

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES**

FINANCIAL AUDIT OF CAPITAL ASSET ACCOUNT
June 30, 2006 and
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2006

Performed as Special Assistant Auditors for
The Auditor General, State of Illinois



CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES**

**FINANCIAL AUDIT OF CAPITAL ASSET ACCOUNT
June 30, 2006 and
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2006**

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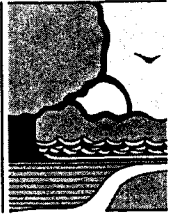
STATE OF ILLINOIS
Department of Natural Resources

Agency Officials
July 1, 2004 through June 30, 2006

Sam Flood	Acting Director (effective January 1, 2006)
Joel Brunsvold	Director (through December 31, 2005)
Sam Flood	Assistant Director (through December 31, 2005)
Vacant	Assistant Director (effective January 1, 2006)
Leslie Sgro	Deputy Director
Deborah Stone	Deputy Director (effective April 1, 2006)
Bryce Sheriff	Deputy Director (through January 6, 2006)
Ellen King-Pietrzak	Chief Fiscal Officer/Office Director of Fiscal Management (effective December 1, 2005)
Ann Sundeen	Chief Fiscal Officer/Office Director of Fiscal Management (through November 15, 2005)
William K. Richardson	General Counsel (effective April 4, 2005)
Vacant	Office Director of Legal Counsel (July 1, 2004 through April 3, 2005)
J. J. Pohlman	Office Director of Administration
John Evans	Acting Office Director of Architects, Engineering & Grants (effective March 1, 2006)
Randy Mitchell	Acting Office Director of Architects, Engineering & Grants (through February 2006)
Tony Mayville	Office Director of Land Management
Rafael Gutierrez	Acting Office Director of Law Enforcement (effective August 1, 2005)
Galen Westerfield	Office Director of Law Enforcement (through June 30, 2005)
Joe Angleton	Office Director of Mines and Minerals
Kristin DiCenso	Office Director Public Services
Tom Flattery	Office Director of Realty and Environmental Planning
Mike Conlin	Acting Office Director of Resource Conservation
Damon Stotts	Acting Office Director of Scientific Research and Analysis
Bob Ruff	Office Director of Special Events, Programs & Promotions
Gary Clark	Office Director of Water Resources

Department main headquarters is located at:

One Natural Resources Way
Springfield, Illinois 62702-1271



Illinois Department of Natural Resources

One Natural Resources Way • Springfield, Illinois 62702-1271
<http://dnr.state.il.us>

Rod R. Blagojevich, Governor

Sam Flood, Acting Director

MANAGEMENT ASSERTION LETTER

Sikich LLP
1000 Churchill Road
Springfield, IL 62702

February 2, 2007

Gentlemen:


We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the 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, 2006. Based on this evaluation, we assert that during the years ended June 30, 2005 and June 30, 2006, 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.

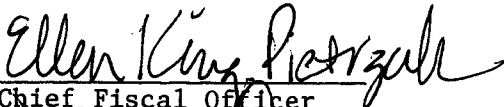
E. The money or negotiable securities or similar assets handled by the agency on behalf of the State or held in trust by the agency have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,

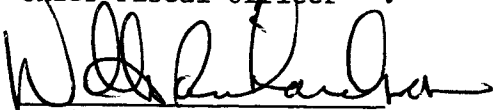
State of Illinois, Department of Natural Resources



Sam Flood, Acting Director



Chief Fiscal Officer



William L. Richardson, General Counsel

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES**

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 Audit</u>	<u>Prior Audit</u>
Findings	34	29
Repeated findings	16	9
Prior recommendations implemented or not repeated	13	3

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

SUMMARY OF FINDINGS

FINDINGS (GOVERNMENT AUDITING STANDARDS)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
06-1	14	Inadequate controls over the calculation and submission of capital asset information for GAAP reporting purposes

FINDINGS (STATE COMPLIANCE)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
06-2	18	Inadequate preparation of GAAP packages and difficulty in using Programmatic Accounting System
06-3	21	Excessive administrative approvals for deer and turkey permits
06-4	24	Weaknesses with contract for Point of Sale system

SUMMARY OF FINDINGS

FINDINGS (STATE COMPLIANCE) - Continued

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
06-5	27	Permit fees not received from vendor in a timely manner
06-6	28	Failure to monitor oil royalty payments
06-7	29	Failure to enforce grant award time limits for Bike Path Awards
06-8	32	Failure to adequately evaluate internal fiscal and administrative controls
06-9	34	Failure to monitor and enforce concessionaire lease agreements
06-10	36	Hunting and fishing license consignees not remitting license fees and/or licenses in a timely manner
06-11	39	Failure to deposit monies with the State Treasurer in a timely manner
06-12	41	Failure to follow up on outstanding tickets with Circuit Clerk
06-13	42	Failure to maintain adequate documentation for returned checks or to suspend or revoke the title, registration or permit in a timely manner
06-14	44	Amounts reported on Agency Fee Imposition Report Forms do not reconcile to Department records
06-15	46	State Police Traffic Information Planning System (TIPS) not updated in a timely manner
06-16	47	Time sheets not maintained in compliance with the State Officials and Employees Ethics Act
06-17	48	Failure to follow overtime policies and procedures for Conservation Police Sergeants and Officers
06-18	50	Timekeeping system is not automated
06-19	52	Employee performance evaluations not completed
06-20	54	Inadequate procedures regarding State vehicles
06-21	58	Untimely approval of invoice vouchers

SUMMARY OF FINDINGS

FINDINGS (STATE COMPLIANCE) - Continued

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
06-22	60	Inadequate controls over travel credit card accounts
06-23	62	Failure to timely file TA-2 forms
06-24	63	Inadequate controls over telecommunications expenditures and records
06-25	66	Telephone calling cards and pagers not cancelled on a timely basis
06-26	67	Art print and collector's stamp programs operating at a loss
06-27	69	Failure to transfer funds from the Illinois Habitat Fund in accordance with the Wildlife Code
06-28	71	Failure to properly complete locally held funds reports (Form C-17) submitted to the Illinois Office of the Comptroller
06-29	73	Inadequate controls over petty cash funds
06-30	75	Computer security deficiencies
06-31	78	Failure to submit annual reports in accordance with the Coal Mining Act
06-32	79	Reviews of effects of high capacity water wells not performed
06-33	80	Illinois State Museum Board and Miners' Examining Board not fully staffed
06-34	81	Failure to follow the Illinois Procurement Code for printed publications

PRIOR FINDINGS NOT REPEATED (*GOVERNMENT AUDITING STANDARDS*)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
06-35	82	Inaccurate property control records

SUMMARY OF FINDINGS

PRIOR FINDINGS NOT REPEATED (STATE COMPLIANCE)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
06-36	82	Efficiency Initiative Payments
06-37	82	Failure to maintain accurate commodity inventory records for GAAP reporting purposes
06-38	82	Failure to ensure reimbursement policies for legislatively designated non-competitive (line item) grants are consistent with other program grant guidelines
06-39	83	Transfers to General Revenue Fund not in accordance with federal law
06-40	83	Failure to deposit fines from off-highway vehicle operators into the Off-Highway Vehicle Trails Fund
06-41	83	Failure to consistently use Programmatic Accounting System
06-42	83	Circumvention of federal reporting process
06-43	84	Inadequate controls over fringe benefits for the personal use of a State vehicle
06-44	84	Failure to ensure employees assigned State vehicles and using private vehicles are duly licensed and properly insured
06-45	84	Failure to follow policies and procedures for the campground host program
06-46	84	Reports not submitted to the Governor and General Assembly
06-47	85	Weaknesses in accounts receivable reporting

EXIT CONFERENCE

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

DEPARTMENT OF NATURAL RESOURCES

Deborah Stone, Deputy Director
Ellen King-Pietrzak, Chief Fiscal Officer

OFFICE OF THE AUDITOR GENERAL

Jane Clark, Audit Manager

SIKICH LLP

Nick Appelbaum, Partner
Laura Scott, Manager
Tara Patton, Staff

Responses to the recommendations were provided by Mr. Sam Flood, Acting Director, in a letter dated March 21, 2007.



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

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

As Special Assistant Auditors for the Auditor General, we have examined the State of Illinois, Department of Natural Resources' 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 years ended June 30, 2005 and 2006. The management of the State of Illinois, Department of Natural Resources is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Department of Natural Resources' compliance based on our examination.

- A. The State of Illinois, Department of Natural Resources 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, Department of Natural Resources 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, Department of Natural Resources 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, Department of Natural Resources 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, Department of Natural Resources on behalf of the State or held in trust by the State of Illinois, Department of Natural Resources 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, Department of Natural Resources' 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, Department of Natural Resources' compliance with specified requirements.

In our opinion, the State of Illinois, Department of Natural Resources complied, in all material respects, with the aforementioned requirements during the years ended June 30, 2005 and 2006. However, the results of our procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of State findings as findings 06-4, 06-6, 06-8, 06-10, 06-11, 06-13, 06-14, 06-16, 06-17, 06-20, 06-21, 06-23, 06-27, 06-28, 06-29, 06-31, 06-32, 06-33, 06-34.

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

Internal Control

The management of the State of Illinois, Department of Natural Resources 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, Department of Natural Resources' 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 reportable 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 06-1, 06-2, 06-3, 06-4, 06-5, 06-6, 06-7, 06-8, 06-9, 06-10, 06-12, 06-13, 06-14, 06-15, 06-18, 06-19, 06-20, 06-22, 06-24, 06-25, 06-26, 06-28, 06-29, 06-30.

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

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information as listed in the table of contents as Supplementary Information for State Compliance Purposes is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the 2005 and 2006 Supplementary Information for State Compliance Purposes, except for information on the Memorandums of Understanding, Hurricanes Katrina and Rita Cost Reporting, and 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 2004 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.

Schubert LLP

Springfield, Illinois
February 2, 2007

We noted certain deficiencies in the design or operation of internal control over financial reporting which do not meet the criteria for reporting herein and which are reported as State compliance findings in the schedule of findings. We also noted certain immaterial instances of internal control deficiencies, which we have reported to management of the State of Illinois, Department of Natural Resources in a separate letter dated February 2, 2007.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of Illinois, Department of Natural Resources' Schedule of Capital Assets is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial schedule amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain matters which are reported as State compliance findings in the schedule of findings. We also noted certain other matters which we have reported to management of the State of Illinois, Department of Natural Resources in a separate letter dated February 2, 2007.

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.

Schick LLP

Springfield, Illinois
December 22, 2006

FINDING (GOVERNMENT AUDITING STANDARDS)

06-1 FINDING: (Inadequate controls over the calculation and submission of capital asset information for GAAP reporting purposes)

The Department's primary capital asset and property control accounting system, the Common Inventory System (CIS) was not adequate for the proper calculation and submission of capital asset information for GAAP reporting purposes. As a result, the Department had to utilize numerous supplemental spreadsheets and schedules to calculate capital asset balances and related depreciation in accordance with Generally Accepted Accounting Principles (GAAP).

An important element of internal control is the accurate review, reconciliation and reporting of accounting data. In addition, the Statewide Accounting Management System (SAMS) (Procedure 27.20.38) requires a State agency to report capital assets and related accumulated depreciation.

We noted the following problems with the Department's fiscal year 2006 GAAP packages submission of the *SAMS to GAAP Reconciliation – Capital Assets* (SCO-537) and the *Capital Asset Summary* (SCO-538) forms, as well as the financial schedule – Schedule of Capital Assets:

- Previous audits noted numerous errors regarding the SCO-537 and 538 at June 30, 2002, 2003, 2004, and 2005 in order to meet reporting requirements under GASB 34. After a great deal of effort, ending balances at June 30, 2002 were recalculated based on 30 years of historical information obtained from the Department and the Capital Development Board (CDB). However, at that time, the ending balances did not reconcile to property listings on the Department's Common Inventory System (CIS). As of June 30, 2006, the Department still had not agreed the ending recalculations with CIS, including asset categorization and related accumulated depreciation amounts.

Within the CIS system, a significant number of capital assets contain erroneous information regarding category type due to the manner in which assets have been recorded. In addition, accumulated depreciation was incorrectly computed due to recording inaccurate dates in which the assets were placed into service. In order for the Department to utilize the property control system for capital asset reporting, each of the Department's property control items must be reconciled to information obtained from CDB and corrected within CIS. Because CIS has erroneous information and was not originally designed for reporting in accordance with GAAP, the Department must rely on extensive manual calculations performed by the Illinois Office of the Comptroller in order to calculate Capital Assets balances each year.

- Due to the incompleteness of CIS records, the Department could not obtain ending balances for each capitalization category from property control records. Without these amounts, we could not determine whether ending balances were reasonably stated. Extensive reconciliation and testing procedures were performed to verify ending balances.
- Since the Department was not relying on CIS for calculations, accumulated depreciation is required to be calculated manually. Extensive reconciliation and testing procedures were performed to verify ending balances.
- Due to the consolidation of tags and the manner in which the Department makes adjustments on the CIS system, the CIS system was unable to provide adequate documentation of actual additions, deletions, and transfers. In addition, due to the consolidation process, several items changed category type from the previous fiscal year. Manual calculations were made related to these amounts.
- The Department still has not included Office of Water Resources sites on property control records. These sites included dams, seawalls, levees, and other properties. The total amount related to these projects is approximately \$41 million. In addition, the Department still has not included Department of Transportation (IDOT) managed projects related to bikeways on its property control records. The total amount related to these projects is approximately \$26 million. Each year the Department must make a manual adjustment to add these amounts to its Schedule of Capital Assets and its GAAP reporting forms submitted to the Illinois Office of the Comptroller.
- During the year the Department evaluated the categorization of capital assets at several sites. Based upon this evaluation, a significant number of assets required a change in category type from the categorization in the CIS system. These changes had to be manually reconciled with the categorization for Capital Asset reporting purposes, also resulting in significant changes in category type from the previous year.
- Due to the Department's process regarding the acquisition of land, the Department may have multiple items within the property control system that constitute one contiguous parcel of land. Due to the multiple items, the Department is unable to properly apply the categorization threshold to determine which parcels of land should be capitalized. Beginning with fiscal year 2006, the Department is reporting all parcels of land as Capital Assets. This resulted in an approximately \$15.6 million increase for items previously not capitalized.
- The Department was unable to properly calculate capital asset accounts payable. The Department overstated payables related to capital equipment by approximately \$1.7 million.



1000 Churchill Road • Springfield, IL 62702

Members of American Institute of
Certified Public Accountants &
Illinois CPA Society

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the Schedule of Capital Assets of the State of Illinois, Department of Natural Resources, as of June 30, 2006, and have issued our report thereon dated December 22, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the State of Illinois, Department of Natural Resources' internal control over financial reporting of the Schedule of Capital Assets in order to determine our auditing procedures for the purpose of expressing our opinion on the schedule and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the State of Illinois, Department of Natural Resources' ability to record, process, summarize, and report financial data consistent with the assertions of management in the Schedule of Capital Assets. Reportable conditions are described in the accompanying schedule of findings as item 06-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the Schedule of Capital Assets being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 06-1 to be a material weakness.

- Due to the complexity of the above issues, revised amounts related to capital assets and accumulated depreciation were not available until November 8, 2006, more than two months after the initial due date, and more than four months after the end of the fiscal year.

The Department, with assistance from the Office of the Comptroller, initially submitted GAAP reporting packages in August 2006 that did not contain accurate information. After additional review, amounts were revised and final balances were provided by the Office of the Comptroller on November 8, 2006.

Based on the prior recommendation, the Department attempted to reconcile its CIS records to previously recomputed GAAP balances. However, the CIS system is outdated, making a reconciliation difficult and not cost beneficial.

Accurate preparation of the Department's financial information related to capital assets as needed for GAAP reporting purposes is important due to the complexity of the Department capital assets and the impact adjustments have on the statewide financial statements. This is especially important as the Department has approximately \$1.096 billion of capital assets. The problems noted with the CIS system as well as other problems noted above could result in errors and delays in the statewide financial statements. (Finding Code No. 06-1, 05-1, 04-3)

RECOMMENDATION:

We recommend the Department implement procedures to ensure capital assets are reported in an accurate and complete manner. Also, the Department should reconcile the Common Inventory System to capital asset reporting amounts or seek to replace the CIS system to ensure the property control system can be utilized for capital asset reporting.

DEPARTMENT RESPONSE:

We partially agree. We agree that the CIS system is antiquated, and necessitates a large amount of manual intervention and should be replaced. The agency will seek to do so. However, we do not believe this report fairly and objectively states the conditions present in the Department as of June 30, 2006 – especially since there were NO adjustments made to the capital asset financial statements presented to be audited. Furthermore – the auditors expressed an unqualified opinion on the financial statements presented in prior years.

Additional procedures were implemented in FY 2006 to ensure that the Department's capital assets would be reported in an accurate and complete manner. Specifically, the Office of the Comptroller, on their own initiative, volunteered to assist the Department because as they stated, they were more familiar with the deficiencies in CIS and as such would be able to obtain more reliable reports from CIS. Accordingly, with their assistance, the Department did agree ending recalculations of asset category balances and

related accumulated depreciation as of June 30, 2005, with CIS and including the first three quarters of FY 2006 at March 31, 2006. This reconciliation was offered to the auditors to test in June 2006 and they opted not to do so. Further, this reconciliation was updated for the fourth quarter of FY 2006 and submitted to the Comptroller on August 14, 2006 when it was also available to the auditors.

AUDITOR COMMENT:

The finding primarily addresses the inadequacies in the CIS system and the fact it cannot be relied upon to properly calculate capital asset information for GAAP reporting purposes. The finding does not focus on audit adjustments – it addresses the fact that the Department's primary fixed asset accounting system cannot generate required GAAP financial schedules. Prior audits did express unqualified opinions, but only after significant audit adjustments.

The Office of the Comptroller originally became involved with this process in late fiscal year 2005 only after the Department was unable to prepare capital asset schedules in a timely manner. The Comptroller originally offered assistance in fiscal year 2005 in order to facilitate the timely preparation of the statewide financial statements, and, to ensure timeliness and accuracy, continued the assistance in fiscal year 2006.

The Department did prepare interim capital asset schedules at March 31, 2006 (which were available to us in June, 2006). The auditors are opining on a capital asset balance at a point in time. Since we are opining on the June 30, 2006 balance, it would be inefficient and unproductive to audit the March 31, 2006 balances and again perform procedures at June 30, 2006.

August 14, 2006 was when information was provided to the Comptroller, and not to the auditors. After Comptroller revisions and adjustments, the revised capital asset information was not made available to us until November 8, 2006. We did perform testing as information was made available to us.

FINDINGS (STATE COMPLIANCE)

06-2 FINDING: (Inadequate preparation of GAAP packages and difficulty in using Programmatic Accounting System)

The Department's preparation and submission of year end accounting reports (GAAP Package Forms) to the Office of the State Comptroller were not performed in an accurate manner. The inaccurate preparation of this submission could potentially impact the statewide financial statements prepared by the Office of the State Comptroller.

We noted the following problems with the Department's fiscal year 2006 GAAP packages:

- During our testing of 23 of the Department's 56 funds, 2 (9%) funds required auditor adjustments because of material misstatements. Three adjustments totaling over \$1.8 million were required to agree GAAP Reporting Packages to actual revenues and expenditures.
- The Department's preparation and submission of year end accounting reports (GAAP Package Forms) to the Office of the State Comptroller related to the Capital Asset Account was not performed accurately, causing significant financial reporting delays. (See Finding No. 06-1)
- The Department had inadequate procedures to identify liabilities for capital projects and land acquisition costs payable to local governments from reappropriated accounts. These projects are fully obligated when approved, and paid when the project is complete. In response to this June 30, 2002 finding, the Department implemented procedures during the June 30, 2003 GAAP reporting process whereby grant managers were to poll local subrecipients to determine the expenditures incurred by the local projects as of June 30, 2003. The Department used this polling process in an attempt to more accurately estimate a liability from reappropriated accounts.

At June 30, 2004, the Department ceased the polling process and based liabilities from reappropriated accounts on an analysis of vouchers paid from 7/1/04 – 8/15/04, which was the same process used at June 30, 2002. As a result, fiscal year 2004 GAAP basis expenditures were significantly understated.

The Department returned to the process of reporting obligations as expenditures during the June 30, 2005 GAAP reporting process, which appears to have significantly overstated expenditures. For the June 30, 2006 GAAP reporting year, the Department reimplemented the process to poll local subrecipients to determine a more accurate estimate of completion of projects and liabilities from reappropriated

accounts. The process appears to be materially accurate for 2006. However, June 30, 2005 expenditure liabilities having been significantly overstated, resulted in significant understatement of expenditures for the year ended June 30, 2006. Three funds tested actually reported negative expenditures during 2006 totaling over \$18 million.

- The Department failed to report nearly \$1 million of oil royalty revenue earned between August, 2003 and June, 2006, received in August, 2006, which resulted in understated revenue and receivables in the Wildlife and Fish Fund (0041). (See finding 06-6)
- The Department has improved the use of its Programmatic Accounting System (PAS). However, PAS is cumbersome and difficult to use for purposes of GAAP reporting. The Department did not maintain this support in an orderly manner, making it difficult to review as part of our testing. The various Offices which participate in federal financial assistance programs are required to use PAS to document their program expenditures and the Department's matching costs, by maintaining programmatic time sheets and coding vouchers for the purpose of accumulating cost information. Although we noted no significant instances of GAAP reporting problems, the process to match PAS program numbers to the individual Offices' records and federal cost reports is very time consuming because PAS reports do not include the federal contract numbers and are not maintained in an orderly, centralized manner to support the amounts reported for GAAP.

An important element of internal control is the timely review, reconciliation and reporting of accounting data.

Department personnel stated the inaccurate GAAP preparation and reporting in prior years was due to deadlines established by the Office of the State Comptroller that require submission before final information is received from accounting systems and program personnel as well as antiquated accounting systems that do not allow for timely extraction of accurate expenditure data. As stated above, the Department's reporting of obligations and liabilities at June 30, 2005 was inaccurate, but significant improvements have been made in calculating and reporting liabilities at June 30, 2006.

Accurate preparation of the Department's financial information for GAAP reporting purposes is important due to the complexity of the Department, the impact adjustments have on the statewide financial statements, and the impact on other agencies who rely on Department information for their financial reporting. The failure to provide accurate information to the Office of the Comptroller could result in inaccuracies in the statewide financial statements. (Finding Code No. 06-2, 04-2, 02-1, 00-1)

RECOMMENDATION:

We recommend the Department maintain established procedures to ensure that year end accounting reports (GAAP Package Forms) are prepared in an accurate and complete manner. Further, the Department should review and revise, as necessary, its current system of gathering programmatic expenditure information to improve the accuracy of its financial reporting and to more clearly document the support for totals used for GAAP reporting.

DEPARTMENT RESPONSE:

We partially agree. The Department's Programmatic Accounting System is indeed cumbersome to use and the Department is reviewing alternatives to collect this data. However, additional steps were taken in FY 2006 to ensure that the information would be prepared in an accurate and complete manner as possible. For instance, the Office of Fiscal Management required that programmatic timesheets be submitted roughly 45 days earlier than normal – so that the actual cost amounts would be captured instead of using estimates for GAAP reporting purposes.

We also feel compelled to point out to the reader that the sampling error cited by the auditors in bullet #1 is misleading in that it shows the percentage of the packages they chose to review as opposed to the actual number of packages completed, 56. This would change the calculation of the number of funds with adjustments from 3.5% versus the 9% shown in the report.

It should also be noted that the bulk of the adjustments relates to accounts payable adjustments – which were previously cited in audit finding 6-1. Furthermore, it should be noted that the auditors passed on adjusting the capital asset financial statements – while making the adjustment on GAAP reports.

AUDITOR COMMENT:

Bullet #1 refers to two funds with material adjustments. Problems with utilizing the PAS extended across all funds.

Materiality levels at a fund level are much lower than at the capital asset account level. Therefore, audit adjustments made at the fund level were not required to be posted at the capital asset level due to materiality.

06-3 FINDING: (Excessive administrative approvals for deer and turkey permits)

The Department issued excessive administrative approvals for deer and turkey hunting permits, approved incomplete applications for administrative approvals, and exceeded Department established hunting quotas. The Department failed to make the administrative approval process open to the public, resulting in preferential treatment for certain hunters.

On an annual basis, Department biologists establish target harvest quotas per county or special hunt areas for both deer and turkey. These harvest quotas are established based on harvest information and population trend analysis. The quotas are utilized to help manage the populations. A permit quota is then set for each permit type for each county or special hunt areas. The Department receives applications from hunters. Permits are allocated using a computerized, random lottery drawing. Permits for counties and special hunt areas with unfilled quotas after the first lottery drawing are allocated in a second lottery drawing, and further allocated with random daily drawings.

During the engagement period, the Department issued 1,250 deer and turkey hunting permits via an administrative approval process. This process allows for a hunter to obtain a deer or turkey hunting permit without going through the lottery system, or to obtain a permit if the hunter was unsuccessful in obtaining a permit through the lottery process. During our testing of 240 permits issued via administrative approval, we noted the following:

- Department forms were incomplete for 220 of 240 (91.7%) administrative approvals issued. These forms omitted one or more of the following: adequate explanation, requester's signature, or Director's signature.
- Permit applications were incomplete for 103 of 240 (42.9%) permits granted via administrative approval. These applications omitted the applicant's signature, typically because the application was completed by the Department upon completion of the administrative approval.
- Permit fees were not charged for 53 of 240 (22.1%) permits granted via administrative approval.
- One individual was issued 20 permits through administrative approval. This individual is the general manager of a hunting lodge. There was no documentation of payment for these permits, for which fees totaled \$600.
- Five representatives of an ammunition company were granted three permits each through administrative approval for permit year 2005. There was no documentation of the payment for these permits, for which fees totaled \$1,045.

- The Department issued 27 youth hunt permits for Gallatin County, although Gallatin County was not approved for youth hunting. The general public could not apply for this county in the category of youth hunt. These permits were granted at the request of a hunting outfitter.
- Many administrative approval permits were issued to allow a hunter who had been issued a permit via the lottery process an additional permit(s) for an earlier hunting season or an either sex deer permit, which is the preferred permit for many hunters.
- Several administrative approvals were issued prior to the initial lottery, resulting in fewer permits available for other hunters. Other administrative approvals occurred after the lottery process, resulting in permits issued in excess of target quotas. We noted 66 of 211 and 71 of 232 deer hunting areas exceeded their quotas for deer hunting years 2004 and 2005, respectively. We also noted 34 of 181 and 32 of 185 turkey hunting areas exceeded their quotas for turkey hunting years 2005 and 2006, respectively.
- We noted administrative approvals were issued for Illinois Conservation Foundation donors, professional athletes, judges, and politicians.

