY04 due to the Facilities Management Consolidation (Executive Order #10).

Auction Regulation Administration Fund – 641

Personal Services

<u>FY04</u>	<u>FY03</u>	<u>\$ Diff</u>	<u>% Diff</u>
\$28,320	\$96,509	(\$68,189)	(70.66%)

The decrease in FY04 was caused by two of the three employees paid from this fund leaving the division.

Personal Services: Per Diem

<u>FY04</u>	<u>FY03</u>	<u>\$ Diff</u>	<u>% Diff</u>
\$0	\$11,750	(\$11,750)	(100.00%)

The decrease in FY04 was due to the elimination of most board per diem payments through an executive order and legislation.

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2004

Auction Regulation Administration Fund – 641 (continued)

State Contribution to State Employees' Retirement System

<u>FY04</u>	<u>FY03</u>	<u>\$ Diff</u>	<u>% Diff</u>
\$3,806	\$9,962	(\$6,156)	(61.79%)

The decrease in FY04 was caused by two of the three employees paid from this fund leaving the division.

Group Insurance

<u>FY04</u>	<u>FY03</u>	<u>\$ Diff</u>	<u>% Diff</u>
\$6,878	\$14,537	(\$7,659)	(52.69%)

The decrease in FY04 was caused by two of the three employees paid from this fund leaving the division.

Contractual Services

<u>FY04</u>	<u>FY03</u>	<u>\$ Diff</u>	<u>% Diff</u>
\$37,416	\$44,221	(\$6,805)	(15.39%)

The decrease in FY04 was due to the electricity payment for the Chicago Office not being made out of this fund as it was in FY03. CMS made the electricity payment for the Chicago office due to the Facilities Management Consolidation (Executive Order #10).

Printing

<u>FY04</u>	<u>FY03</u>	<u>\$ Diff</u>	<u>% Diff</u>
\$140	\$5,363	(\$5,223)	(97.39%)

The decrease in FY04 was caused by fewer purchases due to the staff reductions previously mentioned.

Home Inspector Administration Fund – 746

Personal Services: Per Diem

<u>FY04</u>	<u>FY03</u>	<u>\$ Diff</u>	<u>% Diff</u>
\$0	\$13,741	(\$13,741)	(100.00%)

The decrease in FY04 was due to the elimination of most board per diem payments through an executive order and legislation.

State Contribution to State Employees' Retirement System

<u>FY04</u>	<u>FY03</u>	<u>\$ Diff</u>	<u>% Diff</u>
\$16,033	\$10,955	\$5,078	46.35%

The increase in FY04 was due to an increase in salaries paid by this fund and a 27% increase in the percentage paid for retirement.

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2004

Home Inspector Administration Fund – 746 (continued)

<u>Contractual Services</u>	<u>FY04</u>	<u>FY03</u>	<u>\$ Diff</u>	<u>% Diff</u>
	\$14,399	\$5,787	\$8,612	148.82%

The increase in FY04 was due to it being the first full year for this program and paying more administrative costs (rent) than the previous year.

Electronic Data Processing

<u>FY04</u>	<u>FY03</u>	<u>\$ Diff</u>	<u>% Diff</u>
\$17,204	\$10,749	\$6,455	60.05%

The increase in FY04 was due to three employees attending training in June 2004.

Bank and Trust Company Fund – 795

Employee Retirement Contributions Paid by Employer

<u>FY04</u>	<u>FY03</u>	<u>\$ Diff</u>	<u>% Diff</u>
\$280,377	\$428,290	(\$147,913)	(34.54%)

The decrease in FY04 was due to the State ceasing to pay pension pickup for Merit Comp employees as of 7/1/03.

<u>Contractual Services</u>	<u>FY04</u>	<u>FY03</u>	<u>\$ Diff</u>	<u>% Diff</u>
	\$882,317	\$1,244,989	(\$362,672)	(29.13%)

The decrease in FY04 was due to the rent payments not being made out of this fund as they were in FY03. CMS made the rent payment in FY04 due to the Facilities Management Consolidation (Executive Order #10).

<u>Legal Services</u>	<u>FY04</u>	<u>FY03</u>	<u>\$ Diff</u>	<u>% Diff</u>
	\$0	\$65,419	(\$65,419)	(100.00%)

The decrease in FY04 was caused by the elimination of appropriations for this line item. Legal expenditures are now paid out of the contractual services line.

<u>Printing</u>	<u>FY04</u>	<u>FY03</u>	<u>\$ Diff</u>	<u>% Diff</u>
	\$17,685	\$44,951	(\$27,266)	(60.66%)

The decrease in FY04 was caused by the biennial payment for the Illinois Banking Act books.

Corporate Fiduciary Receivership

<u>FY04</u>	<u>FY03</u>	<u>\$ Diff</u>	<u>% Diff</u>
\$339,967	\$176,895	\$163,072	92.19%

The increase in FY04 was due to a court-ordered payout made relating to a regulated entity that failed several years ago.

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2004

Real Estate Research and Education Fund – 849

<u>Research and Education</u>	<u>FY04</u>	<u>FY03</u>	<u>\$ Diff</u>	<u>% Diff</u>
	\$7,456	\$12,729	(\$5,273)	(41.43%)

The decrease in FY04 was due to a large expense in FY03 to a legal firm to draft and prepare a remedial escrow account course to be given to OBRE licensees which was not repeated in FY04.

Real Estate License Administration Fund – 850

<u>Personal Services: Per Diem</u>	<u>FY04</u>	<u>FY03</u>	<u>\$ Diff</u>	<u>% Diff</u>
	\$0	\$48,000	(\$48,000)	(100.00%)

The decrease in FY04 was due to the elimination of most board per diem payments through an executive order and legislation.

Employee Retirement Contributions Paid By Employer

<u>FY04</u>	<u>FY03</u>	<u>\$ Diff</u>	<u>% Diff</u>
\$28,931	\$89,502	(\$60,571)	(67.68%)

The decrease in FY04 was due to the State ceasing to pay pension pickup for Merit Comp employees as of 7/1/03.

State Contribution to State Employees' Retirement System

<u>FY04</u>	<u>FY03</u>	<u>\$ Diff</u>	<u>% Diff</u>
\$295,217	\$240,724	\$54,493	22.64%

The increase in FY04 was due to a 27% increase in the percentage paid for retirement.

<u>Contractual Services</u>	<u>FY04</u>	<u>FY03</u>	<u>\$ Diff</u>	<u>% Diff</u>
	\$449,563	\$587,482	(\$137,919)	(23.48%)

The decrease in FY04 was caused by the elimination of a contractual employee and several temporary services employees, and significant reductions in postage and legal expenditures.

<u>Travel</u>	<u>FY04</u>	<u>FY03</u>	<u>\$ Diff</u>	<u>% Diff</u>
	\$72,713	\$94,951	(\$22,238)	(23.42%)

The decrease in FY04 was caused by the agency severely curtailing travel due to budget constraints.

<u>Printing</u>	<u>FY04</u>	<u>FY03</u>	<u>\$ Diff</u>	<u>% Diff</u>
	\$29,641	\$39,506	(\$9,865)	(24.97%)

The decrease in FY04 was caused by printing fewer licenses than in FY03. The real estate salespersons renew their licenses in odd numbered fiscal years, the brokers renew in even numbered fiscal years, and there are more salespersons than brokers.

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2004

Real Estate License Administration Fund – 850 (continued)

<u>Equipment</u>	<u>FY04</u>	<u>FY03</u>	<u>\$ Diff</u>	<u>% Diff</u>
	\$2,484	\$23,446	(\$20,962)	(89.41%)

The decrease in FY04 was due to a larger portion of the required 2% budget cut being taken from the Equipment line.