The Wildlife Code (520 ILCS 5/3.1 (d)) (Code) establishes allowance for administrative approvals for deer permits. The Code states, "A courtesy non-resident license, permit, or stamp for taking game may be issued at the discretion of the Director, without fee, to any person officially employed in the game and fish or conservation department of another state or of the United States who is within the State to assist or consult or cooperate with the Director; or to the officials of other states, the United States, foreign countries, or officers or representatives of conservation organizations or publications while in the State as guests of the Governor or Director."

Department personnel noted that as stated, the Code provides for the issuance of a non-resident either sex or combination deer archery permit under certain circumstances. The administrative approval form was developed to document these permit issuances. In recent years, the form has been utilized for other types of administrative approvals.

Failure to limit the permits issued via administrative approval results in excessive permits issued in circumvention of the lottery process. In addition, hunters in excess of quota targets could lead to hunter safety problems. (Finding Code No. 06-3)

RECOMMENDATION:

We recommend the Department establish policies and procedures for administrative approvals for hunting permits, to ensure all approvals are accurate, complete, documented as to purpose, and in compliance with the Code.

DEPARTMENT RESPONSE:

We agree that the documentation for permits issued administratively needs significant improvement. The Department's Office of Administration will work with the Director's Office and General Counsel to develop procedures that fully comply with the Illinois Compiled Statutes.

06-4 FINDING: (Weaknesses with contract for Point of Sale system)

The Department did not have a timely or adequate contract for the development and implementation of the Point of Sale System.

In April 2004, the Department issued a request for proposal (RFP) to obtain solutions for modernizing its fishing and hunting license/permit sales and watercraft/snowmobile registrations through the use of an automated Point of Sale (POS) Licensing System operating over the internet. The RFP requested pricing proposals in two manners: "per privilege cost" and "turnkey operation cost." Per privilege fee was a negotiated fee for completing each valid license or permits sale, or watercraft or snowmobile registration renewal through the system. A turnkey operation was defined as the total costs for implementing, supporting, and maintaining a POS system as if it was being developed and delivered to the Department.

The Department received responses to the RFP in August 2004, awarding the contract to the chosen vendor. Vendor payments were to be a per privilege user fee of \$1.09, with estimates of 1,500,000 privileges per year. Based upon appropriation availability, the Department determined the \$1.09 per privilege fee would be an increase to established fees for licenses, permits, or registrations. Users would pay total fees to the vendor, and the vendor would keep \$1.09 and transfer the remainder to the Department. The vendor began work on the system development in October 2004.

The Department did not complete the initial contract between the vendor and the Department until January 11, 2005. Since the Department viewed this contract as a "no cost" to the State contract, it did not obtain all required Department signatures, and did not file the contract with the Illinois Office of the Comptroller (IOC).

During the development of the POS system, the vendor also developed a similar program that could gather information related to the deer harvest registrations. In the past, the Department had a contract with a vendor to supervise deer check stations throughout the State. This was a manual system, and required a great deal of time to gather all the information. The Department determined the same POS vendor would be able to provide an internet-based system for obtaining field information. Yearly costs associated with deer harvest data service were estimated to be approximately \$200,000 per year. The Department failed to bid out this service, viewing the deer harvest data project as meeting the goals and objectives of the overall POS system. At this time, no contract amendment was prepared.

During the Spring of 2005, it was determined that no user fee should be passed on to consumers. The Department received a fiscal year 2006 appropriation of \$1,950,000 for expenses incurred for the implementation, education and maintenance of the POS system. At no time was an amendment to the contract prepared to address the revisions in the manner of payment to the vendor.

Beginning June 1, 2005, the vendor implemented the POS system, providing internet-based applications and permits for nonresident archery deer permits. (We also noted the vendor failed to make timely payments to the Department for amounts totaling approximately \$6.9 million. See finding 06-5)

Beginning in December 2005, the Department began receiving billings for the deer harvest services. Since the original contract was not properly executed, not filed with the IOC, nor correctly amended for the additional services, the Department was unable to pay for services that were not properly obligated. The Department prepared a revised contract. This revised contract, with required Department signatures, was completed as of March 6, 2006, and effective from October 1, 2004 through September 30, 2010, for a total amount of \$9,600,000. Within the three page contract, it noted, "Contractor shall perform all terms, conditions and provisions contained in Attachment B. Any proposal submitted by Contractor for the agreement is hereby incorporated as part of this agreement as Attachment B." When the Department filed the contract with the IOC, Attachment B consisted of the original RFP issued by the Department. The vendor's response to the RFP was not filed as part of Attachment B.

Once the revised contract was filed with the IOC, an amendment to the contract for the collection of information for the deer harvest registrations was prepared, totaling \$1,200,000 for a six year period. The contract amendment was dated April 24, 2006. The total contract price was increased to \$10,800,000. This amended contract was also filed with the IOC, at which time the vendor could be paid for services incurred.

The contract and contracting process violated several State laws and good business practices as follows:

- Negotiating a "per privilege cost" contract violated the State Officers and Employees Money Disposition Act. The Act (30 ILCS 230/2(a)) states, "Every ... department ... shall pay into the State treasury the gross amount of money so received ... without any deduction on account of salaries, fees, costs, charges, expenses or claims of any description whatever...". Allowing a vendor to collect fees from licensees and deducting its costs would be a failure to deposit the gross fee with the State. This would circumvent the appropriation process by paying a vendor through a reduction of fees versus an appropriation through the General Assembly.
- Requesting pricing proposals in two manners, "per privilege cost" and "turnkey operation cost", may have prevented certain vendors from bidding on the contract. By selecting a "per privilege cost" contract, the vendor would have to wait many years to be paid for its services. By contracting for a "per privilege cost" contract and later switching the payment method in mid-contract, the Department may have obtained additional bids or more beneficial bids to compete on a "turnkey operation cost" basis.

- The original contract did not have all Department approvals that would normally be obtained for any other contract, in violation of established Department internal control procedures.
- The revised “contract” was not sufficiently reduced to writing and filed with the Comptroller before services began. The Illinois Procurement Code (30 ILCS 500/20-80(d)) states a contract for professional and artistic services cannot be paid “...unless the contract is reduced to writing before the services are performed and filed with the Comptroller.”
- The additional \$200,000 per year work for the deer harvest data service was not competitively bid in compliance with the Illinois Procurement Code (30 ILCS 500/1-5) which states it is “...declared to be the policy of the State that the principles of competitive bidding and economical procurement practices shall be applicable to all purchases and contracts by or for any State agency.”
- The amended contract filed with the Comptroller omitted the key terms (Attachment B) which was not filed with the contract.

Department personnel stated the initial contract was incomplete and not filed with the IOC due to miscommunication among various Department divisions. When it became apparent that the contract was insufficient, revised contracts were prepared and submitted, along with late filing affidavits.

The problems noted above indicate the Department did not follow established contracting procedures. This is especially important due to the dollar amount (\$10,800,000) of the contract and the impact the POS has on both the Department and the public. (Finding Code No. 06-4)

RECOMMENDATION:

We recommend the Department implement procedures to ensure all contracts are complete and meet all statutory requirements. We also recommend the Department seek competitive bids for all contracts as required by the Procurement Code.

DEPARTMENT RESPONSE:

We agree. The Department has already solicited assistance from the State Purchasing Officer assigned to the Department and will include his recommendations for improving controls and monitoring of all contracts in our corrective action plan.

06-5 FINDING: (Permit fees not received from vendor in a timely manner)

The Department did not receive nonresident deer archery permit fees totaling more than \$6.8 million from the vendor in a timely manner.

During fiscal year 2005, the Department implemented a new internet-based Point of Sale System (POS) for the sale of various permits and licenses. This system was developed and maintained by a vendor.

Beginning June 1, 2005, the POS system began processing nonresident deer archery permit requests. At the time of initial application, credit card information is entered into the POS system, but not charged. Application information was forwarded to the Department for lottery purposes, with the lottery occurring mid-August. All 18,486 applicants were awarded a permit. The Department transmitted the data back to the vendor for fee collection and permit issuance. At the end of August, the vendor began the process of charging the various credit cards. Problems occurred with the credit card billings, but ultimately \$6,873,298 was collected. As all fees were not collected simultaneously, the Department and the vendor waited until all 18,486 transactions were completed before transferring the funds. Funds were not transferred to the State Treasury until October 20, 2005, approximately two months after initial fee collection efforts began.

The contract with the vendor specifies, "The contractor shall be responsible for the process that collects all license proceeds from all agents by EFT and depositing the funds in the IDNR's bank account ... Collection (or sweeps) shall be on a billing cycle approved by the IDNR, and at a minimum of weekly."

Department personnel stated these fees were transferred in an untimely manner due to miscommunication with the vendor and problems with credit card transactions.

Failure to timely transfer fees to the State Treasury results in lost interest revenue and decreased cash availability to the State. (Finding Code No. 06-5)

RECOMMENDATION:

We recommend the Department monitor the Point of Sale system reports to ensure the vendor transmits all fees as scheduled, including a reconciliation of cash collected to sales reports.

DEPARTMENT RESPONSE:

We agree. The Office of Administration will develop a corrective action plan that includes more monitoring of all revenue producing agreements within the Department and periodic reporting to the Deputy Director and the Office of Fiscal Management.

06-6 FINDING: (Failure to monitor oil royalty payments)

The Department failed to monitor royalties earned from oil and gas leases to ensure such royalties are received and deposited in a timely manner.

The Department currently leases oil and gas rights on property located at Stephen A. Forbes State Park. During our testing of transactions related to these leases, we noted a lessee issued a royalty payment to the Department totaling \$966,531 on August 23, 2006. Based upon the supporting documentation, these royalties resulted from activity covering three years, from August 2003 through July 2006.

The agreement between the Department and the lessee stated the royalties are to be paid when they accrue over \$50 or annually, whichever comes first. SAMS Procedure 26.40.10 "Collection Efforts and Documentation" states, "Each agency must individually pursue all reasonable and appropriate procedures available to the agency to effectuate collection."

Department personnel stated they are not aware of the reason the royalties were not paid out on a timely basis. Royalties from other wells are generally paid monthly. Department personnel further stated monitoring these leases is difficult because the Department is not informed of how much each well head has pumped and how much of that oil has been sold, and therefore is unaware of royalties due. We believe it is the Department's responsibility to monitor these leases and follow-up on wells that have not made royalty payments for a period of time.

We also noted the \$966,531 was a receivable to the Department at June 30, 2006 and was not reported to the Illinois Office of the Comptroller as part of its annual GAAP reporting process (see finding 06-2).

Failure to collect royalties in a timely manner results in funds not being available for State use and in lost interest income to the State. (Finding Code No. 06-6)

RECOMMENDATION:

We recommend the Department implement procedures to monitor oil and gas leases, including obtaining relevant information from the lessee related to the amount of oil pumped and sold. Further, the Department should implement procedures to ensure all oil payments are received in a timely manner.

DEPARTMENT RESPONSE:

We agree. The Offices of Administration and Mines & Minerals will work together to develop a corrective action plan that includes more monitoring of all oil, gas or other revenue producing agreements within the Department and periodic reporting to the Deputy Director and the Office of Fiscal Management.

06-7 FINDING: (Failure to enforce grant award time limits for Bike Path Awards)

The Department did not enforce the time limits for project reimbursements for the Bike Path Program.

The Department's Bike Path Program Implementation and Billing Requirement Procedures Manual states a bike path development project must be completed and ready for a final close-out/acceptance inspection by Department staff and all project costs for which reimbursement is expected must be incurred no later than the expiration date specified on the signed Project Agreement, unless otherwise approved by Department grant staff.

For Development projects, work was to be completed within 24 months (or 2 construction periods) after project approval. The local sponsor was supposed to ensure that all bidders were aware of the expected completion date by specifying the expected start date and completion date for project construction in the bid specifications package. Beginning in fiscal year 2003, final billing reports were to be submitted within 90 days after the project was completed. This rule was initiated by the Department in an attempt to get the sponsors to submit their billings more timely.

Based on our review of Bike Path Grant files, we noted 8 of 15 (53.3%) projects tested were extended routinely, some for as long as 7 years. Correspondence in project files indicated four of these projects were delayed by the Illinois Department of Transportation's inability to close out projects within a reasonable period of time. The other four projects were extended because close out billing information was not submitted in a timely manner. In many cases, there was little or no supporting documentation in the file for the repeated extensions for these projects. Department personnel stated they contacted the sponsors repeatedly to get the final documentation before reimbursement. In these cases, the projects were complete, but the final paperwork took months or years to submit as follows:

<u>Project Sponsor</u>	<u>Amount</u>	<u>Original Due Date</u>	<u>Extended Due Date</u>	<u>* Date Complete</u>	<u>Date Submitted</u>	<u>Date Paid</u>
St. Charles PD	\$ 180,699	12/31/97	6/30/04	8/1/01	3/25/04	11/15/04
Rock Island	170,760	12/31/97	12/31/01	12/1/01	10/22/05	3/23/06
Barrington	164,800	12/31/00	12/31/02	12/23/02	1/28/04	8/27/04
Cook County FPD	75,000	12/31/01	12/31/04	10/27/04	6/3/05	6/7/05
Lake County DOT	200,000	12/31/01	12/31/02	7/5/01	5/12/04	8/25/04
Madison County	200,000	6/30/03	N/A	12/1/02	6/29/04	8/30/04
Villa Park	48,332	6/30/03	12/31/03	7/29/03	6/1/05	6/3/05
Kane County FPD	64,725	6/30/04	N/A	4/8/04	2/7/05	3/9/05

* Based on final inspection date or project status report

Failure to have approved project components completed by the specified project expiration date could jeopardize approved grant reimbursement for the project. (Finding Code No. 06-7)

RECOMMENDATION:

We recommend the Department implement procedures to ensure that the projects are completed within 24 months of being approved, or an extension should only be granted when reasonable, necessary, and fully documented. In addition, final project billing forms should be submitted within 90 days of project completion, in accordance with Department policies.

DEPARTMENT RESPONSE:

We do not agree. The Office of Architecture, Engineering and Grants closely monitors and enforces project agreements in accordance with Department policy. The auditors have interpreted a suggested / recommended completion schedule as a fixed completion deadline, and provide no allowance for condition, material, construction or other unforeseen problem. The Trails Grant Manual states "*For projects requesting development assistance, the project should be completed by the grant expiration date (typically within 24 months following project approval)...*" Note that we say "**...should be completed by...**" and "**...(typically within 24 months...**" This is clearly stated as a general guideline, not as a hard and fast requirement. Many of the project agreements initially allow more than 24 months for completion (30 months in length), making this issue a moot point. The Trails Manual also states extensions to the original contract may be approved by the Department where justified, and all contracts identified by the auditors were properly reviewed and extended in accordance with Department policy, with no payments made for work occurring after the expiration date of the amended agreement. By amending the project agreement expiration date, the Department has fully complied with the requirement that the projects be completed within the time period established in the agreement.

Grantee submittal of final billing within 90 days is required in the contract and Implementation & Billing packet provided to the grantee. However, the Office has no means to enforce this requirement. The 90 day requirement was included in hopes grantees would comply, but history for the past three grant cycles suggests this time limit is often not met by the Grantee. The Auditors also made issue with the Grantee defined "project completion date", which the Department may not agree with. To resolve this issue, we propose to revise our wording found in the Manual and in our Implementation & Billing packet. To ensure proper documentation of Department acceptance and final project completion, Office of Architecture, Engineering and Grants staff have been directed to properly date stamp all correspondence, and will document issues with job inspections, insufficient documentation and final acceptance date to the project files. In

addition, incomplete invoices may be returned to the grantee accompanied with a requirement to show corrected dates when resubmitted. This will clearly document the local completion and DNR acceptance date, demonstrate why the invoices could not be processed within the 90 day limit, and will accompany the voucher through payment so this information is retained with the invoice in Fiscal records.

AUDITOR COMMENT:

The Department has conflicting wording in its manuals. As noted in paragraph two above, the Bike Path Program Implementation and Billing Requirement Procedures Manual states on page 1 and in bold type, “...**must be incurred no later than the expiration date specified on the signed Project Agreement, unless otherwise approved by Illinois DNR Grant Staff.**”

In its response, the Department stated all contracts identified by the auditors were extended in accordance with Department policy. Our issue is that there was little or no supporting documentation in the file for repeated extensions.

Regardless of semantics, it is good business practice to have construction projects closed out in a timely manner to reduce staff time devoted to these projects and to expedite the process so facts and circumstances of the project do not become clouded over time.

It is also important for the General Assembly to be aware of local projects that are not completed and reimbursed in a timely manner.

06-8 FINDING: (Failure to adequately evaluate internal fiscal and administrative controls)

The Department failed to adequately evaluate internal fiscal and administrative controls in accordance with the Fiscal Control and Internal Auditing Act.

During fiscal years 2005 and 2006, the Department certified an evaluation was conducted over internal fiscal and administrative controls, listing several reportable internal control weaknesses and corrective action plans addressing these weaknesses. The Department only listed items as reportable weaknesses that were noted as findings within the Department's Compliance Examination for the two years ended June 30, 2004. The Department failed to make an independent comprehensive evaluation of internal fiscal and administrative controls, as required by the Fiscal Control and Internal Auditing Act.

The Fiscal Control and Internal Auditing (Act) (30 ILCS 10/3001) states, "All State agencies shall establish and maintain a system, or systems, of internal fiscal and administrative controls, which shall provide assurance that:

- (1) resources are utilized efficiently, effectively, and in compliance with applicable law;
- (2) obligations and costs are in compliance with applicable law;
- (3) funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation;
- (4) revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over State's resources; and
- (5) funds held outside the State Treasury are managed, used and obtained in strict accordance with the terms of their enabling authorities and that no unauthorized funds exist."

The Act (30 ILCS 10/3003) further states, "By May 1 of each year, each chief executive officer of all State agencies shall, on the basis of an evaluation conducted in accordance with guidelines established under Section 3002, prepare and transmit to the Auditor General a certification that ... shall include a report describing any material weaknesses in the systems of internal fiscal and administrative controls and the plans and schedule for correcting the weaknesses, or a statement of reasons why the weaknesses cannot be corrected."

Department management stated due to personnel changes, the evaluation process was streamlined and consisted of reviewing recent findings and the respective corrective action plans.

The Auditor General's post examination function is not a management internal control. It is management's responsibility to establish controls to ensure the integrity of its accounting information and compliance with law. It is also management's responsibility to evaluate these controls in accordance with the Act and not substitute the post examination function in lieu of this responsibility

The Department should be performing an evaluation of its systems of internal fiscal and administrative controls to determine whether the systems comply with the requirements of the Act. (Finding Code No. 06-8)

RECOMMENDATION:

We recommend the Department establish procedures for an evaluation of internal fiscal and administrative controls to determine whether the systems comply with the requirements of the Act.

DEPARTMENT RESPONSE:

We agree. The Department will initiate implementation of evaluating internal fiscal and administrative controls at the divisional level – as well as formalizing the evaluation process at the agency level.

06-9 FINDING: (Failure to monitor and enforce concessionaire lease agreements)

The Department failed to monitor and enforce concessionaire lease agreements regarding rental payments and insurance documentation.

During the engagement period, the Department had approximately 80 concessionaires at State parks throughout Illinois. The Department's concession coordinators are responsible for negotiating and enforcing lease terms, overseeing the site, approving rates charged, and collecting rental payments.

During our testing of concessionaire payments, we noted the following problems:

- We noted 11 of 25 (44%) rental payments tested were remitted to the Department in an untimely manner, ranging from 3 days to 141 days late.

Standard contract language for concessionaires whose rent is based on a percentage of sales states, "a report of sales and rentals as well as payment of rent must be forwarded to the Division of Concession and Lease Management no later than the 25th day of the month following the previous month's operation." In addition, three delinquent payments in a twelve month period or a delinquent account of ninety days shall be cause for immediate cancellation of the lease.

- We noted documentation regarding the receipt of rental payment was not on file for 1 of the 25 (4%) rental payments tested.
- We noted 3 of the 4 (75%) top concessionaires remitted payments late. One of the top concessionaires was late 16 months of the 24 month period (66.7%), ranging from 1 to 13 days late. Another concessionaire was late every month during the 24 month period, ranging from 2 days to 231 days late. The third concessionaire was late 6 months of the 24 (25%) month period, ranging from 3 to 13 days late.
- We noted the Department did not exercise the right to charge interest.

Contract language states, "Natural Resources reserves the right to charge 10% interest compounded monthly on any arrearage after the 30 day grace period until the Rent or Reserve is paid by the Lessee."

- We noted 1 of the 4 (25%) top concessionaires failed to make monthly deposits into a required reserve account. As of April 2006, the concessionaire was behind by \$114,356.

Standard contract language requires all concessionaires to deposit monies into a reserve account based on a percentage of revenues. Similar to rental payments, the "lessee shall provide Natural Resources a copy of the deposit slip for all monies placed in said Reserve Account each month, no later than the 25th day of the following month."

- We noted 1 of the 4 (25%) top concessionaires did not provide required documentation of fire and extended coverage insurance to the Department.

Standard contract language requires all concessionaires to maintain insurance acceptable to the Department stating, "Lessee shall provide and maintain in force during the term of this Agreement fire insurance with extended coverage endorsements on all improvements placed or constructed upon the premises by Lessee, in an amount acceptable to Natural Resources, but in no event less than \$250,000. Water damage and debris cleanup shall be included."

Good business practices require monitoring of lease agreements to ensure all terms of the lease are met and enforced.

Department personnel stated the main objective of the concessions at the State parks is to serve the public. Canceling a lease and closing the concession would not be consistent with this objective; therefore, actions to collect payments are lenient.

Failure to enforce lease payment terms and late payment penalties results in decreased revenue to the Department. Failure to ensure the lessee maintains adequate insurance coverage exposes Department buildings and sites to potentially unrecoverable loss. (Finding Code No. 06-9)

RECOMMENDATION:

We recommend the Department implement procedures to monitor concessionaires' compliance with lease agreements to ensure the timeliness of payments and to ensure adequate insurance coverage.

DEPARTMENT RESPONSE:

We agree. The Office of Administration will develop a corrective action plan that includes more monitoring of all revenue producing agreements within the Department and periodic reporting to the Deputy Director and the Office of Fiscal Management.

06-10 FINDING: (Hunting and fishing license consignees not remitting license fees and/or licenses in a timely manner)

The Department does not monitor vendors who are consigned hunting and fishing licenses for sale to the public as required by Department rules.

The Department consigns hunting and fishing licenses to vendors for resale to the public. During our testing of 25 of approximately 1,200 total vendors, we noted the following:

- The Department does not adequately track payments vendors remit for consigned licenses and stamps. The Illinois Administrative Code (Code) (17 Ill. Adm. Code Part 2520, Section 2520.30) states, "Remittance shall be made to the Department no later than the 10th of each month for all licenses, stamps and permits sold during the previous month." The Code further states, "Accounts more than one month past due shall have additional license consignments withheld until the account is current. Accounts two months or more past due will cause the Department to cancel or withdraw the issuance of licenses through such clerks or agents. In the case of secured agents, payment will be demanded from the security company. In the case of secured agents with a preferred status, payment up to the amount of financial evidence will be demanded from the security company and the balance over the financial evidence will be referred to other agencies for assistance."

The Department currently has no method of tracking whether or not each vendor sends a remittance form with fees or a no sales form for each month. The remittance form does not designate which month the vendor is remitting. The dates documented in Department records are the dates the remittance fees are deposited, not the date the Department receives the remittance or the date the vendor completes the form. During our testing we noted the time frame from the date the Department receives the remittance to the date the Department deposits the remittance ranged from 0 to 70 days. Based upon this process, it is impossible to tell which month the vendor is remitting, and we were unable to substantiate the timeliness of any of the 25 vendors in our testing.

Department personnel stated they had no process in place to track vendor payments on a monthly basis and only sent untimely remittance notices to vendors when the vendor did not send a remittance for a long time period.

- During our testing, we noted 4 of 25 (16%) vendors tested did not remit license fees and/or unsold licenses to the Department at the end of a license year in a timely manner. We noted one vendor with an outstanding balance of \$98 for the license year ended April 30, 2005 which should have been remitted by May 31, 2005, but was not remitted until September 2005. At June 30, 2006, we noted 3 vendors with outstanding balances totaling \$2,513 for the license year ended April 30, 2006 which should have been remitted by May 31, 2006.

Department rules (17 Ill. Adm. Code Part 2520, Section 2520.30) states, "Within 30 days after the expiration of the time in which any class of license, stamp or permit is usable, the final payment for licenses, stamps and permits sold shall be made in full to the Department, and all unsold or void licenses, stamps and permits should be returned to the Department. Accounts not closed out within the 30 days specified shall be suspended or terminated, and referred to the security company for action or referral to other agencies for assistance."

Department personnel indicated they did not follow up on these outstanding account balances due to an oversight.

- The Department requires each vendor to post a bond to cover potential losses. During our testing, we noted 10 of 25 (40%) vendors were over their bond limits at some point during the license year. The amount of time the vendors were over the bond limit ranged from 1 to 288 days. The amounts in excess of bond ranged from \$98 to \$33,993.

Department rules (17 Ill. Adm. Code Part 2520, Section 2520.10) states, "All direct agents, including concessionaires holding contracts with the Department, shall be required to furnish DNR with evidence of financial responsibility. Such evidence should be in the form of a surety bond, letter of credit or certificate of deposit, in an amount equal to the value of licenses, stamps and permits consigned with the exception of direct agents with a preferred status."

Department personnel indicated they did not have procedures in place to monitor financial responsibility equal to the licenses assigned.

Failure to suspend or terminate accounts with vendors whose account balances are not closed within the required timeframe or are over their bond limits could cause the Department to potentially lose revenue. This could also lead into more vendors not paying and closing their account in a timely manner or not providing adequate evidence of financial responsibility knowing there may not be any ramifications for delinquency. (Finding Code No. 06-10, 04-23)

RECOMMENDATION:

We recommend the Department implement procedures to closely review all account balances by the 10th day of the month following the month of the sale, as well as implement procedures to closely review all outstanding account balances at license year end, and ensure all revenues and/or unsold licenses be remitted appropriately. We further recommend the Department implement procedures to review the bond amount before consigning licenses.

DEPARTMENT RESPONSE:

We agree. However, we believe that this condition in large has been remedied by the Point-of-Sale application that was mandated for consignees as of April 2006.

06-11 FINDING: (Failure to deposit monies with the State Treasurer in a timely manner)

The Department failed to deposit monies with the State Treasurer in a timely manner in compliance with the State Officers and Employees Money Disposition Act.

During our testing of cash receipts throughout various areas of our engagement, we noted the following:

- During our testing of cash refunds, we noted 22 of 25 (88%) refunds tested totaling \$591,019 were not deposited in a timely manner. Deposits were made from 1 to 208 days late.
- During our testing of cash receipts for violations, we noted 5 of 5 (100%) violations tested totaling \$5,051 were not deposited in a timely manner. Deposits were made from 6 to 18 days late.
- During our testing of general Department receipts, we noted 4 of 25 (16%) receipts tested totaling \$180,494 were not deposited in a timely manner. Deposits were made from 3 to 6 days late.
- We noted 1 royalty check totaling \$58,108 was deposited 68 days late.

We also noted due to the Department's inability to submit the appropriate supporting documentation, no deposit extension was in effect during our engagement period from July 1, 2004 to March 20, 2005, at which time the extension was renewed by the State Treasurer.

The State Officers and Employees Money Disposition Act (30 ILCS 230/2 (a)) (Act) states, "...unless a different time of payment is expressly provided by law or by rules or regulations promulgated under subsection (b) of this Section, shall pay into the State Treasury the gross amount of money so received on the day of actual physical receipt with respect to any single item of receipt exceeding \$10,000, within 24 hours of actual physical receipt with respect to an accumulation of receipts of \$10,000 or more, or within 48 hours of actual physical receipt with respect to an accumulation of receipts exceeding \$500 but less than \$10,000, disregarding holidays, Saturdays and Sundays."

Department personnel stated that cash refunds are held until the Department can verify the accuracy and reason for the refund, which can be a lengthy process. They further stated they did not feel the Act was applicable to cash refunds. Regardless of the need for follow up, good business practice dictates that a check should be deposited sooner than 208 days. Department personnel further stated receipts were not deposited in a timely manner due to delays in forwarding deposits among Department divisions.

Failure to deposit monies in a timely manner results in lost interest income to the State, makes such funds unavailable to the State, and is in noncompliance with the Act.
(Finding Code No. 06-11)

RECOMMENDATION:

We recommend the Department deposit all monies with the State Treasurer in a timely manner in compliance with the State Officers and Employees Money Disposition Act.

DEPARTMENT RESPONSE:

We agree. The Department's Office of Fiscal Management will begin to incorporate a periodic reminder to staff handling cash refunds, receipts and/or revenues of their responsibility to comply with the Act.

06-12 FINDING: (Failure to follow up on outstanding tickets with Circuit Clerk)

The Department did not follow up on outstanding tickets with the appropriate Circuit Clerk.

The Department previously received a monthly aging report from the Illinois State Police that included all tickets written for DNR offenses. In prior years, the Department's Division of Law Enforcement personnel used this report to determine if violators are prosecuted in a timely manner and to follow up on outstanding tickets with the appropriate Circuit Clerk. Division of Law Enforcement personnel stated they have not followed up on outstanding tickets with Circuit Clerks for over a year as they have not received nor requested these reports from the Illinois State Police. Division personnel stated they have not requested or reviewed these reports or conducted follow ups with Circuit Clerks due to staff shortages.

Due to the lack of reports and the lack of follow up, we were unable to determine the status of outstanding tickets, if any are delinquent, or the amount of any fines outstanding and not remitted to the Department.

Good business practice would require the Department to track the status of outstanding tickets and follow up on tickets that have been outstanding for a long time period.

Failure to follow up on outstanding tickets could result in lost revenue to the State.
(Finding Code No. 06-12)

RECOMMENDATION:

We recommend the Department implement procedures to obtain outstanding ticket reports from the Illinois State Police, review the reports in a timely manner, and follow up on outstanding tickets with the appropriate Circuit Clerk, as necessary.

DEPARTMENT RESPONSE:

We agree. The Department's Office of Law Enforcement will work with the Illinois State Police and the Department's Budget Division to assess the resources needed to resume the availability of the monthly reports and reprioritize existing resources to the maximum extent possible before requesting additional assistance.

06-13 FINDING: (Failure to maintain adequate documentation for returned checks or to suspend or revoke the title, registration or permit in a timely manner)

The Department did not maintain adequate records supporting checks returned for insufficient funds.

During our testing of 60 not sufficient funds (NSF) or stop payment checks, we noted the following:

- A collection letter documenting collection efforts could not be located for 3 of 60 (5.0%) returned items.
- Four of 60 (6.7%) returned items had no supporting documentation regarding the status of the related title, registration or permit.
- The title, registration or permit was suspended or revoked late, ranging from 1 to 73 days, for 22 of 60 (36.7%) items.
- The date in which the title, registration or permit was suspended or revoked was not documented for 18 of 60 (30.0%) items.

When a check and appropriate application is received by the Department, a related title, registration or permit is sent to the applicant. If this is a NSF or stop payment check, the title, registration or permit should be suspended or revoked. Department personnel stated there were 485 NSF checks totaling \$117,741 during the engagement period.

The State Records Act (5 ILCS 160/3) requires that any records coming into the custody of the State "...may not be mutilated, destroyed, transferred, removed, or otherwise damaged or disposed of, in whole or in part, except as provided by law."

Department personnel indicated they were unaware of the missing documentation and upon further investigation no records of any type could be traced back to the returned checks.

Failure to document and maintain detailed records for NSF checks increases the risk of invalid titles, registrations and permits. (Finding Code No. 06-13, 04-24)

RECOMMENDATION:

We recommend the Department implement controls to ensure records are maintained to support the disposition of all NSF checks and to support the suspension or revocation of the related title, registration or permit.

DEPARTMENT RESPONSE:

We agree. The Department's Office of Fiscal Management has already partially implemented the recommendation via update and expansion of its procedures in its Finance Handbook.

06-14 FINDING: (Amounts reported on Agency Fee Imposition Report Forms do not reconcile to Department records)

The Department did not properly report fees collected on the 2005 and 2006 Agency Fee Imposition Reports submitted to the Illinois Office of the Comptroller (Comptroller).

The State Comptroller Act (15 ILCS 405/16.2) requires all State agencies that impose and collect fees prepare the Agency Fee Imposition Report Form. The form shall list and describe the fees imposed by the Agency, the purpose of the fees, the amount of revenue generated by each fee, and the funds into which the fees are deposited.

Our review of the Agency Fee Imposition Reports for fiscal years 2005 and 2006 noted the reports were inaccurately and inconsistently prepared. The report requires the Department to list the number of licenses/permits/fees, the charge for each, and the total collected. In almost all instances on the Fee Imposition Reports, the number of licenses/permits/fees multiplied by the fee did not equal the total fees collected. Discrepancies were noted in 30 of 31 (96.8%) fee categories reported by the Department, and in one instance, fees times the rate was almost \$52 million different than deposits reported for that category. The only category correctly reported was the category that had no licenses issued and \$0 fees collected. The Department was also unable to provide documentation to support information on the Fee Imposition Reports.

Department personnel stated the individual Divisions have a difficult time breaking down the number and rate charged for the individual fees by fiscal year due to timing differences regarding license years. In addition, certain fees are based on several circumstances, and therefore difficult to report.

We believe the report is inaccurately prepared because information about fees is obtained from various divisions without consistent reporting guidelines. Some divisions report information by fiscal year, some by license year. There also appears to be no overall review of this information. In addition, the Department does not have a formal overall process to reconcile licenses/permits sold to funds deposited with the Comptroller.

Incorrect reporting of fees on the Agency Fee Imposition Report results in the Department providing inaccurate information on the Statewide Agency Fee Imposition Report submitted to the General Assembly. (Finding Code No. 06-14)

RECOMMENDATION:

We recommend the Department implement procedures to ensure the accuracy of the Agency Fee Imposition Report prior to its submission to the Comptroller's Office. These procedures should include a reconciliation of fees deposited to subsidiary records maintained by Divisions and supervisory review of the Report prior to its submission to the Comptroller's Office to ensure accuracy for all reported fees.

DEPARTMENT RESPONSE:

We partially agree. The Department will work with the Illinois Office of Comptroller to more closely align the methodology for estimating the number of; 1) persons or entities charged a fee, 2) permits issued and/or 3) incremental charges comprising a fee total. In addition, we will add a supervisory review of the report prior to its submission to the Comptroller's Office to ensure accuracy for all reported fees. However, we feel compelled to point out that this report is intended to be an estimate of fees.

AUDITOR COMMENT:

We believe a \$52 million difference is not a good estimate.

06-15 FINDING: (State Police Traffic Information Planning System (TIPS) not updated in a timely manner)

The Department did not enter written warnings issued by Conservation Police Officers (CPO) into the TIPS in a timely manner.

The TIPS is a computerized system administered by the State Police that provides law enforcement officials information on citations and written warnings. It is the Department's responsibility to enter information regarding citations and written warnings issued by CPO's into the TIPS. Department personnel stated CPO's issue approximately 10,000 written warnings per year.

During our testing, we noted written warnings dating from July 1999 to present were not entered into TIPS. The Department is solely responsible for entering CPO ticket and written warning information into TIPS.

The previous engagement noted a substantial backlog of citations as well as written warnings. Department personnel stated the position assigned the task of entering ticket and written warning information and another staff have been working overtime to ensure all citations were entered into TIPS. The previous office coordinator updated a year of citations before her position was eliminated. The Department concentrated efforts to ensure all citations were entered into TIPS, but has not been able to devote enough resources to ensure all written warnings have also been updated into TIPS.

Failure to enter written warning tickets into TIPS presents a safety issue for all law enforcement officers in the field. Officers are unaware of written warnings issued by CPO's if Department personnel fail to enter the information into TIPS. Timely updates of the TIPS system ensure that officers have access to current, complete, relevant, and important information, including knowledge of repeat offenders that may be issued multiple written warnings for the same violation unbeknownst to the officer. An officer is more likely to issue a formal citation if he/she realizes that the offender was issued a prior written warning for an offense. Officers need this information to be as current as possible in order to carry out their duties and responsibilities in a safe and efficient manner. (Finding Code No. 06-15, 04-21, 02-8)

RECOMMENDATION:

We recommend the Department enter all past and future written warnings issued by CPO's into TIPS in a timely manner.

DEPARTMENT RESPONSE:

We agree. The Department's Office of Law Enforcement will work with Department's Budget Division to assess the resources needed to address record keeping for written warnings and reprioritize existing resources to the maximum extent possible before requesting additional assistance.

06-16 FINDING: (Time sheets not maintained in compliance with the State Officials and Employees Ethics Act)

The Department is not maintaining time sheets for its employees in compliance with the State Officials and Employees Ethics Act (Act).

The Act requires the Department to adopt personnel policies consistent with the Act. The Act (5 ILCS 430/5-5(c)) states, "The policies shall require State employees to periodically submit time sheets documenting the time spent each day on official State business to the nearest quarter hour."

We noted the Department's employees (other than senior management) did not maintain time sheets in compliance with the Act. Employees' time is tracked using a "negative" timekeeping system whereby the employee is assumed to be working unless noted otherwise. No time sheets documenting the time spent each day on official State business to the nearest quarter hour are maintained. The Department's senior management staff did maintain timesheets in compliance with the Act.

Department management stated they relied on advice from the Governor's Office staff which initially stated that agencies using the Department of Human Services (DHS) payroll system (the Department uses this system) would be in compliance with the Act.

In response to the prior year finding, the Department stated its Ethics Officer would confirm with the Governor's Office the actions necessary to fully comply with the Act. They further stated they are working with other agencies to address the issue given the existing timekeeping system.

By not maintaining appropriate time sheets, the Department is not in compliance with the Act. (Finding Code No. 06-16, 04-29)

RECOMMENDATION:

We recommend the Department amend its policies to require all employees maintain time sheets in compliance with the Act.

DEPARTMENT RESPONSE:

We agree. The DNR is currently working with a consultant and another state agency to develop a Request for Proposal (RFP) to implement an automated timekeeping system. The official RFP is scheduled to be advertised as early as March 12, 2007. This system will place the DNR in compliance with the Ethics Act.

06-17 FINDING: (Failure to follow overtime policies and procedures for Conservation Police Sergeants and Officers)

The Department did not pay overtime for Conservation Police Sergeants and Officers in accordance with the Department's Timekeeping Handbook.

During our testing, we noted that 5 of 18 (27.8%) of Conservation Police Sergeants were paid overtime incorrectly at the end of each pay period. Cash overtime payments to the Department's Sergeants totaled \$182,694 during the engagement period.

The Department's Timekeeping Handbook, Section 15 VII, Overtime Calculation for Conservation Police Sergeants states, "Hours worked in excess of nine (9) hours per work day, which have been pre-approved by the Sergeant's supervisor, will be accrued at the straight time rate in the form of compensatory time... All overtime on the books at the end of the fiscal year will be liquidated by cash payment." The objective is to allow overtime to be first liquidated through compensatory time off, not cash payment. This policy was adopted by the Department pursuant to a 1992 Settlement Agreement filed in the U.S. District Court for the Central District of Illinois between Conservation Police Sergeants and the State of Illinois.

Department personnel stated two reasons for providing overtime cash payment to Sergeants as it was accrued. First, they stated many Sergeants were accumulating overtime balances beyond the funds that may be available at the end of the fiscal year and felt overtime payment should be handled in the same manner as it is for Conservation Police Officers. Second, Department personnel stated Sergeants would use a majority of their overtime as compensatory time off at the end of the fiscal year in the months of May and June. They stated this is the most important time during the year to have the Sergeants on duty.

During our testing, we noted that 15 of 29 (51.7%) Conservation Police Officers were paid overtime incorrectly during subsequent pay periods, and not at the time earned. Cash overtime payments to the Department's 129 Officers totaled \$966,885 during the engagement period.

The Department's Timekeeping Handbook, Section 15 VI, Overtime Calculation for Conservation Police Officers states, "Payment for such overtime credits shall be in compensatory time unless cash payment is available and the employee requests that he/she be paid in cash in lieu of compensatory time." All overtime should be paid in the period when earned, not in subsequent pay periods.

Department personnel stated Officer overtime is often submitted untimely, and therefore is often paid for an extended period, such as several months, at one time.

Paying cash for Sergeant overtime as it is accrued is in direct violation of the Department's Timekeeping Handbook and the Settlement Agreement. By providing compensation throughout the year, the Department is not allowing the Sergeants to liquidate the accrued overtime in the form of compensatory time off. Paying for Officer overtime in subsequent pay periods is in direct violation of the Department's Timekeeping Handbook. (Finding Code No. 06-17, 04-11)

RECOMMENDATION:

We recommend the Department reevaluate its current policies and procedures regarding the overtime payment for Conservation Police Sergeants and Officers and follow the procedures that are formally adopted in the Department's Timekeeping Handbook. Further, the Department should implement controls to monitor overtime balances to ensure compensatory time is used during non-peak work periods, to ensure Officer overtime is submitted for payment in the period earned, and to monitor Sergeant overtime to ensure adequate personal services funds are available at the end of the fiscal year to pay all accrued Sergeant overtime.

DEPARTMENT RESPONSE:

We agree. The Department's Office of Law Enforcement will reevaluate its current policies and procedures regarding payment of overtime to conservation police officers. If an officer requests cash payment of overtime, he/she shall continue to request payment in that same pay period as is current practice. Furthermore, OLE will require regional timekeepers to submit the variant pay forms for the overtime cash payment by the end of the pay period immediately following the pay period in which the overtime was earned.

06-18 FINDING: (Timekeeping system is not automated)

The Department-wide timekeeping system is not automated, resulting in inefficiencies and errors in accurately calculating employee accumulated leave.

Each division within the Department maintains a manual timekeeping system for their several hundred employees. The divisions appoint timekeepers who are required to keep employee attendance daily. All notifications of absences and call-in reports are forwarded to the timekeepers. The timekeepers are also required to recalculate accrued absences monthly for their employees.

During our testing we noted the following weaknesses:

- The Department calculated accrued leave incorrectly for 7 of 60 (11.7%) employees selected for testing. One of these errors resulted in accrued sick time being overstated at the end of the month by 5.5 hours for an individual. Another error caused accrued overtime to be understated by 35.25 hours for one individual.
- The Department's timekeeping process is not universal throughout the Department. The Division of Mines and Minerals uses the CMS Timekeeping System (CTAS), Illinois Waste Management Resource Center and the Illinois State Water Survey have their own timekeeping systems, but most DNR divisions use the DNR Manual Timekeeping System. The Department's Manual Timekeeping System is a manual process which is paper intensive allowing for human errors.

Department internal auditors previously noted the Department had reviewed automated timekeeping options with other State systems, but due to technological and financial barriers at that time, was unable to implement an automated system. Department management stated the current lack of funding has deterred its efforts to implement an automated timekeeping system.

Prudent business practice suggests the Department automate its timekeeping system due to the size (over 1,600 full time employees) and decentralization of the Department, as well as technological advances since the Department last reviewed automated systems.

The Department partially agreed with the prior recommendation, stating it was not aware of any authoritative State requirement to implement an automated timekeeping system. However, the Department agreed to make available to timekeepers currently owned and licensed software that could minimize calculation errors. This was not done during the current engagement period.

Controls available through an automated timekeeping system can provide greater efficiency and reduce the potential for costly errors and mathematical mistakes. (Finding Code No. 06-18, 04-12, 02-5 and 00-3)

RECOMMENDATION:

We recommend the Department implement controls to ensure its timekeeping is accurate and efficient to maintain. The Department should consider implementing an automated timekeeping system, such as a spreadsheet or database system, to strengthen internal controls and eliminate the multiple timekeeping systems currently used by the Department.

DEPARTMENT RESPONSE:

We agree. The Department is currently working with a consultant and another state agency to develop a Request for Proposal (RFP) to implement an automated timekeeping system. The official RFP is scheduled to be advertised as early as March 12, 2007.

06-19 FINDING: (Employee performance evaluations not completed)

The Department is not completing employee performance evaluations in a timely manner.

The Department employed over 1,600 full time employees during the engagement period. During our testing, we noted 7 of the 60 (11.7%) personnel files sampled, current performance evaluations were not on file or were not performed in a timely manner. Department policies require these evaluations to be performed annually. During our testing, we noted the following weaknesses:

- Two employees were missing 2004, 2005 and 2006 evaluations;
- Five employees were missing 2006 evaluations;
- One employee evaluation was not signed by the employee, supervisor, or next higher level.

The Department of Natural Resources "Policy and Procedure Manual – September 2002" Chapter 3, Section 3C-4 states, "The supervisor shall complete an evaluation on each of his/her respective subordinate staff annually." Department officials stated supervisors and managers are aware of the policy regarding performance evaluations. Reminders are sent out to locations and sections encouraging the completion of performance evaluations. Department officials do not know why supervisors and managers ignore the reminder notices.

In response to the prior recommendation, the Department stated its Office of Human Resources had already begun a review of the timeliness of completing employee performance evaluations and its Executive staff has endorsed the necessary reorganizations within its offices to establish a first level of responsibility for these documents at the regional level. They further stated past due notices were being sent and a quarterly list of delinquents was planned to be run and sent to the Department's Deputy Directors. However, we still noted weaknesses in the evaluation process.

Performance evaluations are a systematic and uniform approach used for the development of employees and communication of performance expectations to employees. Performance evaluations should serve as a foundation for salary adjustments, promotions, demotions, discharge, layoff, recall and reinstatement decisions. (Finding Code No. 06-19, 04-13)

RECOMMENDATION:

We recommend the Department review the annual evaluation process and ensure completion of annual performance evaluations for all employees. Immediate supervisors should be held responsible for completing evaluations in a timely manner.

DEPARTMENT RESPONSE:

We agree. The Department has already implemented corrective action in July 2006 as follows. The Office of Human Resources does currently review the timeliness of completing employee evaluations. The Office of Human Resources maintains a database of past due evaluations. If evaluations are not timely, Human Resources sends a "past due" notice and copies the respective Deputy Director responsible for the division. The Office of Human Resources will work closer with the Director and Deputy Directors to ensure timely completion of employee evaluations and to better enforce the "past due" notices.

06-20 FINDING: (Inadequate procedures regarding State vehicles)

The Department did not have adequate procedures over its State vehicles. We noted personally assigned vehicles were not evaluated annually to determine the assignment was still justifiable and in the best interest of the State, Department employees did not effectively utilize the Department's vehicle fleet, accidents involving State vehicles were not reported in a timely manner, odometer readings were not maintained, and the Department did not have documentation to ensure personally assigned vehicles were adequately maintained.

- We noted the Department did not regularly review vehicle assignments to determine whether the assignments were in the best interest of the State. The Department has 236 state vehicles that are assigned to individual employees. This total excludes law enforcement vehicles that are mandated to be assigned to Conservation Police Officers (CPOs). The Department employs, on average, a full-time staff of approximately 1,600 employees. Approximately 1 of 7 (14%) full-time employees was assigned a State vehicle.

To comply with the Internal Revenue Regulation 1.61-21 "Taxation of Fringe Benefit", the Department requires all employees with assigned vehicles other than CPO employees to submit quarterly reports documenting the number of days the employees used their assigned vehicles to calculate the personal use income to be included in the employee's gross wages. On the quarterly reports, employees also are required to document the number of miles their vehicles were used during the quarter. During our review of one quarter of fiscal year 2006, we noted that 3 of 236 (1.3%) employees reported driving their assigned vehicles less than 1,000 miles during the applicable quarter. Agency officials did not annually review reported mileage to verify that it was properly reported and to evaluate the efficiency of vehicle assignments.

Department personnel stated the Department periodically reviews vehicle assignments on an Agency-wide basis. The most recent review was not performed until late in fiscal year 2006. Annual reviews of vehicle assignments have not been performed because the travel demands of employees with assigned vehicles remain stable over time. If an employee's job duties change, it is the supervisor's responsibility to evaluate the impact of such change on vehicle assignment.

Good business practice would require the Department evaluate its assignments to ensure that the assignments are justified based on the business miles driven or determine if it would be in the better interest of the Department to transfer the vehicle to the motor pool where it could be used by numerous staff. Not reviewing vehicle assignments annually allows for employees whose job description changes to still be assigned a Department vehicle. Not reviewing job descriptions allows for unjustifiable assignments which are not in the best interest of the State.

- During our testing of the Department's top travelers for fiscal years 2005 and 2006, we noted that 1 of the 10 (10%) top travelers did not regularly utilize the Department's motor vehicle fleet. This traveler was approved to use her personal vehicle for 5,994 miles, resulting in reimbursement totaling \$2,428. The Department did not utilize the existing motor vehicle fleet, but instead incurred additional costs by allowing this individual to use her personal vehicle.

Department personnel stated the one top traveler worked for a division that does not have a motor vehicle fleet vehicle assigned to its location. Department personnel stated they do not encourage employees to use motor fleet vehicles from other Department divisions. Allowing employees to use their personal vehicles is not an efficient use of the Department's motor vehicle fleet. The Department has incurred costs to purchase 1,127 vehicles, and allowing individuals to use a personal vehicle when fleet vehicles are available, regardless of Division, causes the Department to incur additional costs.

- During our review of accidents involving State owned vehicles we obtained reports from the Department of Central Management Services (CMS) showing the total number of accidents for the fiscal year. During fiscal year 2005, the Department reported 49 accidents to CMS and 2 (4.1%) were reported late. Furthermore, during fiscal year 2006, the Department reported 36 accidents to CMS and 4 (11.1%) were reported late. The CMS "Vehicle Guide" states that accident reports are "to be submitted to (CMS) Risk Management no later than seven calendar days following the accident. As outlined by the state's insurance plan, the driver risks forfeiture of coverage for failure to properly and timely report a motor vehicle accident within seven days." We noted the reports were submitted between 1 to 34 days late.

The Department's Vehicle Coordinator stated the reason for most accident reports not being filed timely was due to employees not submitting the accident reports in a timely manner to the Vehicle Coordinator. During our testing of accident reports, we noted 13 of 30 (43.3%) were not reported to the Vehicle Coordinator within 24 hours, as required by Department policies. The Vehicle Coordinator submits the information to Central Management Services on the same day he receives the report. When accident reports are not submitted, facts of the accident may become clouded and it is more difficult to follow up on any possible liability to the Department or State of Illinois. Furthermore, failure to report accidents to CMS in a timely manner may result in the forfeiture of State insurance coverage leaving the employee totally and solely financially liable for all damages incurred.

- The Department does not maintain and monitor records of odometer readings for all vehicles in a consistent manner. The Vehicle Coordinator maintains use documentation for all vehicles assigned to the Department's Springfield motor pool, while employees with assigned vehicles are required to document vehicle usage in their quarterly commuting reports. The usage of other vehicles is to be documented and monitored by the Department office to which the vehicles are assigned. However, Department procedures do not specifically define documentation and monitoring requirements.

Good business practice requires that the Department properly monitor all vehicle usage, which would require maintaining adequate records of odometer readings. Without this documentation, the Department loses the ability to monitor usage and plan for future maintenance.

- Additionally, the Department could not readily provide documentation that all of the Department's approximately 1,100 vehicles were maintained properly (i.e., periodic oil changes). Per Department policy, the Vehicle Coordinator monitors maintenance records of vehicles assigned to the Springfield motor pool, but it is the responsibility of employees and offices with assigned vehicles to ensure that such vehicles are properly maintained. The Department does not maintain maintenance records on these vehicles on a centralized basis.

Good business practice would require the Department to monitor vehicles to ensure adequate maintenance is being performed. Failure to adequately maintain vehicles will cost the Department significant amounts in future years via additional repair bills and a shortened lifespan of vehicles.

In response to the prior years' recommendations, Department management stated the Office of Administration and Fiscal Management was to coordinate an initiative to reenergize and further enhance the evaluations of the vehicle fleet management and implement recommendations as determined viable within existing resources. Although improvements were noted, there are still weaknesses regarding State vehicles.

The Department should establish and enforce procedures related to the operation of automobiles in accordance with the Illinois Administrative Code (Title 44, Subtitle D, Chapter 1, Part 5040). The Illinois Administrative Code outlines general procedures regarding State vehicles including acquisition, use, maintenance, and other miscellaneous areas relating to State vehicles. In addition, the Department should take measures to ensure that it is in compliance with any additional requirements imposed by the Department of Central Management Services related to vehicles. (Finding Code No. 06-20, 04-15, 02-6)

RECOMMENDATION:

We recommend the Department strengthen its controls regarding State vehicles as follows:

- Annually review vehicles assigned to individual employees and document how the assignments are justifiable and in the best interest of the State.
- Ensure employees utilize the Department motor vehicle fleet when available and require supervisors to document the rationale for allowing employees to use their personal vehicles in lieu of a pool vehicle.
- Communicate the requirement to file accident reports in a timely manner to those employees whose jobs involve travel. We also recommend that the Vehicle Coordinator monitor the submission of accident reports to ensure that CMS requirements are being followed.
- Maintain odometer readings on all vehicles. This information is critical for monitoring vehicle usage and planning for future maintenance.
- Track and strictly enforce the maintenance of Department vehicles. This would include developing documentation of all annual certifications of vehicles, as well as documentation of routine vehicle maintenance.