Electronic Data Processing

<u>FY04</u>	<u>FY03</u>	<u>\$ Diff</u>	<u>% Diff</u>
\$165,583	\$222,286	(\$56,703)	(25.51%)

The decrease in FY04 was due to the appropriation being cut by \$67,700 from the FY03 level. The agency was forced to reduce spending in this area.

<u>Refunds</u>	<u>FY04</u>	<u>FY03</u>	<u>\$ Diff</u>	<u>% Diff</u>
	\$8,405	\$2,645	\$5,760	217.77%

The increase in FY04 was caused by the continued implementation of the agency's new online payment program.

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2004

After completing the comparative schedule of net appropriations, expenditures, and lapsed balances by fund, significant changes in expenditures were explained by the Agency. Significant changes are defined as increases or decreases of \$5,000 and at least 20%.

BETWEEN FISCAL YEARS 2003 AND 2002

Savings & Residential Finance Regulatory Fund – 244

<u>Printing</u>	<u>FY03</u>	<u>FY02</u>	<u>\$ Diff</u>	<u>% Diff</u>
	\$46,001	\$37,327	\$8,674	23.24%

The increase in FY03 was due to the periodic printing of consumer brochures for the Financial Literacy Program.

<u>Equipment</u>	<u>FY03</u>	<u>FY02</u>	<u>\$ Diff</u>	<u>% Diff</u>
	\$28,151	\$52,155	(\$24,004)	(46.02%)

The decrease in FY03 was due to a larger portion of the required 2% budget cut being taken from the Equipment line.

Appraisal Administration Fund – 386

<u>Contractual Services</u>	<u>FY03</u>	<u>FY02</u>	<u>\$ Diff</u>	<u>% Diff</u>
	\$115,533	\$178,947	(\$63,414)	(35.44%)

The decrease in FY03 is due to the significant reduction of two contracts.

<u>Commodities</u>	<u>FY03</u>	<u>FY02</u>	<u>\$ Diff</u>	<u>% Diff</u>
	\$3,586	\$8,795	(\$5,209)	(59.23%)

The decrease in FY03 is due to the significant reduction of giveaways purchased for fairs.

Electronic Data Processing

	<u>FY03</u>	<u>FY02</u>	<u>\$ Diff</u>	<u>% Diff</u>
	\$34,228	\$45,596	(\$11,368)	(24.93%)

The decrease in FY03 was due to the appropriation being reduced by 31% from the FY02 level.

Forwarding Real Estate Appraisal Fees to the Federal Government

	<u>FY03</u>	<u>FY02</u>	<u>\$ Diff</u>	<u>% Diff</u>
	\$17,750	\$224,575	(\$206,825)	(92.10%)

The decrease in FY03 was due to alternating year payments of national registry fees.

Auction Regulation Administration Fund – 641

<u>Personal Services</u>	<u>FY03</u>	<u>FY02</u>	<u>\$ Diff</u>	<u>% Diff</u>
	\$96,509	\$125,354	(\$28,845)	(23.01%)

The decrease in FY03 occurred due to a decrease in the number of employees paid from this fund.

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2004

Auction Regulation Administration Fund – 641 (continued)

<u>Board Per Diem</u>	<u>FY03</u>	<u>FY02</u>	<u>\$ Diff</u>	<u>% Diff</u>
	\$11,750	\$21,750	(\$10,000)	(45.98%)

The decrease in FY03 is due to the fewer number of Auction Advisory Board meetings.

<u>Group Insurance</u>	<u>FY03</u>	<u>FY02</u>	<u>\$ Diff</u>	<u>% Diff</u>
	\$14,537	\$23,100	(\$8,563)	(37.07)

The decrease in FY03 occurred due to a decrease in the number of employees paid from this fund.

Bank and Trust Company Fund – 795

<u>Legal Services</u>	<u>FY03</u>	<u>FY02</u>	<u>\$ Diff</u>	<u>% Diff</u>
	\$65,419	\$100,000	(\$34,581)	(34.58%)

The decrease in FY03 was due to a decreased need for specialized legal advice regarding employment and labor-related issues.