DEPARTMENT RESPONSE:

We agree. The Department's Offices of Administration and Fiscal Management worked diligently with Information Technology to implement an Agency-wide database that tracks mileage and maintenance expenditures. However this was not fully implemented at June 30, 2006 as required by the auditors, hence, the repeated finding. Further, the Office of Fiscal Management has expanded its tasks with respect to assigned vehicle fringe benefit reporting to coordinate the annual review, justification and sign-off by the Director on these vehicles.

06-21 FINDING: (Untimely approval of invoice vouchers)

The Department did not maintain adequate controls over the processing, approval and payment of vouchers as required by the Illinois Administrative Code.

During our testing of invoice vouchers processed during the examination period, we noted the following:

- In 47 out of 185 (25.4%) invoice vouchers reviewed, the vendor invoices were approved for payment from 3 to 300 days late;
- In 21 out of 185 (11.4%) invoice vouchers reviewed, the vendor invoice was not properly approved and dated, and therefore did not support approval within 30 days of receipt;
- In 1 out of 185 (.5%) invoice vouchers reviewed, interest payments were not properly remitted to the vendor, totaling \$93.
- The Department implemented procedures to calculate interest for each individual vendor bill received and determine whether an interest penalty is owed. A report is generated to calculate interest due, but the dates entered for the interest calculation do not allow for accurate calculation of prompt payment or interest penalties.

The Illinois Administrative Code (Code) (74 Ill. Adm. Code 900.70) states an agency shall approve proper bills or deny bills with defects, in whole or in part, within 30 days after receipt of the bill. The Code further states a payment is late if the date of payment is not within 60 days after the receipt of a proper bill.

In addition, the Code (74 Ill. Adm. Code 900.30) 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. 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 of 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.

Additionally, the Code (74 Ill. Adm. Code 900.90) requires interest is to be calculated for each individual vendor bill received. A determination of whether an interest penalty is owed is to be made for each individual bill.

Department personnel stated the late approvals of these vouchers resulted from the untimely review and approval by the Offices' administrative staff.

Failure to promptly approve vouchers may result in late payment of bills to vendors and resulted in interest charges being paid by the Department totaling \$4,958 in fiscal year 2005 and \$14,341 in fiscal year 2006. (Finding Code No. 06-21, 04-17)

RECOMMENDATION:

We continue to recommend the Department devote adequate resources and follow established policies and procedures to ensure invoice vouchers are processed, approved and paid in a timely manner. Further, the Department should perform the calculations necessary to determine if they owe any vendors interest and pay required charges.

DEPARTMENT RESPONSE:

We agree. The Department's Office of Fiscal Management has conducted additional training of all Office staff handling vendor invoices which stresses the necessity of prompt handling and documentation of invoice dates and all circumstances that may impede prompt processing. Additionally, the Department's Finance Handbook now includes an expanded section on vendor invoice processing which emphasizes expeditious handling.

06-22 FINDING: (Inadequate controls over travel credit card accounts)

The Department does not maintain adequate records related to travel credit card accounts and does not comply with policies and procedures established for the monitoring of government credit cards.

According to Department policies and procedures for travel, the Department encourages the use of government credit cards in accordance with the agreement negotiated by the Governor's Travel Control Board. An employee who direct bills State travel at least four times per year should be issued a government credit card. The credit card may only be used for business-related travel expenses, specifically transportation, lodging, meals, and other expenses considered reimbursable under this policy or under the rules for the Travel Regulation Council (80 Ill. Adm. Code 3000, Subparts C, D, E, and F).

During our testing, we noted the following:

- The Department failed to maintain records of credit card statements during all fiscal year 2005 and the majority of fiscal year 2006. Currently, the Department receives a monthly expense activity analysis in an electronic format. This report lists all employees with credit card activity for the month and summarizes amounts by category, such as lodging, airlines, car rental, or restaurants, but does not include specific information, such as dates or vendors. Department personnel stated the new Credit Card Coordinator began printing and filing these monthly statements beginning in March 2006, which she will keep in her office for a period of two years.

The State Records Act (5 ILCS 160) requires records of this nature be maintained and properly administered.

- The Department did not require supervisors to review and verify a monthly itemized listing of credit card expenditures. The Department's Policies and Procedures Manual states that the Department will be responsible for monitoring the government credit card system to ensure compliance with the rules of the Governor's Travel Control Board and the terms of the credit card agreement. No reviews of credit card billing reports were performed during fiscal years 2005 or 2006 since detailed reports are not provided by the vendor.

Good business practices require that existing Department procedures be followed for the review of credit card statements. This is especially important due to the size and decentralization of the Department. Department personnel stated that due to time constraints and insufficient resources, as well as a lack of knowledge of required policies and procedures, review of credit card statements was not performed.

Failure to ensure adequate controls over credit cards, including performing and documenting a detailed review of credit card statements, increases the risk that inappropriate usage or other violations of the terms of the agreement may occur. (Finding Code No. 06-22, 04-20)

RECOMMENDATION:

We recommend the Department modify its procedures for reviewing and approving employee credit card expenditures to ensure compliance with all travel rules and terms of the credit card agreement. Further, the Department should require that the credit card vendor send a detailed listing of all expense activity for each individual within each division rather than the general listings they are currently distributing. These records should be maintained in accordance with provisions of the State Records Act and the Department's record retention policy.

DEPARTMENT RESPONSE:

We agree. The Department's Office of Fiscal Management took control of this function in April 2006 and has implemented corrective action effective July 2006. However, the discrepancies that were noted were prior to that period. We do believe this should not be a repeated finding in the next audit cycle.

06-23 FINDING: (Failure to timely file TA-2 forms)

The Department did not file any of the required Travel Headquarters (TA-2) forms with the Legislative Audit Commission in a timely manner. The forms due January 2005, July 2005, January 2006 and July 2006 were filed from 6 to 98 days late.

The State Finance Act (30 ILCS 105/12-3) requires each State agency file reports of all its officers and employees for whom official headquarters have been designated at any location other than that at which official duties require them to spend the largest part of their working time. The reports are required to be filed with the Legislative Audit Commission by January 15 and July 15 of each year for the six-month periods previously ended December 31 and June 30.

Department personnel stated the failure to file the forms in a timely manner was due to time restraints and the lack of personnel resources to compile the data needed to complete the TA-2 forms.

This finding has been repeated as an immaterial finding the prior five engagements, and in its previous response, the Department agreed to file the Travel Headquarters forms as required.

Failure to file the forms as required prevents the Legislative Audit Commission to comment on such reports in its annual reports to the General Assembly as required by the State Finance Act. (Finding Code No. 06-23)

RECOMMENDATION:

We recommend the Department comply with the State Finance Act and file the Travel Headquarter forms as required.

DEPARTMENT RESPONSE:

We agree.

06-24 FINDING: (Inadequate controls over telecommunications expenditures and records)

The Department does not maintain adequate controls over processes related to telecommunications equipment and expenditure records. During our testing, we noted the following:

- The Department failed to maintain detail records of phone calls for fiscal year 2005 and the first half of fiscal year 2006. The newly implemented Telecommunications Liaison program required that detailed phone call listings be maintained in paper form within each division for a period of two years for audit purposes, but this program did not go into effect until January of 2006.

Queried phone number searches of all calls placed to any given number for a specified period of time can be performed by the Telecommunications Coordinator, but the system only maintains records for a one year period before the calls are permanently deleted from the system.

The State Records Act (5 ILCS 160) requires records of this nature be created, maintained, and properly administered.

- The Department did not require supervisors to adequately review and verify a monthly itemized listing of local and long distance calls. We reviewed the phone bills for four separate divisions including three different months in fiscal year 2006 and found 2 out of 25 calls (8.0%) could not be identified and explained by the individuals placing the calls or by their corresponding Telecommunications Liaisons.

We also noted 3 instances out of the 25 calls tested (12.0%) in which the employees were utilizing State telephones for personal reasons. Two of these calls exceeded the fifteen minute allowable limit outlined in the Department's Policies and Procedures Manual. These employees were not charged for these personal calls as required by Department policy. Another caller had multiple personal long distance calls. This employee was required to repay all CMS billed charges upon the division's monthly review of the phone bill, but no additional penalty charges were paid (\$1.00 per minute for administrative and billings charges, etc.).

The Department distributed a memo to each division detailing the new procedures to be followed beginning in January 2006. Because of the recent implementation of these procedures, there was not a great deal of consistency noted among divisions tested. Some divisions have begun to question many of the calls, have employees verify that all calls were for official State business by signing off on the listings, and cancel many unused calling cards, pagers, and cell phones while other divisions still do nothing more than sign the monthly listings and forward them to the Office of Fiscal Management to be paid.

Good business practices require that standardized procedures be implemented for the review of telephone bills. This is especially important due to the size and decentralization of the Department (telecommunications expenditures total over \$1.8 million per year).

- During our testing of Operator Assisted Calls, we noted that no record is maintained regarding the employee placing the call or justification for the call. We noted 7 out of the 12 calls tested (58.3%) could not be justified by employees due to a lack of record-keeping.

Calls placed to directory assistance numbers are costly and, therefore, strongly discouraged by the CMS Directory Assistance Policy.

- Our testing noted that telecommunications records are not updated for changes in assignments of equipment, such as cell phones, calling cards, pagers, and phone lines. Information regarding past cancellations and reassignments is not accurately retained by the Department's Telecommunications Coordinator. During our testing of 75 assignments, we noted 24 (32.0%) instances where cell phones, pagers, or calling cards were either lost, unnecessary, or not currently used by the person listed by the Telecommunications Coordinator.

During our testing of calls, we noted 2 instances out of the 26 lines tested (7.7%) in which the employee assigned to the line had changed, but the telecommunications records were not updated.

Good business practices require that telecommunications equipment be properly assigned and adequate records be maintained. This is especially important due to the size and decentralization of the Department.

Department personnel stated that due to time restraints and shortage of resources, review of phone bills concentrated on any lengthy out-of-state calls, versus local calls. The Department currently maintains detailed phone call listings (beginning in January of 2006) within each division and summarized billings for the entire Department, which now gives supervisors the ability to review the detail of phone charges.

Failure to ensure adequate controls over telecommunications equipment and records, including performing and documenting a detailed review of telecommunications billings, increases the risk that inappropriate phone usage or billing errors will not be detected. (Finding Code No. 06-24, 04-18, 02-10).

RECOMMENDATION:

We recommend the Department include the updated telecommunications expenditure processing procedures in the Department's Policies and Procedures Manual to ensure enforcement of the restructured guidelines throughout the Department. The Department should also develop guidelines for recording and approving all calls to Directory Assistance and encourage the use of alternative methods for obtaining phone number information to minimize the use of this billable service. We also recommend the Department more closely review monthly phone billings within each division and ensure all employees are charged the CMS billable charges along with the administrative and billing costs outlined in the Department's Policies and Procedures Manual and as provided in the State telephone usage policy.

DEPARTMENT RESPONSE:

We agree. The Department has already implemented corrective action. However, this was not fully operational until after midnight on June 30, 2006, hence, the repeated finding.

06-25 FINDING: (Telephone calling cards and pagers not cancelled on a timely basis)

The Department did not cancel telephone calling cards and pagers in a timely manner when they were no longer in use.

We reviewed 25 individuals assigned telephone calling cards and 25 individuals assigned pagers during the engagement period. When inquiring as to the necessity of these cards, we noted that 6 telephone calling cards (24.0%) assigned to individuals were not cancelled when the employees' use of the calling card was no longer necessary. In addition, we noted 7 pagers (28.0%) not cancelled timely. The Department is charged \$11.44 per month for each pager regardless if it is used or not used.

Good internal control procedures dictate that Department calling cards and pagers be cancelled when an employees' job no longer requires them.

Department personnel stated that when an employee no longer needs a calling card or pager, the employee's supervisor should forward the cancellation request and information to the Telecommunications Coordinator in the Office of Administration. The Office of Administration completes the termination request and forwards the request to the Department of Central Management Services. It is the employee's supervisor who has the responsibility to notify the Office of Administration when the employee no longer needs the calling card or pager. Supervisors are not forwarding the proper cancellation requests to the Office of Administration, resulting in the calling cards and pagers not being cancelled.

In response to the prior year recommendation, the Department stated it would reevaluate its need for telephone calling cards and would promptly cancel all cards of former employees as well as all calling cards not justified.

Failure to cancel telephone calling cards and pagers could result in misuse of the calling cards and pagers. In addition, the Department is incurring unnecessary monthly charges for pagers no longer in use. (Finding Code No. 06-25, 04-19, 02-11)

RECOMMENDATION:

We recommend the Department ensure uniform enforcement of calling card and pager cancellation policies throughout all divisions. Calling card and pager assignments to employees should be reevaluated on a regular basis in order to maintain up-to-date records and prevent any potential abuse of calling cards and pagers.

DEPARTMENT RESPONSE:

We agree. The Department's Office of Fiscal Management took control of this function in April 2006 and has implemented corrective action effective July 2006.

06-26 FINDING: (Art print and collector's stamp programs operating at a loss)

The Department's art print and collector's stamp programs operated at a financial loss.

The Department issues the following stamps: habitat stamp, salmon/trout stamp, and migratory waterfowl stamp. These stamps are required to be affixed to an individual's license or permit for certain hunting and fishing purposes. The Department contracts with artists annually to create paintings suitable for reproduction as an applicable print for each of the three types of stamps. The Department distributes these stamps, charging applicable fees, for hunting and fishing purposes. In addition, the Department also sells collector's editions of the habitat stamp and art print. Three editions of the print are made available for sale: Governor's edition (signed by Governor), General edition (signed by artist), and Conservation edition (sold to conservation groups at a discounted price).

During fiscal year 2005, the Department paid \$54,499 for costs associated with artwork, the printing costs of stamps and prints, and promotional materials. Included in this amount is \$16,735 related to collector's edition habitat stamps and prints. During fiscal years 2005 and 2006, the Department generated a total of \$9,015 in revenue related to the sales of these collector's stamps and prints. The Department ordered a total of 1,820 prints, but only sold 144 prints. The 2005 art print and collector's stamp program operated at a loss of \$7,720.

Good business practice would require the evaluation of the art print and collector's stamp programs to ensure the cost feasibility of operating these programs.

Department personnel stated art contracts are being evaluated in order to reduce costs for the art print program. In addition, the Department is currently evaluating the use of electronic stamps in lieu of issuing collector's stamps.

The Department should evaluate the art print and collector's stamp program to ensure the programs are not operating at a financial loss. (Finding Code No. 06-26)

RECOMMENDATION:

We recommend the Department evaluate the art print and collector's stamp programs to determine the economic feasibility of continuing to offer these items. The Department should consider reducing the amount of prints ordered based upon historical sales analysis. The Department should also investigate the possibility of issuing electronic stamps via the Point of Sale system in order to reduce costs associated with collector's stamps currently issued by the Department.

DEPARTMENT RESPONSE:

We agree. The Department's Office of Public Service has already begun a process to evaluate the efficacy of this program with the assistance of the Director and Executive Staff.

06-27 FINDING: (Failure to transfer funds from the Illinois Habitat Fund in accordance with the Wildlife Code)

The Department failed to transfer funds during fiscal year 2005 from the Illinois Habitat Fund to the State Pheasant Fund and the State Furbearer Fund in accordance with the Wildlife Code.

The Wildlife Code (Code) (520 ILCS 5/1.31) requires thirty percent of the money collected from the sale of State Habitat Stamps to be deposited into the State Pheasant Fund. In addition, "at the end of each license accounting period, if 30% of the money collected from the sale of State Habitat Stamps and deposited into the State Pheasant Fund is less than \$500,000, the Director shall request a transfer ...from the Illinois Habitat Fund to the State Pheasant Fund the amount necessary to bring the total deposited into the State Pheasant Fund to \$500,000." At the end of the 2005 license period, the total amount deposited into the State Pheasant Fund related to the sale of State Habitat Stamps was \$411,737. The Department failed to transfer the remaining \$88,263.

In addition, the Code (520 ILCS 5/1.32) requires six percent of the money collected from the sale of State Habitat Stamps to be deposited into the State Furbearer Fund. In addition, "at the end of each license accounting period, if 6% of the money collected from the sale of State Habitat Stamps and deposited into the State Furbearer Fund is less than \$100,000, the Director shall request a transfer ...from the Illinois Habitat Fund to the State Furbearer Fund the amount necessary to bring the total deposited into the State Furbearer Fund to \$100,000." At the end of the 2005 license period, the total amount deposited into the State Furbearer Fund related to the sale of State Habitat Stamps was \$82,347. The Department failed to transfer the remaining \$17,653.

Transfers to the State Pheasant Fund and State Furbearer Fund were made for the 2006 license period in accordance with the Code.

Department personnel stated these 2005 transfers were not executed due to oversight.

Failure to transfer funds from the Illinois Habitat Fund into the proper funds is a violation of the Code, resulting in decreased funding availability for activities related to conservation, habitat management, and hunter education for pheasants and furbearing mammals. (Finding Code No. 06-27)

RECOMMENDATION:

We recommend the Department implement procedures to monitor receipts deposited into the State Pheasant Fund and the State Furbearer Fund, and to ensure all required statutory transfers are made in accordance with the Code. We also recommend the Department transfer \$88,263 owed to the State Pheasant Fund and \$17,653 owed to the State Furbearer Fund.

DEPARTMENT RESPONSE:

We agree. The Office of Fiscal Management will include this annual evaluation as part of its year-end closing procedures.

06-28 FINDING: (Failure to properly complete locally held funds reports (Form C-17) submitted to the Illinois Office of the Comptroller)

The Department did not properly complete the quarterly "Report of Receipts and Disbursements" (Form C-17) submitted to the Illinois Office of the Comptroller (Comptroller) for their locally held Investigative Cash Fund.

We reviewed the eight quarterly C-17s submitted to the Comptroller for fiscal years 2005 and 2006 and noted the following:

- Three of the 8 (37.5%) C-17s reported quarterly information instead of cumulative fiscal year to date information as required by Comptroller instructions (SAMS Procedure 33.13.20). Reporting quarterly results for some quarters and cumulative results for other quarters presents inaccurate and confusing financial information for the Fund.
- The Department is not preparing the reports on the correct basis of accounting and is not using proper cut-off procedures at the end of each quarter. The Department states it is reporting on the cash basis of accounting, but sometimes includes accruals for payables and receivables. The Department did not properly cut off activity at the end of fiscal year 2005. Several fiscal year 2006 transactions were reported on the final fiscal year 2005 Form C-17.
- Three of 8 (37.5%) C-17 cash balances did not equal the cash balance in the Department's general ledger.
- Two of 8 (25%) C-17s were submitted late, ranging from 1 to 5 days late.

The State Comptroller Act (15 ILCS 405/16) requires agencies to submit locally held fund reports as prescribed by the Comptroller. The Department did not prepare these reports in compliance with Comptroller instructions (SAMS Procedures 33.13.10 and 33.13.20)

It is important to properly report locally held funds to the Comptroller as they are not subject to appropriation and are held outside the State Treasury. The Comptroller's Locally Held Fund Reporting System's major function is to capture cash receipts and disbursements information on a quarterly basis in order to provide a more comprehensive fiscal base for the State of Illinois.

Department personnel stated they were unaware of the reporting requirements regarding reporting on a cumulative basis, reporting on the cash basis of accounting, and utilizing proper cut-off procedures at fiscal year end. (Finding Code No. 06-28)

RECOMMENDATION:

We recommend the Department prepare and submit quarterly Form C-17s in compliance with the State Comptroller Act and SAMS. We also recommend the Department establish procedures to review all C-17s before they are submitted to the Comptroller to ensure they are properly prepared and reconcile to Department records.

DEPARTMENT RESPONSE:

We agree. The Department's Office of Law Enforcement (OLE), however, wishes to add; as the employee responsible for completing this report received no training, this report was completed incorrectly for part of the audit period. Also, it must be pointed out that this employee found, verified and corrected the error herself. The error was not discovered by the Office of the Comptroller. In fact, the Comptroller's Office received three incorrect reports, prior to the discovery of the error by the OLE employee, and accepted them as correct. It is the belief of OLE that the Comptroller's Office was not reviewing the reports upon receipt. Had a review occurred by the Comptroller's Office, it is possible the error could have been discovered and corrected sooner. Since utilizing the new BETS database, an entry error was made at the end of fiscal year 2005. This error was discovered by the employee at the time of the audit and corrected. To the knowledge of OLE, all errors were either corrected prior or at the time of the audit being conducted and believes that quarterly C-17 reports are now being completed in accordance with the State Comptroller Act and SAMS.

AUDITOR COMMENT:

The employee only noted the errors after we requested the C-17s and she reviewed the forms prior to giving them to us.

The Department has the responsibility for filing correct reports. The Comptroller cannot determine if a report is incorrect because it does not have the source documentation to compare to the report.

The Department stated in its response the employee responsible for completing this report received no training. An important element of internal control is that financial information be maintained by competent individuals and be appropriately reviewed. The Comptroller's Office is not a management internal control. It is management's responsibility to establish controls to ensure the integrity of its accounting information.

06-29 FINDING: (Inadequate controls over petty cash funds)

The Department did not ensure adequate controls were implemented in the management of its petty cash funds and in accordance with State Comptroller requirements (SAMS Procedures 9.10.40).

The Department maintains approximately 190 petty cash funds. During our testing of 14 funds maintained in Springfield and at sites throughout the State, we noted the following:

- The Department did not ensure that the authorized amounts assigned to each petty cash fund were turning over approximately six times a year. We noted that 10 of the 14 (71.4%) funds tested had annual turnover rates for the year that ranged from 0.58 to 3.9.

SAMS Procedure 9.10.40 requires an annual petty cash turnover report be submitted to the Comptroller every January. An important part of this report is the Petty Cash Turnover Rate, which is calculated by taking the annual disbursements and dividing them by the approved level of the fund. The SAMS procedure requires that the petty cash fund be turned over approximately six times to ensure the proper dollar level of the fund. If the turnover rate falls below six, the Agency should reevaluate the authorized amount of the fund and request the fund be reduced or provide reasonable justification for the low turnover rate.

Department personnel stated various reasons for the low turnover rates such as staffing shortages, high seasonal usage, and slow reimbursements from the Comptroller. However, the high percentage of funds with turnover rates below six (71.4%) of those judgmentally selected for testing, indicates the Department should look at reducing the petty cash fund level accordingly or document within the Petty Cash Turnover Report submission why the current level of the Fund is necessary.

Failure to properly evaluate petty cash annual turnover in compliance with SAMS procedures will result in excessive petty cash balances.

- The Department did not conduct monthly reconciliations in 2 of 14 petty cash funds tested. One fund was not reconciled for 5 months from 7/1/04 to 11/30/04, and the following 11 months were reconciled on the same day (12/1/05). Another petty cash fund had incomplete reconciliations prepared which did not show vouchers in transit and petty cash tickets on hand. Also, 3 out of the 14 (21.4%) funds were reconciled by the Custodian.

SAMS Procedure 9.10.40 requires petty cash funds to be reconciled every month by someone other than the Custodian. Department personnel stated reconciliations were not always performed due to the turnover in experienced custodians in the past two years and the transition period associated with the realignment of staff to achieve cost savings in performing independent compliance reviews of petty cash funds.

Failure to properly reconcile petty cash on a monthly basis may result in improper use of the funds and inaccurate or duplicate reimbursement requests. (Finding Code No. 06-29, 04-25)

RECOMMENDATION:

We recommend the Department comply with SAMS procedure 9.10.40 and implement controls to ensure petty cash fund's authorized amounts result in annual turnover rates of approximately six or document within the Petty Cash Turnover Report submission why the current level of the Fund is necessary. We also recommend the Department implement controls to ensure petty cash funds are reconciled on a monthly basis by individuals other than the Custodian.

DEPARTMENT RESPONSE:

We agree. The Department's Office of Fiscal Management has already completed the following as of July 2006.

1. completed an update of the procedures in the Finance Handbook Section on Petty Cash,
2. sent memoranda to all custodians requiring a certification that they have read, understand and will adhere to procedures,
3. established compensating controls for lack of segregation of duties by having the agency's "independent reviewer" solicit and review hard copy material on all funds at fiscal year end.

We do not anticipate this being a repeated finding in the next audit cycle.

06-30 FINDING: (Computer security deficiencies)

The Department has not effectively or consistently secured its computer systems and did not have an adequate computer security administration function.

During our review of the Department's computer security administration procedures, we noted the following weaknesses:

General

The Department maintains an Information Technology (IT) Handbook dated October 2002 which describes its applicable IT policies and procedures. The IT Handbook references policies as old as 1996 and has not been updated to reflect the Department's current operating environment.

Mainframe

- The use of the powerful mainframe security software administration ID was shared between the mainframe security software coordinator and the two backup individuals.
- The Department did not run mainframe security software violation reports to review and analyze violations in the Department's mainframe environment.
- The 160 Conservation Police Officers throughout the five regions share five mainframe IDs, one ID per region. These shared IDs provide inquiry only access to the Deer Permit System, Turkey Permit System and Dove, Duck, Goose, and Pheasant System.

LAN

- Several accounts with powerful administrator equivalent rights did not have a password change interval established.
- The Department did not have procedures in place to ensure only authorized users had accounts established on its servers and that users access rights assigned were appropriate. Specifically, employees who were no longer employed by the Department still had active user accounts and user access rights are not reviewed on a regular basis.

The Department has a significant investment and places great reliance in its technology infrastructure to meet its overall mission. As such, the Department has an inherent responsibility to ensure security over its computer environment is adequately established and consistently enforced. Without adequate security administration and continuous monitoring, the possibility of unauthorized access and misuse of the Department's information systems and confidential or sensitive data could occur. Also, without proper monitoring of security controls, a greater risk exists that security violations will occur and go undetected.

Department personnel stated that user convenience, the recent transfer of IT staff and hardware to the Department of Central Management Services, and other projects with higher work priorities were all factors which resulted in the control weaknesses described above. (Finding Code No. 06-30)

RECOMMENDATION:

We recommend the Department assess its computer security administration function and ensure it is adequate for safeguarding all of the Department's computer systems and data resources.

In order to improve the Department's computer security administration, we recommend the following:

General

The Department should update its IT Handbook to reflect its current operating environment. In addition, policies and procedures for administering access to computer resources, reviewing and monitoring of security software activities, and the processing and reporting of security violations should be established.

Mainframe

- The practice of sharing mainframe IDs should be eliminated. Each user should be assigned and utilize an individual ID (particularly those with powerful access rights) in order to enforce accountability of their actions.
- The Department should implement procedures to run and review and follow-up on mainframe security software violation reports on a regular basis.

LAN

- Password change intervals should be enforced for all user accounts (particularly those with powerful access rights).
- The Department should establish procedures to ensure only authorized users had accounts established on its servers and that users access rights assigned were appropriate.

DEPARTMENT RESPONSE:

While we agree, the Office of Administration believes shifts in IT staffing have prevented a thorough review and update of the Information Technology Handbook to reflect the Department's current operating environment.

Mainframe: The Department concurs that mainframe security violation reports need to be run at scheduled intervals. This has not been accomplished due to a vacancy within the IT Section of the Department. The Department also concurs with not having a shared administration ID between individuals. As far as the almost 200 Conservation Police Officers sharing five IDs, the Department does not believe this is an issue. These shared IDs are for inquiry only and would require additional staffing to maintain all of the IDs for all of the CPOs. Currently, Law Enforcement staffs located in Springfield are responsible for changing the passwords for the five IDs at the beginning of each month. The CPOs do not have computers and the some of the Regional Offices do not have clerical positions, so the responsibility falls to the Springfield support staff.

LAN: Concur; the Department needs to have policies and procedures in place to establish appropriate user access rights to the servers housing IDNR data and applications. In addition, there needs to be a periodic review of users and the access rights to assure that only active employees had access to the servers.

06-31 FINDING: (Failure to submit annual reports in accordance with the Coal Mining Act)

The Miners' Examination Board (Board) did not submit required annual reports for fiscal years 2005 and 2006 to the Director of the Department as required by the Coal Mining Act (Act).

The Act (225 ILCS 705/8.02) creates within the Department's Office of Mines and Minerals a Miners' Examining Board, consisting of four miners' examining officers. The Act (225 ILCS 705/8.14) requires the Board, "... shall annually on the first day of March, report to the Director, in writing, what examinations it has held and what work it has done during the preceding year, together with such recommendations as it may deem advisable for the improvement of the method of holding examinations and carrying out the purposes of this Article."

A Board member stated in the past, the Board submitted such reports to the Director. However, Department personnel informed the Board that it did not need to continue to submit the annual report, due to the information related to examinations being readily available through other Department personnel. Although the Director has access to information regarding examinations held, the Board failed to communicate other work performed during the year and any recommendations for improvement.

Failure to inform the Director of the Miners' Examining Board activities does not communicate to the Director issues which need to be resolved with examination procedures and results in noncompliance with the Act. (Finding Code No. 06-31)

RECOMMENDATION:

We recommend the Department implement procedures to ensure annual reports are submitted in compliance with the Coal Mining Act.

DEPARTMENT RESPONSE:

We agree. The Department's Office of Mines and Minerals will develop and document procedures to implement the auditor's recommendation.

06-32 FINDING: (Reviews of effects of high capacity water wells not performed)

The Department's State Water Survey did not provide the required assistance in the review of the effects of high capacity water wells.

The Water Use Act of 1983 (Act) (525 ILCS 45/5) requires the Department to assist the Soil and Water Conservation Districts (SWCDs) in reviewing the effect upon other users who may be impacted by the proposed water withdrawal point. The reviews are to be completed within 30 days of the receipt of the notice and the findings of such reviews are to be made public.

In fiscal years 2005 and 2006, the State Water Survey received approximately 70 notifications each year. No reviews were performed for any of the notifications received.

During the previous engagement, we noted the Department developed a plan in November 2001 to address concerns relating to groundwater and aquifer systems in Illinois. Department personnel indicated this would resolve the finding, but subsequent funding never materialized and stated this was an unfunded mandate.

The Department estimated it would cost approximately \$96,000 per year to conduct the required revisions and requested funding as a new initiative proposal as part of its fiscal year 2007 budget proposal.

Failure to provide the necessary assistance constitutes noncompliance with the Act, and as a result, fails to inform the public of potential effects and dangers associated with major water withdrawals. (Finding Code No. 06-32, 04-27)

RECOMMENDATION:

We recommend the Department of Natural Resources allocate resources and funding to assist the Soil and Water Conservation Districts in conducting reviews on the potential effects of major water withdrawals.

DEPARTMENT RESPONSE:

We partially agree. The Department anticipates requesting a change in the legislation to address this finding.

06-33 FINDING: (Illinois State Museum Board and Miners' Examining Board vacancies not filled)

Vacancies on the Illinois State Museum Board and the Miners' Examining Board were not filled in accordance with State law.

During fiscal years 2005 and 2006, 3 of 11 (27.3%) Illinois State Museum Board positions were vacant. During fiscal year 2006, 1 of 4 (25%) Miners' Examining Board positions were vacant. A vacancy was created upon a resignation of an examiner on April 27, 2006.

The Department of Natural Resources Act (Act) (20 ILCS 801/20-10) states, "Within the Department there shall be a Board of the Illinois State Museum, composed of 11 persons, one of whom shall be a senior citizen age 60 or over. The Board shall be composed of 9 representatives of the natural sciences, anthropology, art, and business, qualified by at least 10 years of experience in practicing or teaching their several professions; one senior citizen; and the Director of Natural Resources or the Director's designee. Members of the Board shall be appointed by the Governor..."

The Coal Mining Act (Act) (225 ILCS 705/8.2) states, "There is created in the Department of Natural Resources, Office of Mines and Minerals, a Miners' Examining Board which shall consist of four miners' examining officers to be appointed by the Governor..."

Department management stated it is currently in the process of making recommendations to the Governor's Office in order to fill the vacancies.

Board members should be appointed in a timely manner in order to properly formulate the functions of the Boards as intended. A full board is necessary to properly conduct meetings and operate effectively and efficiently. (Finding Code No. 06-33)

RECOMMENDATION:

We recommend the Department work with the Governor's Office to ensure the board vacancies are filled in a timely manner.

DEPARTMENT RESPONSE:

We agree. The Department's Office of Mines and Minerals will handle the Miner's Examining Board aspect of the recommendation and the Illinois State Museum Division will address the State Museum Board issue.

06-34 FINDING: (Failure to follow the Illinois Procurement Code for printed publications)

The Department failed to include all elements required by the Illinois Procurement Code on publications ordered and distributed by the Division of Safety Education.

During our testing of printing expenditures, we noted the Division of Safety Education failed to properly include all required wording on hunting and boating manuals distributed during fiscal years 2005 and 2006.

The Illinois Procurement Code (30 ILCS 500/20-105) requires that all books, pamphlets, documents, and reports published through or by the State have printed on each document "Printed by the authority of the State of Illinois", the date of each publication, the number of copies printed, and the printing order number. None of this information was included on the Hunter Education or Boating Safety manuals.

Hunter Education manuals are distributed during hunting safety courses provided by the Department. During fiscal years 2005 and 2006, 21,000 copies were printed each year, totaling \$20,126 and \$22,050, respectively.

Boating Safety manuals were printed during fiscal year 2005. Seven thousand copies were printed, totaling \$7,280. There were no manuals printed during fiscal year 2006.

Department management stated personnel from the Division of Safety Education were unfamiliar with the requirements of the Illinois Procurement Code, and failed to include required information on these publications due to a lack of knowledge of the required elements.

Failure to include the required elements of the Illinois Procurement Code on all printed materials results in statutory noncompliance and could permit the document to be reproduced or modified by other sources. (Finding Code No. 06-34)

RECOMMENDATION:

We recommend the Department comply with the Illinois Procurement Code by implementing controls to ensure all required elements are printed on Department publications.

DEPARTMENT RESPONSE:

We agree. The Department's Office of Special Events, Programs and Promotions will contact its publishers the publishers/printers during future runs of the Hunter Education and Boating Safety manuals, as well as, perform a closer monitoring and review of the finished product to ensure compliance with the Illinois Procurement Code.

PRIOR FINDINGS NOT REPEATED (*GOVERNMENT AUDITING STANDARDS*)

06-35 FINDING: (Inaccurate property control records)

During the prior engagement period, the Department did not maintain accurate property control records. Items were not properly tagged, able to be located, reported on property control records, or were obsolete or unusable.

During the current period, we noted the Department implemented procedures addressing property control record deficiencies. Our sample testing did not disclose problems identified in our prior examination. (Finding Code No. 04-4, 02-2)

PRIOR FINDINGS NOT REPEATED (STATE COMPLIANCE)

06-36 FINDING: (Efficiency Initiative Payments)

During the prior engagement period, the Department made payments for efficiency initiative billings from improper line item appropriations and funds.

During the current period, the Department continued to make payments for efficiency initiative billings, but we noted documentation indicating the Department made payments from line item appropriations where savings would be anticipated to occur. (Finding Code No. 04-1)

06-37 FINDING: (Failure to maintain accurate commodity inventory records for GAAP reporting purposes)

During the prior engagement period, the Department did not maintain accurate and complete commodity inventory records for GAAP reporting purposes. The Department did not record the value of printed publications for sale as inventories and incorrectly recorded postage.

During the current period, Department management stated there were no printed publications to include as inventory at June 30, 2006 for GAAP reporting purposes. We also noted postage was correctly recorded. (Finding Code No. 04-5, 02-3)

06-38 FINDING: (Failure to ensure reimbursement policies for legislatively designated non-competitive (line item) grants are consistent with other program grant guidelines)

During the prior engagement period, the Department did not ensure line item land acquisition project policies were consistent with Department policies for other land acquisition grant programs.

During the current period, we noted the Department developed standardized policies for line item land acquisition grants and our sample testing did not reflect any reimbursements to grantees which were inconsistent with these policies. (Finding Code No. 04-6)

06-39 FINDING: (Transfers to General Revenue Fund not in accordance with federal law)

During the prior engagement period, transfers were made to the General Revenue Fund (GRF) totaling \$57,000 from the Abandoned Mined Lands Reclamation Set-Aside Fund which were not in accordance with federal law.

During the current period, our sample testing did not disclose any instances where the Department made transfers that violated federal law. (Finding Code No. 04-7)

06-40 FINDING: (Failure to deposit fines from off-highway vehicle operators into the Off-Highway Vehicle Trails Fund)

During the prior engagement period, the Department did not deposit monies collected as a result of fines from citations to off-highway vehicle operators into the Off-Highway Vehicle Trails Fund.

During the current period, our sample test results indicated the Department tracked fines from citations to off-highway vehicle operators and deposited monies into the Off-Highway Vehicle Trails Fund. (Finding Code No. 04-8)

06-41 FINDING: (Failure to consistently use Programmatic Accounting System)

During the prior engagement period, the Department failed to consistently use its Programmatic Accounting System (PAS) as outlined in its policies and procedures related to federal aid coordination.

During the current period, our sample test results indicated the Department educated field staff of policies and procedures regarding PAS and enforced these procedures to ensure applicable costs were captured for the federal reporting process. (Finding Code No. 04-9)

06-42 FINDING: (Circumvention of federal reporting process)

During the prior engagement period, Department employees circumvented the federal reporting process, as outlined within the Department's policies and procedures, resulting in federal reimbursements in excess of allowable costs.

During the current period, our sample test results indicated the Department educated field staff of policies and procedures regarding federal billings and enforced these procedures to address prior circumvention of the federal reporting process. (Finding Code No. 04-10)

06-43 FINDING: (Inadequate controls over fringe benefits for the personal use of a State vehicle)

During the prior engagement period, the Department did not have adequate controls in place to ensure employees assigned State vehicles for their personal use were charged the correct amount for fringe benefits.

During the current period, our sample test results indicated the Department implemented procedures to address the timely reporting of fringe benefits for the personal use of a State vehicle and to address employees proper completion of the Commuting with State Vehicle Form. (Finding Code No. 04-14)

06-44 FINDING: (Failure to ensure employees assigned State vehicles and using private vehicles are duly licensed and properly insured)

During the prior engagement period, the Department did not have adequate controls to ensure employees assigned State vehicles and using private vehicles for State business were duly licensed and carried at least the minimum insurance coverage.

During the current period, our sample test results indicated the Department complied with the Illinois Vehicle Code and ensured employees assigned a State vehicle certified annually that they are duly licensed and carry the minimum required insurance. The Department also required employees using a private vehicle for State business to file a statement annually with the Travel Coordinator certifying that the employee is duly licensed and properly insured. (Finding Code No. 04-16)

06-45 FINDING: (Failure to follow policies and procedures for the campground host program)

During the prior engagement period, the Department did not ensure that the policies and procedures relating to the campground host program as outlined in the Department's Volunteer Reference Manual were properly followed.

During the current period, our sample test results indicated the Department implemented procedures to ensure all campground hosts had signed volunteer job description contracts or waiver of liability. (Finding Code No. 04-22)

06-46 FINDING: (Reports not submitted to the Governor and General Assembly)

During the prior engagement period, the Department did not prepare and file annual progress reports on the implementation and development of the Open Space Lands Acquisition and Development Act (Act) (525 ILCS 35/11).

During the current period, our tests showed the Department prepared and submitted annual progress reports as required by the Act. (Finding Code No. 04-26, 02-12, and 00-7)

06-47 FINDING: (Weaknesses in accounts receivable reporting)

During the prior engagement period, the Department did not submit quarterly accounts receivable reports to the Comptroller in a timely manner. In addition, the Department did not maintain a formal quarterly aging schedule for accounts receivable.

During the current period, we noted the Department filed all quarterly accounts receivable reports in a timely manner. In addition, the Department maintained centralized records, including supporting documentation and aging schedules for accounts receivable. (Finding Code No. 04-28)

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES**

FINANCIAL SCHEDULE REPORT

SUMMARY

The audit of the accompanying Schedule of Capital Assets of the State of Illinois, Department of Natural Resources was performed by Sikich LLP.

Based on their audit, the auditors expressed an unqualified opinion on the Department's Schedule of Capital Assets.



INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying Schedule of Capital Assets of the State of Illinois, Department of Natural Resources as of June 30, 2006. This schedule is the responsibility of the State of Illinois, Department of Natural Resources' management. Our responsibility is to express an opinion on this schedule based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule of Capital Assets is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedule. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the schedule presents only the Capital Asset Account and does not purport to, and does not, present fairly the financial position of the State of Illinois, Department of Natural Resources as of June 30, 2006, and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the Schedule of Capital Assets referred to above presents fairly, in all material respects, the Capital Asset Account of the State of Illinois, Department of Natural Resources, as of June 30, 2006 in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 22, 2006 on our consideration of the State of Illinois, Department of Natural Resources' internal control over financial reporting of the Capital Asset Account and on our tests of the State of Illinois, Department of Natural Resources compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters as they relate to the Capital Asset Account. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the Schedule of Capital Assets of the State of Illinois, Department of Natural Resources. The accompanying Schedule of Changes in Capital Assets is presented for the purpose of additional analysis and is not a required part of the Schedule of Capital Assets. The Schedule of Changes in Capital Assets has been subjected to the auditing procedures applied in the audit of the Schedule of Capital Assets and, in our opinion, is fairly stated in all material respects in relation to the Schedule of Capital Assets taken as a whole.

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

Schick LLP

Springfield, Illinois
December 22, 2006

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES**

Schedule of Capital Assets

**June 30, 2006
(expressed in thousands)**

Capital Assets not being depreciated:	
Land and land improvements	\$ 329,460
Total Capital Assets not being depreciated:	<u>329,460</u>
Capital Assets being depreciated:	
Site improvements	347,995
Building and building improvements	303,830
Infrastructure	40,614
Equipment	74,546
Capital leases - equipment	20
Total Capital Assets being depreciated:	<u>767,005</u>
Less Accumulated Depreciation for:	
Site improvements	149,800
Building and building improvements	111,874
Infrastructure	22,641
Equipment	58,637
Capital leases - equipment	3
Total Accumulated Depreciation	<u>342,955</u>
Total Capital Assets being depreciated, net	<u>424,050</u>
Total Capital Assets, net	<u><u>\$ 753,510</u></u>

The accompanying Notes to Schedule of Capital Assets
are an integral part of this schedule.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
NOTES TO SCHEDULE OF CAPITAL ASSETS

June 30, 2006

1. DESCRIPTION OF CAPITAL ASSET ACCOUNT

The State of Illinois, Department of Natural Resources (the Department) maintains a Capital Asset Account. Capital Assets include infrastructure, land and land improvements, site improvements, buildings, building improvements, equipment, and all other tangible assets that are used in operations and that have expected useful lives extending beyond a single reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Reporting Entity

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

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

Based upon the required criteria, the capital asset account does not have component units, nor is it a component unit of any other entity. However, because the capital asset account is not legally separate from the State of Illinois (State), it is included in the financial statements of the State. The State of Illinois' Comprehensive Annual Financial Report may be obtained by writing to the State Comptroller's Office, Financial Reporting Department, 325 West Adams Street, Springfield, Illinois, 62704-1871.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
NOTES TO SCHEDULE OF CAPITAL ASSETS – Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The schedule presents only the capital assets administered by the State of Illinois, Department of Natural Resources and does not purport to, and does not, present fairly the financial position of the State of Illinois, Department of Natural Resources as of June 30, 2006, and changes in its financial position, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

(b) Basis of Presentation

The Capital Asset Account balances are reported under the State of Illinois' Comprehensive Annual Financial Report. For its reporting purposes, the Department has presented the Schedule of Capital Assets using a columnar format that presents capital assets, net of accumulated depreciation, as of June 30, 2006.

(c) Basis of Accounting

The Capital Asset Account is reported using the economic resources measurement focus and the accrual basis of accounting.

(d) Use of Estimates

The preparation of the Schedule of Capital Assets in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and accumulated depreciation at the date of the schedule. Actual results could differ from those estimates.

(e) Valuation

Capital assets are reported at cost or estimated historical cost or, if donated, at their fair value at the time of acquisition. Historical costs include the amount paid for the asset and ancillary charges necessary to place the asset into its intended location and condition for use. Assets acquired in various amounts for a single purpose which may not individually meet the capitalization threshold are capitalized if the estimated total of the project exceeds the capitalization threshold.

For capital assets that are depreciated, expenditures that extend the useful lives of capital assets beyond their initial estimated useful lives (preservation costs) or improve their efficiency (improvements) or capacity (additions) are capitalized, whereas expenditures for repairs and maintenance are expensed.

Capital assets are depreciated using the straight-line method.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
NOTES TO SCHEDULE OF CAPITAL ASSETS – Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

(f) Capitalization Policies

Capitalization thresholds and the estimated useful lives are as follows:

Capital Asset Category	Capitalization Threshold	Estimated Useful Life
Land	\$ 100,000	N/A
Infrastructure	250,000	30
Site Improvements	25,000	30
Buildings	100,000	30
Building Improvements	25,000	30
Equipment	5,000	7
Capital Leases – Equipment	5,000	7

(g) Infrastructure

The Department maintains infrastructure assets, including waterways, dams, tunnels, and drainage systems. The Department maintains certain infrastructure networks, composed of all assets that provide a particular type of service for the Department.

In the majority of cases, a legal title document was not created when these assets were constructed or placed into service. The Department capitalizes all infrastructure assets supported by purchasing documentation (e.g., contracts, requisitions, purchase orders, payment documents, etc.). In cases where infrastructure assets are jointly developed or constructed by the Department and neighboring states or local municipalities, the Department capitalizes only those assets which are maintained by the Department and legal title has not been established by another legal entity.

(h) Historical Treasures and Works of Art

The Department maintains extensive collections of historical treasures and works of art. Items meeting the following conditions are not capitalized: 1) held for public exhibition, education, or research in furtherance of public service, rather than financial gain; 2) protected, kept unencumbered, cared for, and preserved; and 3) subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for collections. All Department historical treasures and works of art meet these conditions and are not capitalized in the Schedule of Capital Assets.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
NOTES TO SCHEDULE OF CAPITAL ASSETS – Continued

3. CAPITAL ASSET MANAGEMENT SYSTEM

The Department maintains a capital asset management system which includes for all capital assets the major asset category, description of asset, date of acquisition, method of acquisition, cost or other value, responsible organizational unit, location of asset, identification of applicable network or subsystem (for infrastructure assets), estimated life, estimated salvage value, annual and accumulated depreciation, and appropriation.

4. REPORTING REQUIREMENTS

The Department is required to complete and submit the *SAMS TO GAAP Reconciliation – Capital Assets* (SCO-537) and *Capital Asset Summary* (SCO-538) forms to the Illinois Office of the Comptroller as part of the year-end reporting process related to capital assets. Amounts reported on these forms have been reconciled to the Schedule of Capital Assets.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES

Schedule of Changes in Capital Assets

For the Year Ending June 30, 2006
(expressed in thousands)

	Balance At June 30, 2005	Additions	Deletions	Net Transfers	Balance At June 30, 2006
Capital Assets not being depreciated:					
Land and land improvements	\$ 309,170	\$ 24,722	\$ 4,557	\$ 125	\$ 329,460
Total Capital Assets not being depreciated:	<u>309,170</u>	<u>24,722</u>	<u>4,557</u>	<u>125</u>	<u>329,460</u>
Capital Assets being depreciated:					
Site improvements	321,109	13,280	350	13,956	347,995
Building and building improvements	285,939	2,261	113	15,743	303,830
Infrastructure	39,591	1,023	-	-	40,614
Equipment	71,697	5,172	442	(1,881)	74,546
Capital leases - equipment	-	20	-	-	20
Total Capital Assets being depreciated:	<u>718,336</u>	<u>21,756</u>	<u>905</u>	<u>27,818</u>	<u>767,005</u>
Less Accumulated Depreciation for:					
Site improvements	139,180	10,620	-	-	149,800
Building and building improvements	102,952	8,971	49	-	111,874
Infrastructure	21,677	964	-	-	22,641
Equipment	57,070	3,842	432	(1,843)	58,637
Capital leases - equipment	-	3	-	-	3
Total Accumulated Depreciation	<u>320,879</u>	<u>24,400</u>	<u>481</u>	<u>(1,843)</u>	<u>342,955</u>
Total Capital Assets being depreciated, net	<u>397,457</u>	<u>(2,644)</u>	<u>424</u>	<u>29,661</u>	<u>424,050</u>
Total Capital Assets, net	<u>\$ 706,627</u>	<u>\$ 22,078</u>	<u>\$ 4,981</u>	<u>\$ 29,786</u>	<u>\$ 753,510</u>

See accompanying Independent Auditor's Report.

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES**

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 Expenditures of Federal Awards and Related Notes
 - Year Ended June 30, 2006 (Schedule 1)
 - Year Ended June 30, 2005 (Schedule 2)
 - Notes to Schedules of Expenditures of Federal Awards
 - Schedule of Appropriations, Expenditures and Lapsed Balances
 - Fiscal Year 2006 (Schedule 3)
 - Fiscal Year 2005 (Schedule 4)
 - Comparative Schedule of Net Appropriations, Expenditures, and Lapsed Balances (Schedule 5)
 - Comparative Schedule of Net Appropriations, Expenditures, and Lapsed Balances – Total All Appropriated Funds by Major Object Code (Schedule 6)
 - Comparative Schedule of Net Appropriations, Expenditures, and Lapsed Balances – Total Expenditures by Fund (Schedule 7)
 - Schedule of Efficiency Initiative Payments (Schedule 8)
 - Comparative Schedule of Receipts, Disbursements and Fund Balance (Cash Basis) – Non-appropriated Funds (Schedule 9)
 - Schedule of Changes in State Property (Schedule 10)
 - Comparative Schedule of Cash Receipts (Schedule 11)
 - Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller
 - Year Ended June 30, 2006 (Schedule 12)
 - Year Ended June 30, 2005 (Schedule 13)
 - Analysis of Significant Variations in Expenditures
 - Analysis of Significant Variations in Receipts
 - Analysis of Significant Lapse Period Spending
 - Analysis of Significant Account Balances
- **Analysis of Operations:**
 - Agency Functions and Planning Program
 - Average Number of Employees
 - Memorandums of Understanding (Not Examined)
 - Emergency Purchases
 - Hurricanes Katrina and Rita Costs Reporting (Not Examined)
 - Service Efforts and Accomplishments (Not Examined)

The auditor's report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the auditors have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General, except for information on the Memorandums of Understanding, Hurricanes Katrina and Rita Costs Reporting, and 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
DEPARTMENT OF NATURAL RESOURCES

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2006
(expressed in thousands)

Federal Grantor/Pass Through Grantor/Program Title	CFDA Number	Federal Expenditures	Subrecipient Amounts
U.S. Department of Agriculture:			
Plant and Animal Disease, Pest Control, and Animal Care	10.025	\$ 288	\$ -
Conservation Reserve Program	10.069	270	-
Cooperative Extension	10.500	(4)	-
Cooperative Forestry Assistance	10.664	1,097	310
Pass Through Illinois Conservation Foundation/ Cooperative Forestry Assistance	10.664	15	-
Schools and Roads - Grants to States	10.665	301	301
Wildlife Habitat Incentive Program	10.914	3	-
Total U.S. Department of Agriculture		1,970	611
U.S. Department of Commerce:			
Interjurisdictional Fisheries Act of 1986	11.407	8	-
Coastal Zone Management Administration Awards	11.419	68	-
Total U.S. Department of Commerce		76	-
U.S. Department of Defense:			
Payments to States in Lieu of Real Estate Taxes	12.112	647	647
Total U.S. Department of Defense		647	647
U.S. Department of Interior:			
Regulation of Surface Coal Mining & Surface Effects of Underground Coal Mining	15.250	2,404	-
Abandoned Mined Land Reclamation (AMLR) Program	15.252	7,652	355
Sport Fish Restoration	15.605	4,745	278
Fish and Wildlife Management Assistance	15.608	93	-
Wildlife Restoration	15.611	4,421	501
Cooperative Endangered Species Conservation Fund	15.615	118	19
Sportfishing and Boating Safety Act	15.622	600	599
Wildlife Conservation and Restoration	15.625	7	-
Landowner Incentive	15.633	119	-
State Wildlife Grants	15.634	1,170	364
National Historic Landmark	15.912	7	-
Outdoor Recreation - Acquisition, Development and Planning	15.916	3,548	3,511
Total U.S. Department of Interior		24,884	5,627
U.S. Department of Labor:			
Mine Health and Safety Grants	17.600	179	-
Total U.S. Department of Labor		179	-

The accompanying notes are an integral part of the schedule.