<u>Commodities</u>	<u>FY03</u>	<u>FY02</u>	<u>\$ Diff</u>	<u>% Diff</u>
	\$50,672	\$71,576	(\$20,904)	(29.21%)

The decrease in FY03 was caused by fewer purchases due to the staff reductions.

<u>Printing</u>	<u>FY03</u>	<u>FY02</u>	<u>\$ Diff</u>	<u>% Diff</u>
	\$44,951	\$28,221	\$16,730	59.28%

The increase was due to the expenditures for the printing of the Illinois Banking laws in FY03.

<u>Equipment</u>	<u>FY03</u>	<u>FY02</u>	<u>\$ Diff</u>	<u>% Diff</u>
	\$10,698	\$58,478	(\$47,780)	(81.71%)

The decrease in FY03 was due to a larger portion of the required 2% budget cut being taken from the Equipment line.

Corporate Fiduciary

<u>Receivership</u>	<u>FY03</u>	<u>FY02</u>	<u>\$ Diff</u>	<u>% Diff</u>
	\$176,895	\$15,332	\$161,563	1053.76%

The increase in FY03 was due to the significant payments of receivership expenses associated with the failure of a Trust Corporation.

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2004

Real Estate License Administration Fund - 850

<u>Commodities</u>	<u>FY03</u>	<u>FY02</u>	<u>\$ Diff</u>	<u>% Diff</u>
	\$21,647	\$31,499	(\$9,852)	(31.28%)

The decrease in FY03 is due to the significant reduction of giveaways purchased for fairs.

<u>Equipment</u>	<u>FY03</u>	<u>FY02</u>	<u>\$ Diff</u>	<u>% Diff</u>
	\$23,446	\$48,208	(\$24,762)	(51.36%)

The decrease in FY03 was due to a larger portion of the required 2% budget cut being taken from the Equipment line.

Operation of Automotive Equipment

<u>FY03</u>	<u>FY02</u>	<u>\$ Diff</u>	<u>% Diff</u>
\$9,309	\$17,018	(\$7,709)	(45.30%)

The decrease in FY03 was due to a low number of automotive repairs during the year. There were also no automobile accidents during FY03.

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2004

**ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN
FISCAL YEARS 2003 AND 2004**

Savings and Residential Finance Regulatory Fund - 244

Mortgage Banking License Fee

The decrease in FY04 was due to the fluctuation in the number of licensed entities.

Mortgage Banking Exam Fee

The increase was due to fee increases enacted during FY04.

Mortgage Bankers Fee

The increase was due to fee increases enacted during FY04.

Savings & Loan Exam Fee

The increase was due to fee increases enacted during FY04.

Savings & Loan Supervisory Fee

The increase was due to fee increases enacted during FY04.

Loan Originator License Fee

The authority to register loan originators became effective January 1, 2004.

Fines

The increase is due to a conscious focus by the Agency to fine entities rather than suspend their license.

Appraisal Administration Fund - 386

License Fee

The increase was due to the biennial cycle of renewal fee assessments.

Pawnbroker Regulation Fund – 562

Pawnbroker License Fees

The increase was due to an increase in the number of pawnbroker licenses.

Fines

The increase is due to a conscious focus by the Agency to fine entities rather than suspend their license.

Auction Regulation Administration Fund - 641

License Fee

The decrease was due to the biennial cycle of renewal fee assessments.

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2004

**ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN
FISCAL YEARS 2003 AND 2004 (Continued)**

Bank and Trust Company Fund – 795

Exam Fees, Banking

The increase was due to fee increases enacted during FY04.

Exam Fees, EDP

The increase was due to fee increases enacted during FY04.

Miscellaneous Bank Fees

The increase was due to fee increases enacted during FY04.

Miscellaneous International Fees

The increase was due to fee increases enacted during FY04.