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES**

Schedule of Expenditures of Federal Awards

**Year Ended June 30, 2006
(expressed in thousands)**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>	<u>Subrecipient Amounts</u>
U.S. Department of Transportation:			
Pass Through Illinois Dept of Transportation/ Highway Planning and Construction	20.205	\$ 463	\$ -
Recreational Trails Program	20.219	608	-
Total U.S. Department of Transportation		<u>1,071</u>	<u>-</u>
U.S. Environmental Protection Agency:			
Water Quality Cooperative Agreements	66.463	202	-
Total U.S. Environmental Protection Agency		<u>202</u>	<u>-</u>
U.S. Department of Homeland Security:			
Boating Safety Financial Assistance	97.012	1,063	-
Community Assistance Program - State Support Services Element (CAP-SSSE)	97.023	192	16
Pass Through Illinois Emergency Management Agency/ Disaster Grants - Public Assistance	97.036	9	-
National Dam Safety Program	97.041	102	-
Cooperating Technical Partners	97.045	1,984	-
Map Modernization Management Support	97.070	95	-
Total U.S. Department of Homeland Security		<u>3,445</u>	<u>16</u>
Total Federal Awards and Expenditures		<u>\$ 32,474</u>	<u>\$ 6,901</u>

The accompanying notes are an integral part of the schedule.

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES**

Schedule of Expenditures of Federal Awards

**Year Ended June 30, 2005
(expressed in thousands)**

Federal Grantor/Pass Through Grantor/Program Title	CFDA Number	Federal Expenditures	Subrecipient Amounts
U.S. Department of Agriculture:			
Plant and Animal Disease, Pest Control, and Animal Care	10.025	\$ 271	\$ -
Conservation Reserve Program	10.069	(235)	-
Wetland Reserve Program	10.072	39	-
Cooperative Extension	10.500	89	-
Cooperative Forestry Assistance	10.664	674	270
Schools and Roads - Grants to States	10.665	295	295
Wildlife Habitat Incentive Program	10.914	25	-
Total U.S. Department of Agriculture		1,158	565
U.S. Department of Commerce:			
Interjurisdictional Fisheries Act of 1986	11.407	20	-
Coastal Zone Management Administration Awards	11.419	439	-
Total U.S. Department of Commerce		459	-
U.S. Department of Defense:			
Payments to States in Lieu of Real Estate Taxes	12.112	551	551
Pass Through Illinois Environmental Protection Agency/ State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113	51	-
Total U.S. Department of Defense		602	551
U.S. Department of Interior:			
Regulation of Surface Coal Mining & Surface Effects of Underground Coal Mining	15.250	2,287	-
Abandoned Mined Land Reclamation (AMLR) Program	15.252	7,941	-
Sport Fish Restoration	15.605	4,013	-
Fish and Wildlife Management Assistance	15.608	80	-
Wildlife Restoration	15.611	3,466	-
Cooperative Endangered Species Conservation Fund	15.615	66	-
Clean Vessel Act	15.616	20	-
Wildlife Conservation and Appreciation	15.617	11	-
Sportfishing and Boating Safety Act	15.622	106	-
Wildlife Conservation and Restoration	15.625	523	-
Landowner Incentive	15.633	30	-
State Wildlife Grants	15.634	1,234	716
National Historic Landmark	15.912	27	-
Outdoor Recreation - Acquisition, Development and Planning	15.916	3,683	3,683
Total U.S. Department of Interior		23,487	4,399

The accompanying notes are an integral part of the schedule.

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES**

Schedule of Expenditures of Federal Awards

**Year Ended June 30, 2005
(expressed in thousands)**

Federal Grantor/Pass Through Grantor/Program Title	CFDA Number	Federal Expenditures	Subrecipient Amounts
U.S. Department of Labor:			
Mine Health and Safety Grants	17.600	\$ 199	\$ -
Total U.S. Department of Labor		<u>199</u>	<u>-</u>
U.S. Department of Transportation:			
Pass Through Illinois Dept of Transportation/ Recreational Trails Program	20.219	163	-
Total U.S. Department of Transportation		<u>163</u>	<u>-</u>
U.S. Environmental Protection Agency:			
Water Quality Cooperative Agreements	66.463	376	-
Total U.S. Environmental Protection Agency		<u>376</u>	<u>-</u>
U.S. Department of Homeland Security:			
State Domestic Preparedness Equipment Support Program	97.004	174	-
Boating Safety Financial Assistance	97.012	1,293	-
Community Assistance Program - State Support Services Element (CAP-SSSE)	97.023	203	-
Pass Through Illinois Emergency Management Agency/ Disaster Grants - Public Assistance	97.036	33	-
National Dam Safety Program	97.041	74	-
Cooperating Technical Partners	97.045	295	-
Map Modernization Management Support	97.070	79	-
Total U.S. Department of Homeland Security		<u>2,151</u>	<u>-</u>
Total Federal Awards and Expenditures		<u>\$ 28,595</u>	<u>\$ 5,515</u>

The accompanying notes are an integral part of the schedule.

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES**

NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS

Years Ended June 30, 2006 and 2005

1. GENERAL

The accompanying Schedules of Expenditures of Federal Awards present the federal award programs administered by the State of Illinois, Department of Natural Resources (Department). The Schedules of Expenditures of Federal Awards include the expenditure of awards received directly from federal agencies and awards passed through other State and local agencies.

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

2. BASIS OF ACCOUNTING

The Schedules of Expenditures of Federal Awards are prepared on the modified accrual basis of accounting. These schedules have been reconciled to Schedules 3 through 7 presented in the supplementary information for State compliance purposes portion of this document.

3. NONCASH AWARDS

The Department does not receive any noncash awards.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2006

Fourteen Months Ended August 31, 2006

PUBLIC ACT 94-0015, 94-0798

FUND NAME- ALL FUNDS

APPROPRIATED FUNDS

Fund Number	Appropriations (Net of Transfers)	Expenditures Through June 30, 2006	Lapse Period Expenditures		Total Expenditures	Balances	
			July 1 to August 31, 2006	July 1 to		Reappropriated July 1, 2006	Balances Lapsed
0001	\$ 86,973,391	\$ 73,069,646	\$ 4,912,981	\$ -	\$ 77,982,627	\$ 1,204,898	\$ 7,785,866
0039	19,321,692	8,843,262	666,699	-	9,509,961	9,169,806	641,925
0040	20,855,420	7,864,261	1,335,125	-	9,199,386	10,490,385	1,165,649
0041	50,343,301	34,708,776	4,342,660	-	39,051,436	7,853,634	3,438,231
0042	259,300	212,529	3,479	-	216,008	-	43,292
0077	441,800	191,004	7,306	-	198,310	-	243,490
0086	500,000	301,235	-	-	301,235	-	198,765
0111	89,700	2,342	3,988	-	6,330	-	83,370
0137	829,300	255,988	48,605	-	304,593	-	524,707
0141	153,985,826	18,401,485	-	-	18,401,485	135,584,341	-
0145	92,700	77,111	4,127	-	81,238	-	11,462
0146	270,400	120,373	10,971	-	131,344	-	139,056
0147	310,600	246,906	20,975	-	267,881	-	42,719
0240	200,000	148,342	51,658	-	200,000	-	-
0257	1,500,000	-	-	-	-	-	1,500,000
0261	690,100	540,440	40,565	-	581,005	-	109,095
0293	296,865	86,110	-	-	86,110	210,755	-
0294	199,000	196,496	2,504	-	199,000	-	-
0298	15,875,495	8,860,468	448,360	-	9,308,828	6,241,656	325,011
0299	77,369,394	12,827,801	38,109	-	12,865,910	64,319,260	184,224
0353	1,439,983	565,711	-	-	565,711	874,272	-
0375	75,200	-	-	-	-	-	75,200

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES

SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2006

Fourteen Months Ended August 31, 2006

PUBLIC ACT 94-0015, 94-0798

FUND NAME- ALL FUNDS

APPROPRIATED FUNDS

Fund Number	Appropriations (Net of Transfers)	Expenditures Through June 30, 2006	Lapse Period Expenditures July 1 to August 31, 2006	Total Expenditures	Balances	
					Reappropriated July 1, 2006	Lapsed
0391	\$ 3,469,719	\$ 928,101	\$ -	\$ 928,101	\$ 2,541,618	\$ -
0443	600,000	597,646	-	597,646	-	2,354
0465	23,823,974	3,511,384	-	3,511,384	20,312,590	-
0504	100,000	-	-	-	-	100,000
0573	500,000	469,228	20,772	490,000	-	10,000
0574	2,238,853	281,541	-	281,541	1,957,312	-
0608	14,864,743	3,161,644	-	3,161,644	9,085,514	2,617,585
0609	8,981,896	2,309,497	-	2,309,497	6,672,399	-
0670	701,240	190,073	-	190,073	511,167	-
0765	3,560,700	2,241,939	287,351	2,529,290	-	1,031,410
0831	377,700	270,746	36,361	307,107	-	70,593
0840	472,100	-	471,994	471,994	-	106
0855	400,000	268,823	22,849	291,672	-	108,328
0858	350,000	16,150	-	16,150	-	333,850
0866	187,058	74,299	-	74,299	112,759	-
0878	25,000	1,846	-	1,846	-	23,154
0905	3,930,931	1,568,851	242,266	1,811,117	1,726,261	393,553
0909	1,478,437	323,332	-	323,332	1,155,105	-
0914	254,000	61,436	2,640	64,076	-	189,924
0953	3,279,731	875,788	-	875,788	2,403,943	-
0962	41,346,491	10,251,776	1,915,967	12,167,743	28,397,020	781,728
0971	17,376,818	13,280,804	-	13,280,804	4,096,014	-

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES

SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2006

Fourteen Months Ended August 31, 2006

PUBLIC ACT 94-0015, 94-0798

FUND NAME- ALL FUNDS

APPROPRIATED FUNDS

Fund Number	Appropriations (Net of Transfers)	Expenditures Through June 30, 2006	Lapse Period Expenditures		Total Expenditures	Balances	
			July 1 to August 31, 2006	July 1 to August 31, 2006		Reappropriated July 1, 2006	Balances Lapsed
0982	\$ 2,972,495	\$ 1,635,562	\$ 130,289	\$ 1,765,851	\$ 842,447	\$ 364,197	
0991	24,118,478	7,848,587	196,778	8,045,365	15,320,631	752,482	
TOTALS - ALL APPROPRIATED FUNDS							
	\$ 587,329,831	\$ 217,689,339	\$ 15,265,379	\$ 232,954,718	\$ 331,083,787	\$ 23,291,326	

NON-APPROPRIATED FUNDS

0884	N/A	\$ 10,710,937	\$ 160,588	\$ 10,871,525	N/A	N/A	
0894	N/A	1,764,306	490,397	2,254,703	N/A	N/A	
0931	N/A	12,712	-	12,712	N/A	N/A	
TOTALS-ALL NON-APPROPRIATED FUNDS							
		\$ 12,487,955	\$ 650,985	\$ 13,138,940			
GRAND TOTAL- ALL FUNDS							
	\$ 587,329,831	\$ 230,177,294	\$ 15,916,364	\$ 246,093,658	\$ 331,083,787	\$ 23,291,326	

Notes: 1) All data in this schedule has been obtained from State Comptroller records which have been reconciled to those of the Department.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES

SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2005

Fourteen Months Ended August 31, 2005

PUBLIC ACT 93-0842, 93-0681

FUND NAME- ALL FUNDS

APPROPRIATED FUNDS

Fund Number	Appropriations (Net of Transfers)	Expenditures Through June 30, 2005	Lapse Period Expenditures		Total Expenditures	Balances	
			July 1 to August 31, 2005	July 1 to August 31, 2005		Reappropriated July 1, 2005	Balances Lapsed
0001	\$ 93,331,693	\$ 83,618,333	\$ 3,939,110	\$ 87,557,443	\$ 1,000,090	\$ 4,774,160	
0039	18,778,791	8,240,099	649,022	8,889,121	9,130,241	759,429	
0040	15,763,394	7,698,356	1,289,933	8,988,289	5,627,920	1,147,185	
0041	42,004,039	28,060,126	4,029,735	32,089,861	6,805,700	3,108,478	
0042	269,400	234,756	6,868	241,624	-	27,776	
0077	458,100	344,538	31,568	376,106	-	81,994	
0086	500,000	294,508	-	294,508	-	205,492	
0111	89,700	21,745	6,133	27,878	-	61,822	
0137	2,215,089	298,543	31,438	329,981	-	1,885,108	
0141	117,062,822	27,776,999	-	27,776,999	89,285,823	-	
0145	139,700	117,710	9,224	126,934	-	12,766	
0146	338,700	267,843	11,334	279,177	-	59,523	
0147	357,000	278,233	27,712	305,945	-	51,055	
0240	200,000	159,527	39,798	199,325	-	675	
0257	1,500,000	-	-	-	-	1,500,000	
0261	695,200	510,178	38,961	549,139	-	146,061	
0293	310,154	123,290	-	123,290	186,864	-	
0294	199,000	198,496	504	199,000	-	-	
0298	15,855,433	9,434,231	432,805	9,867,036	5,370,094	618,303	
0299	74,562,882	18,148,263	51,211	18,199,474	56,282,992	80,416	
0353	1,431,703	541,722	-	541,722	889,981	-	
0375	75,200	20,947	66	21,013	-	54,187	

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES

SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2005

Fourteen Months Ended August 31, 2005

PUBLIC ACT 93-0842, 93-0681

FUND NAME- ALL FUNDS

APPROPRIATED FUNDS

Fund Number	Appropriations (Net of Transfers)	Expenditures Through June 30, 2005	Lapse Period Expenditures		Total Expenditures	Balances	
			July 1 to August 31, 2005	August 31, 2005		Reappropriated July 1, 2005	Balances Lapsed
0391	\$ 2,774,573	\$ 704,855	\$ -	\$ -	\$ 704,855	\$ 2,069,718	\$ -
0443	600,000	533,283	11,762	-	545,045	-	54,955
0465	21,602,098	3,978,124	-	-	3,978,124	17,623,974	-
0504	100,000	-	-	-	-	-	100,000
0573	625,000	614,972	10,028	-	625,000	-	-
0574	2,133,995	495,143	-	-	495,143	1,638,852	-
0608	8,011,897	2,158,216	6,523	-	2,164,739	5,847,158	-
0609	11,360,268	2,378,373	-	-	2,378,373	8,981,895	-
0670	737,309	361,070	-	-	361,070	376,239	-
0765	3,278,967	2,143,297	300,424	-	2,443,721	-	835,246
0831	377,700	131,775	50,824	-	182,599	-	195,101
0840	472,100	387,896	72,538	-	460,434	-	11,666
0855	305,200	250,933	25,233	-	276,166	-	29,034
0858	350,000	115,341	-	-	115,341	-	234,659
0866	176,919	69,864	-	-	69,864	107,055	-
0878	25,000	4,736	4,953	-	9,689	-	15,311
0905	4,034,625	2,476,336	222,072	-	2,698,408	1,185,729	150,488
0909	1,236,250	257,815	-	-	257,815	978,435	-
0914	247,700	163,091	145	-	163,236	-	84,464
0953	3,560,669	780,940	-	-	780,940	2,459,729	320,000
0962	43,046,035	12,931,756	1,392,027	-	14,323,783	26,279,386	2,442,866
0971	24,298,910	6,922,092	-	-	6,922,092	17,376,818	-

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES

SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2005

Fourteen Months Ended August 31, 2005

PUBLIC ACT 93-0842, 93-0681

FUND NAME- ALL FUNDS

APPROPRIATED FUNDS

Fund Number	Appropriations (Net of Transfers)	Expenditures Through June 30, 2005	Lapse Period Expenditures		Total Expenditures	Balances Reappropriated July 1, 2005	Balances Lapsed
			July 1 to August 31, 2005	August 31, 2005			
0982	\$ 2,311,045	\$ 1,588,603	\$ 111,450	\$ 111,450	\$ 1,700,053	\$ 580,695	\$ 30,297
0991	23,201,397	7,272,250	206,333	206,333	7,478,583	14,860,176	862,638
TOTALS - ALL APPROPRIATED FUNDS							
	\$ 541,005,657	\$ 233,109,204	\$ 13,009,734	\$ 13,009,734	\$ 246,118,938	\$ 274,945,564	\$ 19,941,155

NON-APPROPRIATED FUNDS

0884	N/A	\$ 1,279,286	\$ 363,940	\$ 363,940	\$ 1,643,226	N/A	N/A
0894	N/A	1,145,062	354,035	354,035	1,499,097	N/A	N/A
0931	N/A	15,624	3,500	3,500	19,124	N/A	N/A
TOTALS-ALL NON-APPROPRIATED FUNDS							
		\$ 2,439,972	\$ 721,475	\$ 721,475	\$ 3,161,447		
GRAND TOTAL- ALL FUNDS							
	\$ 541,005,657	\$ 235,549,176	\$ 13,731,209	\$ 13,731,209	\$ 249,280,385	\$ 274,945,564	\$ 19,941,155

Notes: 1) All data in this schedule has been obtained from State Comptroller records which have been reconciled to those of the Department.
2) Appropriations are also net of transfers totaling \$618,926 to the Department of Central Management Services in accordance with Executive Order No. 10.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES

COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES, AND LAPSED BALANCES

	Fiscal Year		
	2006	2005	2004
	Public Act	Public Act	Public Act
	94-0015 94-0798	93-0842 93-0681	93-0097, 93-0587 93-0664
<u>GENERAL REVENUE FUND - 0001</u>			
Appropriations (net of transfers)	\$ 86,973,391	\$ 93,331,693	\$ 108,555,961
Expenditures:			
Personal services	51,854,658	39,526,380	43,228,116
Employee retirement - contributions paid by employer	232,774	43,930	1,068,048
State contributions to State Employees' Retirement System	2,958,139	6,230,955	3,870,210
State contributions to Social Security	2,614,531	2,605,920	2,901,385
Contractual services	6,955,768	4,475,628	5,586,872
Conferences, vendor payments	25,400	25,396	6,100
Travel	299,155	259,548	349,992
Commodities	1,276,598	981,037	1,344,588
Printing	137,960	89,718	102,615
Equipment	359,846	90,799	354,034
Electronic data processing	95,810	162,534	188,706
Telecommunications	1,118,847	745,125	923,527
Operation of automotive equipment	1,300,186	712,570	850,701
Lump sums	3,357,310	6,373,759	6,312,322
Lump sums operations	-	21,367,114	23,086,647
Awards & grants	2,989,083	2,989,083	3,014,300
Awards & grants, lump sum & other purposes	1,806,260	-	-
Permanent improvements, lump sum & other purposes	600,302	877,947	682,234
Total expenditures	77,982,627	87,557,443	93,870,397
Reappropriations	1,204,898	1,000,090	5,668,903
Lapsed balances	\$ 7,785,866	\$ 4,774,160	\$ 9,016,661

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES**

**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES, AND LAPSED BALANCES**

	Fiscal Year		
	2006	2005	2004
	Public Act 94-0015 94-0798	Public Act 93-0842 93-0681	Public Act 93-0097, 93-0587 93-0664
<u>STATE BOATING ACT FUND - 0039</u>			
Appropriations (net of transfers)	\$ 19,321,692	\$ 18,778,791	\$ 17,259,069
Expenditures:			
Personal services	3,998,621	4,156,717	4,386,555
Employee retirement - contributions paid by employer	33,274	98,190	143,805
State contributions to State Employees' Retirement System	311,795	665,475	597,532
State contributions to Social Security	188,244	186,999	200,029
Group insurance	1,073,505	1,018,285	916,570
Contractual services	832,382	773,813	858,375
Travel	4,150	915	3,436
Commodities	79,565	80,237	83,469
Printing	123,478	117,835	148,727
Equipment	129,231	42,677	156,302
Electronic data processing	84,500	50,258	82,085
Telecommunications	149,142	150,692	87,803
Operation of automotive equipment	186,337	155,894	173,008
Lump sums	20,185	36,360	23,427
Lump sums operations	56,502	65,560	43,597
Grants to local governments	150,000	150,000	150,000
Awards & grants, lump sum & other purposes	958,285	743,758	1,098,934
Permanent improvements, lump sum & other purposes	1,122,152	392,189	461,648
Refunds	8,613	3,267	8,404
Total expenditures	<u>9,509,961</u>	<u>8,889,121</u>	<u>9,623,706</u>
Reappropriations	<u>9,169,806</u>	<u>9,130,241</u>	<u>7,146,187</u>
Lapsed balances	<u>\$ 641,925</u>	<u>\$ 759,429</u>	<u>\$ 489,176</u>

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES

COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES, AND LAPSED BALANCES

	Fiscal Year		
	2006	2005	2004
	Public Act 94-0015 94-0798	Public Act 93-0842 93-0681	Public Act 93-0097, 93-0587 93-0664
STATE PARKS FUND - 0040			
Appropriations (net of transfers)	\$ 20,855,420	\$ 15,763,394	\$ 9,062,222
Expenditures:			
Personal services	1,756,995	1,775,732	1,678,099
Employee retirement - contributions paid by employer	18,916	51,268	67,650
State contributions to State Employees' Retirement System	137,256	286,953	226,297
State contributions to Social Security	89,365	96,210	88,797
Group insurance	492,231	466,728	391,179
Contractual services	2,504,210	2,534,278	2,663,989
Travel	12,168	24,570	16,578
Commodities	415,691	390,837	477,808
Equipment	677,641	435,036	758,867
Telecommunications	280,872	299,224	316,270
Operation of automotive equipment	256,905	254,192	265,310
Lump sums	2,150,325	2,350,262	854,664
Permanent improvements, lump sum & other purposes	386,432	1,274	22,229
Refunds	20,379	21,725	16,322
Total expenditures	9,199,386	8,988,289	7,844,059
Reappropriations	10,490,385	5,627,920	629,193
Lapsed balances	\$ 1,165,649	\$ 1,147,185	\$ 588,970

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES

COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES, AND LAPSED BALANCES

	Fiscal Year		
	2006	2005	2004
	Public Act	Public Act	Public Act
	94-0015 94-0798	93-0842 93-0681	93-0097, 93-0587 93-0664
<u>WILDLIFE AND FISH FUND - 0041</u>			
Appropriations (net of transfers)	\$ 50,343,301	\$ 42,004,039	\$ 41,486,390
Expenditures:			
Personal services	17,905,972	14,085,442	14,892,089
Employee retirement - contributions paid by employer	135,702	340,328	462,705
State contributions to State Employees' Retirement System	1,400,110	2,270,560	2,006,176
State contributions to Social Security	1,096,035	825,032	883,913
Group insurance	4,735,977	3,492,027	2,930,571
Contractual services	3,994,474	3,110,676	3,382,996
Contractual services, N.E.C.	25,000	8,400	9,860
Travel	99,239	112,034	121,667
Commodities	1,842,811	1,530,749	1,661,194
Printing	284,608	358,438	413,405
Equipment	828,633	673,516	783,829
Electronic data processing	99,400	28,202	99,337
Telecommunications	346,891	555,584	652,962
Operation of automotive equipment	814,855	963,873	879,167
Lump sums	4,138,413	2,392,952	2,531,203
Lump sums operations	214,787	196,007	224,714
Awards & grants, lump sum & other purposes	100,000	114,996	116,085
Refunds	988,529	1,031,045	1,104,545
Total expenditures	39,051,436	32,089,861	33,156,418
Reappropriations	7,853,634	6,805,700	5,333,641
Lapsed balances	\$ 3,438,231	\$ 3,108,478	\$ 2,996,331

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES

COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES, AND LAPSED BALANCES

	Fiscal Year		
	2006	2005	2004
	Public Act 94-0015 94-0798	Public Act 93-0842 93-0681	Public Act 93-0097, 93-0587 93-0664
<u>SALMON FUND - 0042</u>			
Appropriations (net of transfers)	\$ 259,300	\$ 269,400	\$ 276,200
Expenditures:			
Personal services	155,209	157,797	169,491
Employee retirement - contributions paid by employer	610	1,472	2,334
State contributions to State Employees' Retirement System	12,302	25,898	23,172
State contributions to Social Security	11,788	11,967	12,756
Group insurance	34,708	36,174	35,684
Contractual services	-	-	3,067
Lump sums	1,391	8,316	8,152
Total expenditures	<u>216,008</u>	<u>241,624</u>	<u>254,656</u>
Lapsed balances	<u>\$ 43,292</u>	<u>\$ 27,776</u>	<u>\$ 21,544</u>
<u>MINES AND MINERALS UIC FUND - 0077</u>			
Appropriations (net of transfers)	\$ 441,800	\$ 458,100	\$ 442,700
Expenditures:			
Personal services	131,397	241,286	187,378
Employee retirement - contributions paid by employer	1,257	4,910	4,619
State contributions to State Employees' Retirement System	10,241	38,878	25,197
State contributions to Social Security	9,640	17,664	13,714
Group insurance	45,775	64,546	43,605
Operation of automotive equipment	-	8,822	3,822
Total expenditures	<u>198,310</u>	<u>376,106</u>	<u>278,335</u>
Lapsed balances	<u>\$ 243,490</u>	<u>\$ 81,994</u>	<u>\$ 164,365</u>
<u>FOREST RESERVE FUND - 0086</u>			
Appropriations (net of transfers)	\$ 500,000	\$ 500,000	\$ 500,000
Expenditures:			
Awards & grants, lump sum & other purposes	301,235	294,508	290,866
Lapsed balances	<u>\$ 198,765</u>	<u>\$ 205,492</u>	<u>\$ 209,134</u>

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	Public Act	Public Act	Public Act
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<u>TOXIC POLLUTION PREVENTION FUND - 0111</u>			
Appropriations (net of transfers)	\$ 89,700	\$ 89,700	\$ 90,000
Expenditures:			
Lump sums	6,330	-	-
Lump sums operations	-	27,878	58,208
Total expenditures	6,330	27,878	58,208
Lapsed balances	\$ 83,370	\$ 61,822	\$ 31,792
<u>PLUGGING AND RESTORATION FUND - 0137</u>			
Appropriations (net of transfers)	\$ 829,300	\$ 2,215,089	\$ 1,630,089
Expenditures:			
Personal services	166,773	195,516	234,751
Employee retirement - contributions paid by employer	1,088	4,096	6,098
State contributions to State Employees' Retirement System	12,995	31,492	31,549
State contributions to Social Security	12,379	14,526	17,331
Group insurance	41,130	48,430	53,326
Contractual services	-	-	905
Commodities	-	-	253
Printing	-	477	-
Equipment	35,300	4,032	2,664
Electronic data processing	9,147	12,888	910
Telecommunications	-	-	6,749
Operation of automotive equipment	25,133	18,524	19,600
Lump sums	-	-	19,500
Refunds	648	-	350
Total expenditures	304,593	329,981	393,986
Reappropriations	-	-	1,000,889
Lapsed balances	\$ 524,707	\$ 1,885,108	\$ 235,214

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<u>CAPITAL DEVELOPMENT FUND - 0141</u>			
Appropriations (net of transfers)	\$ 153,985,826	\$ 117,062,822	\$ 200,393,805
Expenditures:			
Lump sums	776,018	759,732	2,061,383
Interfund cash transfers	-	-	5,250,000
Construction grants	1,896,230	12,567,058	8,021,459
Awards & grants, lump sum & other purposes	4,160,272	-	-
Permanent improvements	470,871	672,430	405,293
Permanent improvements, lump sum & other purposes	3,245,220	7,109,825	21,124,159
Highway and waterway construction	7,852,874	6,667,954	7,545,768
Total expenditures	<u>18,401,485</u>	<u>27,776,999</u>	<u>44,408,062</u>
Reappropriations	<u>135,584,341</u>	<u>89,285,823</u>	<u>117,062,818</u>
Lapsed balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,922,925</u>
<u>EXPLOSIVES REGULATORY FUND - 0145</u>			
Appropriations (net of transfers)	\$ 92,700	\$ 139,700	\$ 148,000
Expenditures:			
Lump sums	<u>81,238</u>	<u>126,934</u>	<u>82,246</u>
Lapsed balances	<u>\$ 11,462</u>	<u>\$ 12,766</u>	<u>\$ 65,754</u>
<u>AGGREGATE OPERATIONS REGULATORY FUND - 0146</u>			
Appropriations (net of transfers)	\$ 270,400	\$ 338,700	\$ 361,000
Expenditures:			
Commodities	2,035	-	-
Lump sums	129,309	279,177	266,577
Total expenditures	<u>131,344</u>	<u>279,177</u>	<u>266,577</u>
Lapsed balances	<u>\$ 139,056</u>	<u>\$ 59,523</u>	<u>\$ 94,423</u>
<u>COAL MINING REGULATORY FUND - 0147</u>			
Appropriations (net of transfers)	\$ 310,600	\$ 357,000	\$ 372,000
Expenditures:			
Lump sums	<u>267,881</u>	<u>305,945</u>	<u>273,562</u>
Lapsed balances	<u>\$ 42,719</u>	<u>\$ 51,055</u>	<u>\$ 98,438</u>

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<u>EMERGENCY PUBLIC HEALTH FUND - 0240</u>			
Appropriations (net of transfers)	\$ 200,000	\$ 200,000	\$ 200,000
Expenditures:			
Lump sums	200,000	199,325	196,474
Lapsed balances	\$ -	\$ 675	\$ 3,526
<u>ABANDONED MINED LAND RECLAMATION SET-ASIDE FUND - 0257</u>			
Appropriations (net of transfers)	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
Lapsed balances	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
<u>UNDERGROUND RESOURCE CONSERVATION ENFORCEMENT TRUST FUND - 0261</u>			
Appropriations (net of transfers)	\$ 690,100	\$ 695,200	\$ 673,100
Expenditures:			
Personal services	300,216	281,983	208,976
Employee retirement - contributions paid by employer	2,476	6,960	6,623
State contributions to State Employees' Retirement System	23,394	45,424	28,085
State contributions to Social Security	21,749	20,468	15,172
Group insurance	115,691	98,446	59,028
Contractual services	54,164	40,715	47,440
Travel	2,297	1,917	2,985
Commodities	5,318	2,610	2,835
Printing	772	284	-
Equipment	4,314	2,300	600
Electronic data processing	3,067	642	3,810
Telecommunications	7,964	8,926	16,838
Operation of automotive equipment	37,408	32,089	33,093
Refunds	2,175	6,375	9,636
Total expenditures	581,005	549,139	435,121
Lapsed balances	\$ 109,095	\$ 146,061	\$ 237,979

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<u>STATE FURBEARER FUND - 0293</u>			
Appropriations (net of transfers)	\$ 296,865	\$ 310,154	\$ 286,300
Expenditures:			
Permanent improvements, lump sum & other purposes	86,110	123,290	86,147
Reappropriations	210,755	186,864	200,153
Lapsed balances	\$ -	\$ -	\$ -
<u>USED TIRE MANAGEMENT FUND - 0294</u>			
Appropriations (net of transfers)	\$ 199,000	\$ 199,000	\$ 200,000
Expenditures:			
Lump sums	199,000	-	-
Lump sums operations	-	199,000	199,464
Total expenditures	199,000	199,000	199,464
Lapsed balances	\$ -	\$ -	\$ 536

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<u>NATURAL AREAS ACQUISITION FUND - 0298</u>			
Appropriations (net of transfers)	\$ 15,875,495	\$ 15,855,433	\$ 12,356,769
Expenditures:			
Personal services	1,170,945	1,296,751	1,375,235
Employee retirement - contributions paid by employer	7,187	24,873	37,215
State contributions to State Employees' Retirement System	91,449	209,729	185,073
State contributions to Social Security	85,720	95,628	101,515
Group insurance	292,739	324,364	277,233
Contractual services	52,677	59,388	78,807
Travel	12,612	16,516	14,936
Commodities	40,124	38,692	40,196
Printing	397	1,589	71
Equipment	91,119	60,419	101,188
Telecommunications	34,199	44,189	34,195
Operation of automotive equipment	61,450	67,151	57,700
Lump sums	1,033,037	916,857	1,050,961
Lump sums operations	1,206,733	1,210,051	1,145,478
Permanent improvements, lump sum & other purposes	5,128,440	5,500,839	1,025,236
Total expenditures	<u>9,308,828</u>	<u>9,867,036</u>	<u>5,525,039</u>
Reappropriations	<u>6,241,656</u>	<u>5,370,094</u>	<u>6,370,933</u>
Lapsed balances	<u>\$ 325,011</u>	<u>\$ 618,303</u>	<u>\$ 460,797</u>
<u>OPEN SPACE LANDS ACQUISITION AND DEVELOPMENT FUND - 0299</u>			
Appropriations (net of transfers)	\$ 77,369,394	\$ 74,562,882	\$ 71,203,168
Expenditures:			
Lump sums	902,176	974,384	862,357
Awards & grants, lump sum & other purposes	11,963,734	17,225,090	16,640,287
Total expenditures	<u>12,865,910</u>	<u>18,199,474</u>	<u>17,502,644</u>
Reappropriations	<u>64,319,260</u>	<u>56,282,992</u>	<u>53,508,081</u>
Lapsed balances	<u>\$ 184,224</u>	<u>\$ 80,416</u>	<u>\$ 192,443</u>

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<u>STATE PHEASANT FUND - 0353</u>			
Appropriations (net of transfers)	\$ 1,439,983	\$ 1,431,703	\$ 1,473,574
Expenditures:			
Permanent improvements, lump sum & other purposes	565,711	541,722	591,873
Reappropriations	874,272	889,981	881,701
Lapsed balances	\$ -	\$ -	\$ -
<u>NATURAL HERITAGE FUND - 0375</u>			
Appropriations (net of transfers)	\$ 75,200	\$ 75,200	\$ 80,000
Expenditures:			
Contractual services	-	10,370	58,201
Commodities	-	10,643	17,169
Total expenditures	-	21,013	75,370
Lapsed balances	\$ 75,200	\$ 54,187	\$ 4,630
<u>ILLINOIS HABITAT FUND - 0391</u>			
Appropriations (net of transfers)	\$ 3,469,719	\$ 2,774,573	\$ 2,915,647
Expenditures:			
Permanent improvements, lump sum & other purposes	928,101	704,855	1,541,076
Reappropriations	2,541,618	2,069,718	1,374,571
Lapsed balances	\$ -	\$ -	\$ -
<u>FLOOD CONTROL LAND LEASE FUND - 0443</u>			
Appropriations (net of transfers)	\$ 600,000	\$ 600,000	\$ 600,000
Expenditures:			
Grants to local governments	597,646	545,045	518,042
Lapsed balances	\$ 2,354	\$ 54,955	\$ 81,958

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<u>LAND AND WATER RECREATION FUND - 0465</u>			
Appropriations (net of transfers)	\$ 23,823,974	\$ 21,602,098	\$ 16,823,700
Expenditures:			
Awards & grants, lump sum & other purposes	3,511,384	3,978,124	1,421,603
Reappropriations	20,312,590	17,623,974	15,402,097
Lapsed balances	\$ -	\$ -	\$ -
<u>WILDLIFE PRAIRIE PARK FUND - 0504</u>			
Appropriations (net of transfers)	\$ 100,000	\$ 100,000	\$ 100,000
Expenditures:			
Lump sums	-	-	100,000
Lapsed balances	\$ 100,000	\$ 100,000	\$ -
<u>PETROLEUM RESOURCES REVOLVING FUND - 0573</u>			
Appropriations (net of transfers)	\$ 500,000	\$ 625,000	\$ 375,000
Expenditures:			
Lump sums	490,000	625,000	335,498
Lapsed balances	\$ 10,000	\$ -	\$ 39,502
<u>OFF HIGHWAY VEHICLE TRAILS FUND - 0574</u>			
Appropriations (net of transfers)	\$ 2,238,853	\$ 2,133,995	\$ 1,600,387
Expenditures:			
Awards & grants, lump sum & other purposes	281,541	495,143	66,393
Reappropriations	1,957,312	1,638,852	1,533,994
Lapsed balances	\$ -	\$ -	\$ -

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<u>CONSERVATION 2000 FUND - 0608</u>			
Appropriations (net of transfers)	\$ 14,864,743	\$ 8,011,897	\$ 7,653,982
Expenditures:			
Lump sums	3,161,644	2,164,739	4,145,952
Reappropriations	9,085,514	5,847,158	3,508,030
Lapsed balances	\$ 2,617,585	\$ -	\$ -
<u>CONSERVATION 2000 PROJECTS FUND - 0609</u>			
Appropriations (net of transfers)	\$ 8,981,896	\$ 11,360,268	\$ 16,825,646
Expenditures:			
Permanent improvements, lump sum & other purposes	2,309,497	2,378,373	5,465,379
Reappropriations	6,672,399	8,981,895	11,360,267
Lapsed balances	\$ -	\$ -	\$ -
<u>FUND FOR ILLINOIS' FUTURE - 0611</u>			
Appropriations (net of transfers)	\$ -	\$ -	\$ 9,350,817
Expenditures:			
Awards and grants	-	-	1,148,876
Permanent improvements	-	-	4,658
Total expenditures	-	-	1,153,534
Lapsed balances	\$ -	\$ -	\$ 8,197,283
<u>FEDERAL TITLE IV FIRE PROTECTION ASSISTANCE FUND - 0670</u>			
Appropriations (net of transfers)	\$ 701,240	\$ 737,309	\$ 688,300
Expenditures:			
Awards & grants, lump sum & other purposes	190,073	361,070	275,991
Reappropriations	511,167	376,239	412,309
Lapsed balances	\$ -	\$ -	\$ -

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<u>FEDERAL SURFACE MINING CONTROL AND RECLAMATION FUND - 0765</u>			
Appropriations (net of transfers)	\$ 3,560,700	\$ 3,278,967	\$ 3,539,000
Expenditures:			
Personal services	1,282,130	1,310,986	1,361,403
Employee retirement - contributions paid by employer	8,326	25,001	30,178
State contributions to State Employees' Retirement System	96,789	200,893	176,218
State contributions to Social Security	91,495	91,861	96,703
Group insurance	330,049	313,160	257,897
Contractual services	395,742	237,081	207,767
Travel	8,760	9,502	10,569
Commodities	6,134	3,856	9,021
Printing	50	160	-
Equipment	39,123	31,753	23,049
Electronic data processing	41,681	45,440	52,738
Telecommunications	10,364	18,517	10,991
Operation of automotive equipment	29,774	22,016	18,063
Lump sums	188,873	133,495	188,293
Total expenditures	2,529,290	2,443,721	2,442,890
Lapsed balances	\$ 1,031,410	\$ 835,246	\$ 1,096,110
<u>RESTORATION TRUST FUND - 0831</u>			
Appropriations (net of transfers)	\$ 377,700	\$ 377,700	\$ 400,000
Expenditures:			
Lump sums	307,107	182,599	86,631
Lapsed balances	\$ 70,593	\$ 195,101	\$ 313,369
<u>HAZARDOUS WASTE RESEARCH FUND - 0840</u>			
Appropriations (net of transfers)	\$ 472,100	\$ 472,100	\$ 500,000
Expenditures:			
Lump sums	471,994	460,434	475,041
Lapsed balances	\$ 106	\$ 11,666	\$ 24,959

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<u>NATIONAL FLOOD INSURANCE</u>			
<u>PROGRAM FUND - 0855</u>			
Appropriations (net of transfers)	\$ 400,000	\$ 305,200	\$ 325,000
Expenditures:			
Lump sums	291,672	276,166	239,798
Lapsed balances	\$ 108,328	\$ 29,034	\$ 85,202
<u>LAND RECLAMATION FUND - 0858</u>			
Appropriations (net of transfers)	\$ 350,000	\$ 350,000	\$ 350,000
Expenditures:			
Lump sums	16,150	115,341	1,498
Lapsed balances	\$ 333,850	\$ 234,659	\$ 348,502
<u>SNOWMOBILE TRAIL ESTABLISHMENT FUND - 0866</u>			
Appropriations (net of transfers)	\$ 187,058	\$ 176,919	\$ 198,162
Expenditures:			
Awards & grants, lump sum & other purposes	74,299	69,864	101,243
Reappropriations	112,759	107,055	96,919
Lapsed balances	\$ -	\$ -	\$ -
<u>DRUG TRAFFIC PREVENTION FUND - 0878</u>			
Appropriations (net of transfers)	\$ 25,000	\$ 25,000	\$ 25,000
Expenditures:			
Lump sums	1,846	9,689	7,800
Lapsed balances	\$ 23,154	\$ 15,311	\$ 17,200

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<u>ILLINOIS FORESTRY DEVELOPMENT FUND - 0905</u>			
Appropriations (net of transfers)	\$ 3,930,931	\$ 4,034,625	\$ 3,958,200
Expenditures:			
Equipment	120,377	108,954	111,054
Lump sums	1,120,603	1,286,888	1,396,396
Lump sums operations	90,458	104,163	122,232
Awards & grants	241,234	789,192	504,627
Awards & grants, lump sum & other purposes	238,445	409,211	365,049
Total expenditures	1,811,117	2,698,408	2,499,358
Reappropriations	1,726,261	1,185,729	1,262,324
Lapsed balances	\$ 393,553	\$ 150,488	\$ 196,518
<u>ILLINOIS WILDLIFE PRESERVATION FUND - 0909</u>			
Appropriations (net of transfers)	\$ 1,478,437	\$ 1,236,250	\$ 1,000,000
Expenditures:			
Lump sums	323,332	257,815	263,751
Reappropriations	1,155,105	978,435	736,249
Lapsed balances	\$ -	\$ -	\$ -
<u>NATURAL RESOURCES INFORMATION FUND - 0914</u>			
Appropriations (net of transfers)	\$ 254,000	\$ 247,700	\$ 253,100
Expenditures:			
Lump sums	64,076	-	-
Lump sums operations	-	163,236	197,819
Total expenditures	64,076	163,236	197,819
Lapsed balances	\$ 189,924	\$ 84,464	\$ 55,281

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<u>STATE MIGRATORY WATERFOWL</u>			
<u>STAMP FUND - 0953</u>			
Appropriations (net of transfers)	\$ 3,279,731	\$ 3,560,669	\$ 3,269,800
Expenditures:			
Awards & grants	160,000	-	160,000
Grants to non-profit organizations	160,000	-	160,000
Permanent improvements, lump sum & other purposes	555,788	780,940	209,132
Total expenditures	875,788	780,940	529,132
Reappropriations	2,403,943	2,459,729	2,740,668
Lapsed balances	\$ -	\$ 320,000	\$ -
<u>PARK AND CONSERVATION FUND - 0962</u>			
Appropriations (net of transfers)	\$ 41,346,491	\$ 43,046,035	\$ 43,912,773
Expenditures:			
Lump sums	9,812,472	9,789,346	10,052,806
Construction grants	1,647,902	3,413,249	2,621,295
Awards & grants, lump sum & other purposes	-	-	54,415
Permanent improvements, lump sum & other purposes	707,369	1,121,188	1,898,545
Total expenditures	12,167,743	14,323,783	14,627,061
Reappropriations	28,397,020	26,279,386	27,773,818
Lapsed balances	\$ 781,728	\$ 2,442,866	\$ 1,511,894
<u>BUILD ILLINOIS BOND FUND - 0971</u>			
Appropriations (net of transfers)	\$ 17,376,818	\$ 24,298,910	\$ 51,960,386
Expenditures:			
Lump sums	1,405,957	834,669	1,469,082
Awards & grants	11,874,847	6,087,423	23,457,275
Highway and waterway construction	-	-	153,367
Total expenditures	13,280,804	6,922,092	25,079,724
Reappropriations	4,096,014	17,376,818	24,298,906
Lapsed balances	\$ -	\$ -	\$ 2,581,756

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<u>ILLINOIS BEACH MARINA FUND - 0982</u>			
Appropriations (net of transfers)	\$ 2,972,495	\$ 2,311,045	\$ 2,264,600
Expenditures:			
Lump sums operations	1,646,057	1,611,235	1,639,212
Permanent improvements, lump sum & other purposes	113,249	80,850	141,709
Refunds	6,545	7,968	20,246
Total expenditures	<u>1,765,851</u>	<u>1,700,053</u>	<u>1,801,167</u>
Reappropriations	<u>842,447</u>	<u>580,695</u>	<u>286,545</u>
Lapsed balances	<u>\$ 364,197</u>	<u>\$ 30,297</u>	<u>\$ 176,888</u>
<u>ABANDONED MINED LANDS RECLAMATION COUNCIL FEDERAL TRUST FUND - 0991</u>			
Appropriations (net of transfers)	\$ 24,118,478	\$ 23,201,397	\$ 20,179,002
Expenditures:			
Personal services	1,495,983	1,713,787	1,717,936
Employee retirement - contributions paid by employer	9,135	29,254	40,377
State contributions to State Employees' Retirement System	116,623	272,898	230,927
State contributions to Social Security	112,445	127,521	127,719
Group insurance	339,201	345,614	293,244
Contractual services	251,870	142,832	168,435
Travel	5,886	8,893	10,634
Commodities	11,192	9,261	10,967
Printing	16	132	17
Equipment	40,706	22,903	32,313
Electronic data processing	50,490	44,199	74,338
Telecommunications	12,003	22,024	39,914
Operation of automotive equipment	39,467	23,511	19,439
Lump sums	20,799	26,665	121,411
Awards & grants, lump sum & other purposes	5,539,549	4,689,089	2,923,238
Total expenditures	<u>8,045,365</u>	<u>7,478,583</u>	<u>5,810,909</u>
Reappropriations	<u>15,320,631</u>	<u>14,860,176</u>	<u>13,549,264</u>
Lapsed balances	<u>\$ 752,482</u>	<u>\$ 862,638</u>	<u>\$ 818,829</u>

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES

COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES, AND LAPSED BALANCES

	Fiscal Year		
	2006	2005	2004
	Public Act 94-0015 94-0798	Public Act 93-0842 93-0681	Public Act 93-0097, 93-0587 93-0664
<u>GRAND TOTAL - ALL APPROPRIATED FUNDS</u>			
Appropriations (net of transfers)	\$ 587,329,831	\$ 541,005,657	\$ 657,618,849
Total expenditures	232,954,718	246,118,938	284,600,500
Reappropriations	331,083,787	274,945,564	302,138,460
Lapsed balances	<u>\$ 23,291,326</u>	<u>\$ 19,941,155</u>	<u>\$ 70,879,889</u>
<u>GENERAL REVENUE - 0001 STATE COMPTROLLER</u>			
OFFICERS SALARIES			
Appropriations (net of transfers)	<u>\$ 333,000</u>	<u>\$ 333,000</u>	<u>\$ 333,000</u>
Expenditures:			
Director	56,600	113,200	113,200
Assistant Director	68,279	-	40,029
Mine Officers	79,764	76,378	79,806
Miners' Examining Officers	34,553	42,025	43,852
Total expenditures - Officers Salaries	<u>239,196</u>	<u>231,603</u>	<u>276,887</u>
Lapsed balances	<u>\$ 93,804</u>	<u>\$ 101,397</u>	<u>\$ 56,113</u>

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES**

**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES, AND LAPSED BALANCES**

**TOTAL - ALL APPROPRIATED FUNDS
BY MAJOR OBJECT CODE**

	Fiscal Year		
	2006	2005	2004
	Public Act	Public Act	Public Act
	94-0015 94-0798	93-0842 93-0681	93-0097, 93-0587, 93-0664
<u>TOTAL - ALL APPROPRIATED FUNDS</u>			
Appropriations (net of transfers)	\$ 587,329,831	\$ 541,005,657	\$ 657,618,849
Expenditures:			
Personal services	80,218,899	64,742,377	69,440,029
Employee retirement - contributions paid by employer	450,745	630,282	1,869,652
State contributions to State Employees' Retirement System	5,171,093	10,279,155	7,400,436
State contributions to Social Security	4,333,391	4,093,796	4,459,034
Group insurance	7,501,006	6,207,774	5,258,337
Contractual services	15,066,287	11,393,181	13,066,714
Conferences, vendor payments	25,400	25,396	6,100
Travel	444,267	433,895	530,797
Commodities	3,679,468	3,047,922	3,647,500
Printing	547,281	568,633	664,835
Equipment	2,326,290	1,472,389	2,323,900
Electronic data processing	384,095	344,163	501,924
Telecommunications	1,960,282	1,844,281	2,089,249
Operation of automotive equipment	2,751,515	2,258,642	2,319,903
Lump sums	30,939,138	30,886,849	33,426,785
Lump sums operations	3,214,537	24,944,244	26,717,371
Interfund cash transfers	-	-	5,250,000
Awards & grants	15,265,164	9,865,698	28,285,078
Grants to local governments	747,646	695,045	668,042
Construction grants	3,544,132	15,980,307	10,642,754
Grants to non-profit organizations	160,000	-	160,000
Awards & grants, lump sum & other purposes	29,125,077	28,380,853	23,354,104
Permanent improvements	470,871	672,430	409,951
Permanent improvements, lump sum & other purposes	15,748,371	19,613,292	33,249,367
Highway and waterway construction	7,852,874	6,667,954	7,699,135
Refunds	1,026,889	1,070,380	1,159,503
Total expenditures	<u>232,954,718</u>	<u>246,118,938</u>	<u>284,600,500</u>
Reappropriations	<u>331,083,787</u>	<u>274,945,564</u>	<u>302,138,460</u>
Lapsed balances	<u>\$ 23,291,326</u>	<u>\$ 19,941,155</u>	<u>\$ 70,879,889</u>

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES

COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES, AND LAPSED BALANCES

TOTAL - EXPENDITURES BY FUND

	Fund Number	Fiscal Year		
		2006	2005	2004
		Public Act	Public Act	Public Act
		94-0015 94-0798	93-0842 93-0681	93-0097, 93-0587 93-0664
ALL FUNDS				
Appropriations (net of transfers and reversions)		\$ 587,329,831	\$ 541,005,657	\$ 657,618,849
Expenditures:				
General Revenue Fund	0001	77,982,627	87,557,443	93,870,397
State Boating Act Fund	0039	9,509,961	8,889,121	9,623,706
State Parks Fund	0040	9,199,386	8,988,289	7,844,059
Wildlife and Fish Fund	0041	39,051,436	32,089,861	33,156,418
Salmon Fund	0042	216,008	241,624	254,656
Mines and Minerals UIC Fund	0077	198,310	376,106	278,335
Forest Reserve Fund	0086	301,235	294,508	290,866
Toxic Pollution Prevention Fund	0111	6,330	27,878	58,208
Plugging and Restoration Fund	0137	304,593	329,981	393,986
Capital Development Fund	0141	18,401,485	27,776,999	44,408,062
Explosives Regulatory Fund	0145	81,238	126,934	82,246
Aggregate Operations Regulatory Fund	0146	131,344	279,177	266,577
Coal Mining Regulatory Fund	0147	267,881	305,945	273,562
Emergency Public Health Fund	0240	200,000	199,325	196,474
Underground Resource Conservation				
Enforcement Trust Fund	0261	581,005	549,139	435,121
State Furbearer Fund	0293	86,110	123,290	86,147
Used Tire Management Fund	0294	199,000	199,000	199,464
Natural Areas Acquisition Fund	0298	9,308,828	9,867,036	5,525,039
Open Space Lands Acquisition				
and Development Fund	0299	12,865,910	18,199,474	17,502,644
State Pheasant Fund	0353	565,711	541,722	591,873
Natural Heritage Fund	0375	-	21,013	75,370
Illinois Habitat Fund	0391	928,101	704,855	1,541,076
Flood Control Land Lease Fund	0443	597,646	545,045	518,042
Land and Water Recreation Fund	0465	3,511,384	3,978,124	1,421,603
Wildlife Prairie Park Fund	0504	-	-	100,000
Petroleum Resources Revolving Fund	0573	490,000	625,000	335,498
Off Highway Vehicle Trails Fund	0574	281,541	495,143	66,393
Conservation 2000 Fund	0608	3,161,644	2,164,739	4,145,952
Conservation 2000 Projects Fund	0609	2,309,497	2,378,373	5,465,379
Fund for Illinois' Future	0611	-	-	1,153,534