Corporate Fiduciary Regulatory Fees

The increase was due to fee increases enacted during FY04.

Real Estate License Administration Fund – 850

Real Estate Licensing

The increase was due to fee increases enacted during FY04.

Interest

The decrease is due to the drop in interest rates and a lower fund balance earning interest.

**ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN
FISCAL YEARS 2002 AND 2003**

Savings and Residential Finance Regulatory Fund - 244

Mortgage Banking License Fee

The increase in FY03 was due to the fluctuation in the number of licensed entities.

Interest

Prior to FY03 interest was accounted for in a miscellaneous account.

Appraisal Administration Fund - 386

License Fee

The decrease was due to the biennial cycle of renewal fee assessments.

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2004

**ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN
FISCAL YEARS 2002 AND 2003 (Continued)**

Auction Regulation Administration Fund - 641

License Fee

The decrease was due to the biennial cycle of renewal fee assessments.

Auction Recovery Fund – 643

Recovery Fines

The decrease was due to a lower number of fines and penalties assessed.

Home Inspectors Administration Fund – 746

License Fee

The authority to license and regulate home inspectors became effective January 1, 2003.

Bank and Trust Company Fund – 795

Miscellaneous Bank Fees

The increase is due to increased activity in miscellaneous fee requests.

Corporate Receivership Fee

The increase is due to a change in the calculation of the receivership fee assessed.

Interest

The decrease is due to the drop in interest rates and a lower fund balance earning interest.

Real Estate License Administration Fund – 850

Land Sales Licensing

The increase is due to the increase in number of transactions by Land Sales entities.

Interest

The decrease is due to the drop in interest rates and a lower fund balance earning interest.

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2004

After completing the comparative schedule of net appropriations, expenditures, and lapsed balances by fund, significant changes in expenditures were explained by the Agency. Significant lapse period expenditures is defined as expenditures of \$5,000 and at least 20%.

ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING IN FY04

Savings and Residential Finance Regulatory Fund – 244

Electronic Data Processing

Several computers were purchased and several computers were upgraded in order to be in compliance with its federal counterparts. The invoices were received and paid during the lapse period.

Home Inspector Administration Fund – 746

Electronic Data Processing

Several computers were purchased and several computers were upgraded in order to be in compliance with its federal counterparts. The invoices were received and paid during the lapse period.

Bank and Trust Company Fund – 795

Electronic Data Processing

Several computers were purchased and several computers were upgraded in order to be in compliance with its federal counterparts. The invoices were received and paid during the lapse period.

ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING IN FY03

Appraisal Administration Fund – 386

Forwarding Real Estate Appraisal Fees to the Federal Government

Several vouchers that were erroneously processed during the Fiscal Year were discovered and corrected during the lapse period.

Auction Regulation Administration Fund – 641

Printing

Invoices for copy paper and envelopes were received and paid for in the lapse period.

Bank and Trust Company Fund – 795

Legal Services

Invoices for legal services in connection with labor employment issues were approved and paid for during the lapse period.

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
ANALYSIS OF ACCOUNTS RECEIVABLE
For the Fiscal Years Ended June 30,

Savings and Residential Finance Regulatory Fund - 244

Aging Schedule	2004	2003
Current	\$ 403,014	\$ 270,458
1-30 days	2,463	8,240
31-90 days	32,850	400
91-180 days	3,867	400
181 - 1 year	1,200	10,709
Over 1 year	<u>22,309</u>	<u>1,200</u>
Accounts Receivable Net Balance	<u>\$ 465,703</u>	<u>\$ 291,407</u>

These amounts represent examination fees due from savings and loan associations, savings banks and mortgage bankers and brokers.

Appraisal Administration Fund - 386

Aging Schedule	2004	2003
31-90 days	\$ -	\$ 10,000
91-180 days	10,000	-
181 - 1 year	1,000	5,000
Over 1 year	<u>32,500</u>	<u>17,500</u>
Accounts Receivable Gross Balance	43,500	32,500
Less: Estimated Uncollectibles	<u>20,000</u>	<u>20,000</u>
Accounts Receivable Net Balance	<u>\$ 23,500</u>	<u>\$ 12,500</u>

These amounts represent fines assessed against appraisal professionals.

The Agency uses the Comptroller's offset system and private collection services to collect old receivable balances.

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
ANALYSIS OF ACCOUNTS RECEIVABLE
For the Fiscal Years Ended June 30,

Pawnbroker Regulation Fund – 562

Aging Schedule	2004	2003
31-90 days	\$ -	\$ 750
91-180 days	-	750
181 - 1 year	-	500
Accounts Receivable Net Balance	<u>\$ -</u>	<u>\$ 2,000</u>

These amounts represent miscellaneous fees and fines assessed through pawnbroker regulation.

Real Estate Recovery Fund – 629

Aging Schedule	2004	2003
Current	\$ 1,700	\$ 7,950
1-30 days	500	250
31-90 days	1,000	10,250
91-180 days	5,000	10,000
181 - 1 year	1,000	7,500
Over 1 year	<u>1,271,314</u>	<u>1,253,444</u>
Accounts Receivable Gross Balance	1,280,514	1,289,394
Less: Estimated Uncollectibles	<u>1,137,862</u>	<u>1,144,094</u>
Accounts Receivable Net Balance	<u>\$ 142,652</u>	<u>\$ 145,300</u>

These amounts represent fines and penalties assessed against real estate professionals.

The Agency uses the Comptroller's offset system and private collection services to collect old receivable balances.

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
ANALYSIS OF ACCOUNTS RECEIVABLE
For the Fiscal Years Ended June 30,

Bank and Trust Company Fund – 795

Aging Schedule	2004	2003
Current	\$ 7,055,434	\$ 5,272,445
1-30 days	3,493	225
31-90 days	700	-
91-180 days	700	225
181 - 1 year	385	100
Over 1 year	<u>4,519</u>	<u>6,123</u>
Accounts Receivable Net Balance	<u>\$ 7,065,231</u>	<u>\$ 5,279,118</u>

These amounts represent examination fees due from Illinois state chartered banks, foreign banks and state chartered corporate fiduciaries.

The Agency uses the Comptroller’s offset system and private collection services to collect old receivable balances.

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
AGENCY FUNCTIONS AND PLANNING PROGRAM

AGENCY FUNCTIONS

The Office of Banks and Real Estate was created on June 1, 1996, as a result of two agencies, the Commissioner of Banks and Trust Companies and the Commissioner of Savings and Residential Finance, merging.

The mission of the Illinois Office of Banks and Real Estate is to protect and educate the public and promote confidence in the regulated industries through administration of statutory responsibilities in an efficient, professional, responsive, and innovative manner.

The Office of Banks and Real Estate is headed by a commissioner appointed for a term of four years. The Governor makes the appointment with the advice and consent of the Illinois Senate. D. Lorenzo Padron was appointed by Governor Rod Blagojevich on May 2, 2003 and unanimously confirmed by the Senate.

The Office of Banks and Real Estate oversees the regulation and licensure of State Chartered banks, trust companies, ATMs not owned by financial institutions, check printers, pawnbrokers, savings banks and savings and loan associations, mortgage bankers and brokers, real estate brokers and salespersons, appraisers, auctioneers, home inspectors, leasing agents, and time share companies.

The Agency is authorized a headcount of 265 employees with headquarters in Springfield and Chicago and five remote offices located in Belleville, Champaign, Effingham, Jacksonville, and Peoria.

The Agency is comprised of the Office of the Commissioner and four Bureaus:

1. Bureau of Banks and Trust Companies
2. Bureau of Real Estate Professions
3. Bureau of Residential Finance
4. Bureau of Administration

Office of the Commissioner

Within the Office of the Commissioner are the following divisions:

- Legal Department
- Legislative Affairs
- Division of Community Relations

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
AGENCY FUNCTIONS AND PLANNING PROGRAM

Bureau of Banks and Trust Companies

The bureau is responsible for assuring the safety and soundness of the Illinois state-chartered banking system and for ensuring compliance with applicable banking laws and regulations.

- Commercial Bank Supervision Division – (Springfield and Chicago) responsible for supervision, regulation, and examination of Illinois state chartered banks
- International Banking Division – (Chicago) is responsible for supervising and examining foreign bank branches and foreign bank representative offices.
- Specialized Activities Supervision Division – supervises, regulates, and performs examinations of state-chartered corporate fiduciaries.
- Pawnbroker Regulation Section - licenses pawnshops in Illinois

Bureau of Real Estate Professions

The Bureau administers and enforces the Illinois Real Estate License Act of 2000, the Time Share Act, the Land Sales Registration Act of 1989, the Real Estate Appraiser Licensing Act and the Auction License Act. It is comprised of the following divisions:

- Real Estate Division – administers licenses for real estate brokers, salespersons and leasing agents, real estate corporations, partnerships, limited liability companies and branch offices, real estate pre-license schools, branch schools and instructors and continuing education schools, instructors and courses.
- Real Estate Appraisal Administration Division – administers licenses for associate appraisers, certified residential appraisers, certified general appraisers, and continuing education and pre-license education schools and courses.
- Auction Division – administers licenses for auctioneers, associate auctioneers, auction firms and continuing education schools and courses.
- Time Share and Land Sales – the bureau is responsible for the registration and regulation of approximately 700 projects marketed to Illinois Residents.
- Home Inspector Division – administers licenses for home inspectors, home inspector entities and education providers and courses.

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
AGENCY FUNCTIONS AND PLANNING PROGRAM

Bureau of Residential Finance

- Thrift Division – responsible for the licensing, supervision, examination, and regulation of Illinois savings and loan associations and savings banks.
- Mortgage Banking Division – licenses, supervises, and performs examinations of mortgage bankers and brokers situated in Illinois.
- Effective January 1, 2004, the Bureau was responsible for implementing the provisions of the High Risk Home Loan Act. The purpose of this act is to protect borrowers from abuses that occur in the credit marketplace. The Bureau will begin registering loan originators employed by Residential Mortgage licensees.

Bureau of Administration

- Fiscal Division – supports agency financial operations
- Human Resources Division – handles personnel, labor related functions and training
- Information Systems Division – supports agency computer operations

PLANNING PROGRAM

The Agency has developed and maintained a 3-year strategic plan, which is updated on an annual basis and submitted to the Bureau of the Budget in accordance with established procedures. The strategic plan contains the Agency vision statement, Agency mission statement, program mission statements, and Agency mandates. The master list of Agency strategic issues is as follows:

1. An effective, accountable, and responsive state agency;
2. Promote an attractive Illinois charter and/or certificate of authority that supports a prosperous and growing economy;
3. A literate, educated, and skilled workforce engaged in work-related learning opportunities;
4. Offer technological advancements that support a prosperous and growing economy;
5. Through statutory regulation provide a safe and secure environment to do business in Illinois.

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
AGENCY FUNCTIONS AND PLANNING PROGRAM

Executive Order #6

In March 2004, the Governor issued Executive Order #6 to reorganize agencies by the transfer of the functions of the Department of Financial Institutions, the Department of Insurance, the Department of Professional Regulation and the Office of Banks and Real Estate into the newly created Department of Financial and Professional Regulation. This Executive Order consolidated the powers, duties, rights, responsibilities, and functions of the four agencies into one new agency. The Executive Order was filed with the Secretary of State on April 1, 2004, and went into effect July 1, 2004. The Office of Banks and Real Estate was considered abolished as of July 1st, and is now part of the new Department of Financial and Professional Regulation.

Auditor's Assessment of Agency's Planning Program

The Agency's planning program appears to be adequate for meeting its Statutorily defined functions.

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
AVERAGE NUMBER OF EMPLOYEES
For the Fiscal Years Ended June 30,

AVERAGE NUMBER OF EMPLOYEES

The following table, prepared from Agency records, presents the average number of employees, by function, for the Fiscal Years ended June 30,

<u>Division</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Bureau of Administration	<u>43</u>	<u>46</u>	<u>47</u>
Bureau of Banks and Trust Companies			
Commercial Banking - Chicago Division	45	47	44
Commercial Banking - Springfield Division	41	42	45
International Banking Division	10	11	12
Specialized Activities Division	25	29	33
Consumer Service Division	1	0	0
Directly Reports to the Assistant Commissioner	11	15	14
Pawnbroker	<u>1</u>	<u>1</u>	<u>1</u>
Bureau total	<u>134</u>	<u>145</u>	<u>149</u>
Bureau of Real Estate Professions:			
Appraisal Division	5	5	6
Enforcement Division	18	18	17
Licensing Division	5	6	7
Time Share/Land Sales Division	2	2	2
Auction Division	1	2	3
Home Inspectors Division	2	2	0
Consumer Service Division	3	0	0
Directly Reports to the Assistant Commissioner	<u>4</u>	<u>10</u>	<u>10</u>
Bureau total	<u>40</u>	<u>45</u>	<u>45</u>

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
AVERAGE NUMBER OF EMPLOYEES
For the Fiscal Years Ended June 30,

<u>Division</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Bureau of Residential Finance			
Mortgage Banking Division	12	17	15
Predatory Lending Division	4	0	0
Thrift Division	7	8	9
Consumer Service Division	3	0	0
Consumer Education Division	2	0	0
Directly Reports to the Assistant Commissioner	<u>6</u>	<u>10</u>	<u>9</u>
 Bureau total	 <u>34</u>	 <u>35</u>	 <u>33</u>
 Total average full-time employees	 <u><u>251</u></u>	 <u><u>271</u></u>	 <u><u>274</u></u>

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Fiscal Years Ended June 30,

SERVICE EFFORTS AND ACCOMPLISHMENTS

	2004	2003	2002
Bureau of Banks and Trust Companies			
Number of Domestic Commercial Banks	492	501	509
Number of Foreign Bank Offices	15	17	18
Number of Domestic Corporate Fiduciaries	203	206	217
Number of Financial Information Systems Entities	544	558	569
Number of Examinations Performed	568	582	687
Number of Pawnbroker Licensees	207	208	223
Number of Applications Reviewed	320	229	208
Percentage of Newly Chartered Banks that chose a state vs. national charter	100%	100%	0%
Percentage of Pawnshop Complaints investigated within established time frames	100%	100%	100%
Bureau of Real Estate Professions			
Number of Real Estate Complaints Investigated	794	969	1,057
Number of Real Estate Cases Prosecuted	350	713	862
Number of Complaints Received	1,330	1,248	1,704
Number of New Real Estate Licenses Issued	11,651	9,313	7,967
Number of New Appraisal Licenses	3,166	1,168	1,821
Number of New Auction Licenses issued	121	140	177
Number of Real Estate Licenses Renewed	27,264	38,971	28,549
Number of Appraisal Licenses Renewed	3,417	388	4,639
Number of Auction Licenses Renewed	1,175	12	1,417
Percentage of Complaints Resolved within 105 days of receipt of documentation	98.2%	49.5%	77.5%
Bureau of Residential Finance			
Number of Thrift Examinations Conducted	31	26	25
Number of Mortgage Examinations Conducted	557	687	865
Number of Residential Mortgage Licensees	2,012	1,828	1,545
Number of Savings and Loans	6	6	6
Number of Savings Banks	48	48	50
Number of Service Corporations	38	39	40
Number of License Applications Processed	436	1,876	1,813
Average number of days to process a license	122	29	29