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES**

**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES, AND LAPSED BALANCES**

TOTAL - EXPENDITURES BY FUND

	Fund Number	Fiscal Year		
		2006	2005	2004
		Public Act	Public Act	Public Act
		94-0015 94-0798	93-0842 93-0681	93-0097, 93-0587 93-0664
Federal Title IV Fire Protection Assistance Fund	0670	\$ 190,073	\$ 361,070	\$ 275,991
Federal Surface Mining Control and Reclamation Fund	0765	2,529,290	2,443,721	2,442,890
Restoration Trust Fund	0831	307,107	182,599	86,631
Hazardous Waste Research Fund	0840	471,994	460,434	475,041
National Flood Insurance Program Fund	0855	291,672	276,166	239,798
Land Reclamation Fund	0858	16,150	115,341	1,498
Snowmobile Trail Establishment Fund	0866	74,299	69,864	101,243
Drug Traffic Prevention Fund	0878	1,846	9,689	7,800
Illinois Forestry Development Fund	0905	1,811,117	2,698,408	2,499,358
Illinois Wildlife Preservation Fund	0909	323,332	257,815	263,751
Natural Resources Information Fund	0914	64,076	163,236	197,819
State Migratory Waterfowl Stamp Fund	0953	875,788	780,940	529,132
Park and Conservation Fund	0962	12,167,743	14,323,783	14,627,061
Build Illinois Bond Fund	0971	13,280,804	6,922,092	25,079,724
Illinois Beach Marina Fund	0982	1,765,851	1,700,053	1,801,167
Abandoned Mined Lands Reclamation Council Federal Trust Fund	0991	8,045,365	7,478,583	5,810,909
Total expenditures		<u>232,954,718</u>	<u>246,118,938</u>	<u>284,600,500</u>
Reappropriations		<u>331,083,787</u>	<u>274,945,564</u>	<u>302,138,460</u>
Lapsed balances		<u>\$ 23,291,326</u>	<u>\$ 19,941,155</u>	<u>\$ 70,879,889</u>
<u>NON-APPROPRIATED FUND EXPENDITURES</u>				
Blue Waters Ditch Flood Control Project Fund	0252	\$ -	\$ -	\$ 72,000
DNR Special Projects Fund	0884	10,871,525	1,643,226	2,295,643
DNR Federal Projects Fund	0894	2,254,703	1,499,097	1,605,227
J.J. Wolf Memorial for Conservation Investigation Fund	0931	12,712	19,124	7,301
Total Non-Appropriated Fund expenditures		<u>\$ 13,138,940</u>	<u>\$ 3,161,447</u>	<u>\$ 3,980,171</u>
GRAND TOTAL EXPENDITURES - ALL FUNDS		<u>\$ 246,093,658</u>	<u>\$ 249,280,385</u>	<u>\$ 288,580,671</u>

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES**

**SCHEDULE OF EFFICIENCY INITIATIVE PAYMENTS
Year Ended June 30, 2005**

	Amount
<u>Procurement Efficiency Initiative</u>	
Park and Conservation Fund - 0962	
Lump Sums	\$ 37,765
Sub-Total	37,765
 <u>Information Technology Initiatives</u>	
General Revenue Fund - 0001	
Contractual services	187,735
Telecommunications	120,989
Sub-Total	308,724
Grand Total	\$ 346,489

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

The Department made no efficiency initiative payments for the year ended June 30, 2006

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES**

**COMPARATIVE SCHEDULE OF RECEIPTS, DISBURSEMENTS AND
FUND BALANCE (CASH BASIS) - NON-APPROPRIATED FUNDS**

	Fiscal Year		
	<u>2006</u>	<u>2005</u>	<u>2004</u>
<u>INVESTIGATIVE CASH FUND - 1204</u>			
Cash balance, July 1	\$ 6,500	\$ 8,305	\$ 9,676
Receipts	23,740	27,213	15,339
Disbursements	<u>(20,240)</u>	<u>(29,018)</u>	<u>(16,710)</u>
Cash balance, June 30	<u>\$ 10,000</u>	<u>\$ 6,500</u>	<u>\$ 8,305</u>

Note: This locally held non-appropriated cash account is reported as part of the J.J. Wolf Memorial for Conservation Investigation Fund - 0931.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF CHANGES IN STATE PROPERTY

Years Ended June 30, 2005 and 2006

	Land and Improvements	Site Improvements	Buildings and Improvements	Equipment	Capital Leases- Equipment	Totals
Balance July 1, 2004	\$ 308,626,752	\$ 166,071,398	\$ 451,923,207	\$ 108,309,739	\$ 135,058	\$ 1,035,066,154
Additions	7,538,438	3,237,221	17,696,317	4,435,247	-	32,907,223
Deletions and Other Adjustments	(83,017)	(1,923,355)	(15,244,171)	(2,486,383)	(135,058)	(19,871,982)
Net Transfers	-	897,142	6,122,025	(2,308,668)	-	4,710,499
Balance June 30, 2005	316,082,173	168,282,408	460,497,378	107,949,935	-	1,052,811,894
Additions	9,131,498	2,353,086	3,389,051	3,279,204	19,620	18,172,459
Deletions and Other Adjustments	(4,559,066)	(405,511)	(1,899,791)	(1,280,387)	-	(8,144,755)
Net Transfers	124,740	14,336,800	15,220,337	(2,931,306)	-	26,750,571
Balance June 30, 2006	\$ 320,779,345	\$ 184,566,783	\$ 477,206,975	\$ 107,017,446	\$ 19,620	\$ 1,089,590,169

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

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES**

**COMPARATIVE SCHEDULE OF CASH RECEIPTS
(Expressed in Thousands)**

Type	Fiscal Year		
	2006	2005	2004
Deposits by the Department:			
Licenses and fees	\$ 56,773	\$ 43,124	\$ 42,394
Federal government	26,279	27,452	24,008
Fines, penalties and violations	902	707	622
Rentals:			
Concession	1,305	1,215	1,204
Boat and dock fees	2,988	2,994	3,187
Other rental	3,246	2,522	2,286
Sales:			
Merchandise	167	174	269
Product	1,043	596	779
Publication	336	357	439
Advertising	34	14	-
Donations	72	154	233
Other revenue	15,630	6,257	11,513
Total per Department records	108,775	85,566	86,934
Deposits by other agencies and transfers:			
Motor fuel tax	5,040	5,040	5,040
Real estate transfer tax	58,297	53,486	43,079
Sportsman's license plates	268	278	256
Environmental license plates	1,312	1,413	1,360
Firearm owners I.D.	692	749	765
Oil and gas assessment	556	439	341
All terrain vehicle titles	478	525	545
Certificate of title	6,020	6,479	6,178
M.E.A.O.B.	10,000	10,000	10,000
Build Illinois Bond	10,000	10,000	10,000
Non-game checkoff	25	243	27
Interest income	2,444	1,206	516
Total deposits by other agencies and transfers	95,132	89,858	78,107
Combined total	\$ 203,907	\$ 175,424	\$ 165,041

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES

RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE STATE COMPTROLLER
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Expressed in Thousands)

	General Revenue Fund 0001	State Boating Act Fund 0039	State Parks Fund 0040	Wildlife and Fish Fund 0041	Salmon Fund 0042	Mines and Minerals Underground Injection Control Fund 0077
Licenses and fees	\$ 56,773	\$ 4,921	\$ 6,669	\$ 39,609	\$ 291	\$ -
Federal government	26,279	2,379	-	6,998	-	51
Fines penalties and violations	902	138	99	316	-	-
Rental:						
Concession	1,305	-	1,051	17	-	-
Boat and dock fees	2,988	-	2	3	-	-
Other rental	3,246	-	1,899	1,214	-	-
Sales:						
Merchandise	167	-	-	167	-	-
Product	1,043	-	-	1,036	-	-
Publication	336	-	-	283	-	-
Advertising	34	-	-	34	-	-
Donations	72	-	-	-	-	-
Other revenue	15,630	1	11	1,207	-	-
Total per Department records	108,775	7,439	9,731	50,884	291	51
Refunds	611	142	-	3	-	-
Deposits in transit to Comptroller:						
Add: Beginning of period	1,478	1	306	279	3	-
Less: End of period	2,859	1	415	1,639	5	-
Total per State Comptroller records	\$ 108,005	\$ 7,780	\$ 9,622	\$ 49,527	\$ 289	\$ 51

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES

RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE STATE COMPTROLLER
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Expressed in Thousands)

	Forest Reserve Fund 0086	Plugging and Restoration Fund 0137	Explosives Regulatory Fund 0145	Aggregate Operations Regulatory Fund 0146	Coal Mining Regulatory Fund 0147	Abandoned Mined Land Reclamation Set-Aside Fund 0257	Fish and Wildlife Endowment Fund 0260
Licenses and fees	\$ -	\$ 420	\$ 137	\$ 256	\$ 178	\$ -	\$ 130
Federal government	301	-	-	-	-	809	-
Fines penalties and violations	-	-	-	7	16	-	-
Rental:							
Concession	-	-	-	-	-	-	-
Boat and dock fees	-	-	-	-	-	-	-
Other rental	-	-	-	-	-	-	-
Sales:							
Merchandise	-	-	-	-	-	-	-
Product	-	-	-	-	-	-	-
Publication	-	-	-	-	-	-	-
Advertising	-	-	-	-	-	-	-
Donations	-	-	-	-	-	-	-
Other revenue	-	23	-	-	-	-	-
Total per Department records	301	443	137	263	194	809	130
Refunds	-	-	-	-	-	-	-
Deposits in transit to Comptroller:							
Add: Beginning of period	-	3	1	1	6	-	-
Less: End of period	-	5	2	-	-	-	3
Total per State Comptroller records	\$ 301	\$ 441	\$ 136	\$ 264	\$ 200	\$ 809	\$ 127

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES

RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE STATE COMPTROLLER
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Expressed in Thousands)

	Underground Resource Conservation Enforcement Trust Fund 0261	State Furbearer Fund 0293	Open Space Land Acquisition Fund 299	State Pheasant Fund 0353	Illinois Habitat Fund 0391	Flood Control Land Lease Fund 0443
Licenses and fees	\$ 568	\$ 99	\$ -	\$ 494	\$ 1,065	\$ -
Federal government	-	-	37	-	-	-
Fines penalties and violations	211	-	-	-	-	-
Rental:						
Concession	-	-	-	-	-	-
Boat and dock fees	-	-	-	-	-	-
Other rental	-	-	-	-	-	-
Sales:						
Merchandise	-	-	-	-	-	-
Product	-	-	-	-	-	-
Publication	-	-	-	-	-	-
Advertising	-	-	-	-	-	-
Donations	-	-	-	-	-	-
Other revenue	-	-	-	-	-	649
Total per Department records	779	99	37	494	1,065	649
Refunds	-	-	-	18	5	-
Deposits in transit to Comptroller:						
Add: Beginning of period	8	-	-	1	2	-
Less: End of period	7	1	-	4	7	-
Total per State Comptroller records	\$ 780	\$ 98	\$ 37	\$ 509	\$ 1,065	\$ 649

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES

RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE STATE COMPTROLLER
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Expressed in Thousands)

	Land and Water Recreation Fund 0465	Petroleum Resources Revolving Fund 0573	Off Highway Vehicle Trails Fund 0574	Conservation 2000 Fund 0608	Conservation 2000 Projects Fund 0609	Federal Title IV Fire Protection Assistance Fund 0670
Licenses and fees	\$ -	\$ 1	\$ 32	\$ -	\$ -	\$ -
Federal government	3,511	-	-	-	-	216
Fines penalties and violations	-	-	6	-	-	-
Rental:						
Concession	-	-	-	-	-	-
Boat and dock fees	-	-	-	-	-	-
Other rental	-	-	-	-	-	-
Sales:						
Merchandise	-	-	-	-	-	-
Product	-	-	-	-	-	-
Publication	-	-	-	-	-	-
Advertising	-	-	-	-	-	-
Donations	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total per Department records	3,511	1	38	-	-	216
Refunds	-	-	-	15	312	-
Deposits in transit to Comptroller:						
Add: Beginning of period	-	-	-	-	-	-
Less: End of period	-	-	-	-	-	-
Total per State Comptroller records	\$ 3,511	\$ 1	\$ 38	\$ 15	\$ 312	\$ 216

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES

RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE STATE COMPTROLLER
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Expressed in Thousands)

	Federal Surface Mining Control and Reclamation Fund 0765	Restoration Trust Fund 0831	National Flood Insurance Program Fund 0855	Land Reclamation Fund 0858	Snowmobile Trail Establishment Fund 0866	Drug Traffic Prevention Fund 0878
Licenses and fees	\$ -	\$ -	\$ -	\$ -	\$ 82	\$ -
Federal government	2,605	-	242	-	-	-
Fines penalties and violations	-	-	-	-	-	8
Rental:						
Concession	-	-	-	-	-	-
Boat and dock fees	-	-	-	-	-	-
Other rental	-	-	-	-	-	-
Sales:						
Merchandise	-	-	-	-	-	-
Product	-	-	-	-	-	-
Publication	-	-	-	-	-	-
Advertising	-	-	-	-	-	-
Donations	-	-	-	-	-	-
Other revenue	-	376	-	-	-	-
Total per Department records	2,605	376	242	-	82	8
Refunds	-	-	-	-	-	-
Deposits in transit to Comptroller:						
Add: Beginning of period	-	-	-	289	8	1
Less: End of period	-	-	-	-	2	1
Total per State Comptroller records	\$ 2,605	\$ 376	\$ 242	\$ 289	\$ 88	\$ 8

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES

RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE STATE COMPTROLLER
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Expressed in Thousands)

	DNR Special Projects Fund 0884	DNR Federal Projects Fund 0894	Illinois Forestry Development Fund 0905	Illinois Wildlife Preservation Fund 0909	Natural Resources Information Fund 0914	J.J. Wolf Memorial for Conservation Investigation Fund 0931
Licenses and fees	\$ -	\$ -	\$ 1,065	\$ -	\$ -	\$ -
Federal government	-	230	869	81	-	-
Fines penalties and violations	-	-	32	-	-	22
Rental:						
Concession	-	-	-	-	-	-
Boat and dock fees	-	-	-	-	-	-
Other rental	-	-	-	-	-	-
Sales:						
Merchandise	-	-	-	-	-	-
Product	-	-	7	-	-	-
Publication	-	-	-	-	53	-
Advertising	-	-	-	-	-	-
Donations	24	-	-	48	-	-
Other revenue	10,864	1,733	-	-	-	-
Total per Department records	10,888	1,963	1,973	129	53	22
Refunds	-	-	2	1	-	-
Deposits in transit to Comptroller:						
Add: Beginning of period	-	-	13	-	2	-
Less: End of period	400	-	7	-	-	1
Total per State Comptroller records	\$ 10,488	\$ 1,963	\$ 1,981	\$ 130	\$ 55	\$ 21

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES

RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE STATE COMPTROLLER
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Expressed in Thousands)

	State Migratory Waterfowl Stamp Fund 0953	Park and Conservation Fund 0962	Illinois Beach Marina Fund 0982	Abandoned Mined Lands Reclamation Council Federal Trust Fund 0991
Licenses and fees	\$ 756	\$ -	\$ -	\$ -
Federal government	-	9	-	7,941
Fines penalties and violations	-	-	-	-
Rental:				
Concession	-	-	237	-
Boat and dock fees	-	-	2,983	-
Other rental	-	-	133	-
Sales:				
Merchandise	-	-	-	-
Product	-	-	-	-
Publication	-	-	-	-
Advertising	-	-	-	-
Donations	-	-	-	-
Other revenue	-	672	30	12
Total per Department records	756	681	3,383	7,953
Refunds	-	-	-	109
Deposits in transit to Comptroller:				
Add: Beginning of period	1	-	96	-
Less: End of period	3	-	96	2
Total per State Comptroller records	\$ 754	\$ 681	\$ 3,383	\$ 8,060

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES

RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE STATE COMPTROLLER
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Expressed in Thousands)

	General Revenue Fund 0001	State Boating Act Fund 0039	State Parks Fund 0040	Wildlife and Fish Fund 0041	Salmon Fund 0042	Mines and Minerals Underground Injection Control Fund 0077
Licenses and fees	\$ 43,124	\$ 4,644	\$ 6,800	\$ 26,361	\$ 208	\$ -
Federal government	27,452	1,398	-	7,443	-	537
Fines penalties and violations	707	109	102	266	-	-
Rental:						
Concession	1,215	-	1,042	13	-	-
Boat and dock fees	2,994	-	2	4	-	-
Other rental	2,522	-	1,169	1,230	-	-
Sales:						
Merchandise	174	-	-	174	-	-
Product	596	-	-	342	-	-
Publication	357	-	-	294	-	-
Advertising	14	-	-	14	-	-
Donations	154	-	-	-	-	-
Other revenue	6,257	1	20	1,970	-	-
Total per Department records	85,566	6,152	9,135	38,111	208	537
Refunds	366	-	-	1	-	-
Deposits in transit to Comptroller:						
Add: Beginning of period	1,824	203	376	1,044	17	-
Less: End of period	1,478	457	306	279	3	-
Total per State Comptroller records	\$ 86,278	\$ 5,898	\$ 9,205	\$ 38,877	\$ 222	\$ 537

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES

RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE STATE COMPTROLLER
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Expressed in Thousands)

	Forest Reserve Fund 0086	Toxic Pollution Prevention Fund 0111	Plugging and Restoration Fund 0137	Explosives Regulatory Fund 0145	Aggregate Operations Regulatory Fund 0146	Coal Mining Regulatory Fund 0147	Abandoned Mined Land Reclamation Set-Aside Fund 0257
Licenses and fees	\$ -	\$ 24	\$ 414	\$ 109	\$ 255	\$ 252	\$ -
Federal government	294	-	-	-	-	-	827
Fines penalties and violations	-	-	-	1	13	18	-
Rental:							
Concession	-	-	-	-	-	-	-
Boat and dock fees	-	-	-	-	-	-	-
Other rental	-	-	-	-	-	-	-
Sales:							
Merchandise	-	-	-	-	-	-	-
Product	-	-	-	-	-	-	-
Publication	-	-	-	-	-	-	-
Advertising	-	-	-	-	-	-	-
Donations	-	-	-	-	-	-	-
Other revenue	-	-	72	-	-	-	-
Total per Department records	294	24	486	110	268	270	827
Refunds	-	-	-	-	-	-	-
Deposits in transit to Comptroller:							
Add: Beginning of period	-	7	3	1	-	-	-
Less: End of period	-	-	3	1	1	6	-
Total per State Comptroller records	\$ 294	\$ 31	\$ 486	\$ 110	\$ 267	\$ 264	\$ 827

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES

RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE STATE COMPTROLLER
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Expressed in Thousands)

	Fish and Wildlife Endowment Fund 0260	Underground Resource Conservation Enforcement Trust Fund 0261	State Furbearer Fund 0293	State Pheasant Fund 0353	Illinois Habitat Endowment Trust Fund 0390	Illinois Habitat Fund 0391	Flood Control Land Lease Fund 0443
Licenses and fees	\$ 110	\$ 562	\$ 82	\$ 411	\$ -	\$ 890	\$ -
Federal government	-	-	-	-	-	-	-
Fines penalties and violations	-	88	-	-	-	-	-
Rental:							
Concession	-	-	-	-	-	-	-
Boat and dock fees	-	-	-	-	-	-	-
Other rental	-	-	-	-	-	-	-
Sales:							
Merchandise	-	-	-	-	-	-	-
Product	-	-	-	-	-	-	-
Publication	-	-	-	-	-	-	-
Advertising	-	-	-	-	-	-	-
Donations	-	-	-	-	17	-	-
Other revenue	-	-	-	-	-	-	551
Total per Department records	110	650	82	411	17	890	551
Refunds	-	-	-	5	-	18	-
Deposits in transit to Comptroller:							
Add: Beginning of period	7	8	2	11	-	25	-
Less: End of period	-	8	-	1	-	2	-
Total per State Comptroller records	\$ 117	\$ 650	\$ 84	\$ 426	\$ 17	\$ 931	\$ 551

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES

RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE STATE COMPTROLLER
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Expressed in Thousands)

	Land and Water Recreation Fund 0465	Petroleum Resources Revolving Fund 0573	Off Highway Vehicle Trails Fund 0574	Conservation 2000 Fund 0608	Conservation 2000 Projects Fund 0609	Federal Title IV Fire Protection Assistance Fund 0670
Licenses and fees	\$ -	\$ 3	\$ 24	\$ -	\$ -	\$ -
Federal government	3,978	-	-	-	-	342
Fines penalties and violations	-	-	1	-	-	-
Rental:						
Concession	-	-	-	-	-	-
Boat and dock fees	-	-	-	-	-	-
Other rental	-	-	-	-	-	-
Sales:						
Merchandise	-	-	-	-	-	-
Product	-	-	-	-	-	-
Publication	-	-	-	-	-	-
Advertising	-	-	-	-	-	-
Donations	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total per Department records	3,978	3	25	-	-	342
Refunds	-	-	-	80	123	-
Deposits in transit to Comptroller:						
Add: Beginning of period	-	-	6	-	-	-
Less: End of period	-	-	-	-	-	-
Total per State Comptroller records	\$ 3,978	\$ 3	\$ 31	\$ 80	\$ 123	\$ 342

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES

RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE STATE COMPTROLLER
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Expressed in Thousands)

	Federal Surface Mining Control and Reclamation Fund 0765	Restoration Trust Fund 0831	National Flood Insurance Program Fund 0855	Land Reclamation Fund 0858	Snowmobile Trail Establishment Fund 0866	Drug Traffic Prevention Fund 0878
Licenses and fees	\$ -	\$ -	\$ -	\$ 289	\$ 84	\$ -
Federal government	2,360	-	358	-	-	-
Fines penalties and violations	-	-	-	-	-	8
Rental:						
Concession	-	-	-	-	-	-
Boat and dock fees	-	-	-	-	-	-
Other rental	-	-	-	-	-	-
Sales:						
Merchandise	-	-	-	-	-	-
Product	-	-	-	-	-	-
Publication	-	-	-	-	-	-
Advertising	-	-	-	-	-	-
Donations	-	-	-	-	-	-
Other revenue	(46)	182	-	-	-	-
Total per Department records	2,314	182	358	289	84	8
Refunds	-	-	-	-	-	-
Deposits in transit to Comptroller:						
Add: Beginning of period	-	-	-	-	1	1
Less: End of period	-	-	-	289	8	1
Total per State Comptroller records	\$ 2,314	\$ 182	\$ 358	\$ -	\$ 77	\$ 8

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
**RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE STATE COMPTROLLER
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**
(Expressed in Thousands)

	DNR Special Projects Fund 0884	DNR Federal Projects Fund 0894	Illinois Forestry Development Fund 0905	Illinois Wildlife Preservation Fund 0909	Natural Resources Information Fund 0914	J.J. Wolf Memorial for Conservation Investigation Fund 0931
Licenses and fees	\$ -	\$ -	\$ 984	\$ -	\$ -	\$ -
Federal government	-	1,069	1,088	33	-	-
Fines penalties and violations	-	-	22	-	-	26
Rental:						
Concession	-	-	-	-	-	-
Boat and dock fees	-	-	-	-	-	-
Other rental	-	-	-	-	-	-
Sales:						
Merchandise	-	-	-	-	-	-
Product	-	-	254	-	-	-
Publication	-	-	-	-	63	-
Advertising	-	-	-	-	-	-
Donations	7	-	-	25	-	-
Other revenue	2,950	371	7	-	-	-
Total per Department records	2,957	1,440	2,355	58	63	26
Refunds	-	-	3	-	-	-
Deposits in transit to Comptroller:						
Add: Beginning of period	-	-	7	-	2	2
Less: End of period	-	-	13	-	2	-
Total per State Comptroller records	\$ 2,957	\$ 1,440	\$ 2,352	\$ 58	\$ 63	\$ 28

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES

RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE STATE COMPTROLLER
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Expressed in Thousands)

	State Migratory Waterfowl Stamp Fund 0953	Park and Conservation Fund 0962	Illinois Beach Marina Fund 0982	Abandoned Mined Lands Reclamation Council Federal Trust Fund 0991
Licenses and fees	\$ 618	\$ -	\$ -	\$ -
Federal government	-	30	-	7,695
Fines penalties and violations	-	-	-	-
Rental:				
Concession	-	-	160	-
Boat and dock fees	-	-	2,988	-
Other rental	-	-	123	-
Sales:				
Merchandise	-	-	-	-
Product	-	-	-	-
Publication	-	-	-	-
Advertising	-	-	-	-
Donations	105	-	-	-
Other revenue	-	94	33	-
Total per Department records	723	124	3,304	7,695
Refunds	-	129	-	-
Deposits in transit to Comptroller:				
Add: Beginning of period	3	-	95	-
Less: End of period	1	-	96	-
Total per State Comptroller records	\$ 725	\$ 253	\$ 3,303	\$ 7,695

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES**

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES

Years Ended June 30, 2006 and 2005

The Department of Natural Resources' (Department) explanation for significant fluctuations in expenditures totaling \$150,000 and 15% as presented in Schedule 7, "Comparative Schedule of Net Appropriations, Expenditures, and Lapsed Balances Total – Expenditures by Fund" is detailed below:

Fiscal Year 2006

Wildlife and Fish Fund – 0041

Expenditures increased \$6,961,575 or 22% from fiscal year 2005 to 2006. The increase in expenditures resulted from implementation costs for the new Point of Sale program and changes in the manner in which the Department paid compensation time for Conservation Police Officers and Sergeants.

Mines and Minerals Underground Injection Control Fund – 0077

Expenditures decreased \$177,796 or 47% from fiscal year 2005 to 2006 due to a decrease in federal grant funds from the Environmental Protection Agency.

Capital Development Fund – 0141

Expenditures decreased \$9,375,514 or 34% from fiscal year 2005 to 2006. Expenditures during fiscal year 2006 were limited to ongoing projects from prior year appropriations. There were no new appropriations for fiscal year 2006.

Open Space Lands Acquisition and Development Fund – 0299

Expenditures decreased \$5,333,564 or 29% from fiscal year 2005 to 2006. This decrease in expenditures was due to a reduction in land acquisition projects being awarded for fiscal year 2006.

Illinois Habitat Fund – 0391

Expenditures increased \$223,246 or 32% from fiscal year 2005 to 2006. The increase is due to an increase in funding available for land acquisitions and the timing of the grant payments.

Off Highway Vehicle Trails Fund – 0574

Expenditures decreased \$213,602 or 43% from fiscal year 2005 to 2006. The decrease was due to timing of trail construction project completions. Fewer trails were completed during fiscal year 2006.

Conservation 2000 Fund – 0608

Expenditures increased \$996,905 or 46% from fiscal year 2005 to 2006. The increase resulted from expenditures for the implementation of an ecosystem based management program.

Federal Title IV Fire Protection Assistance Fund – 0670

Expenditures decreased \$170,997 or 47% from fiscal year 2005 to 2006. The decrease was due to timing of project completions. Fewer projects were completed in fiscal year 2006.

DNR Special Projects Fund – 0884 (Non-Appropriated)

Expenditures increased \$9,228,299 or 562% from fiscal year 2005 to 2006. This increase was due to the revival of line item grant projects that were previously discontinued. These projects were reappropriated for fiscal year 2006 through the Department of Commerce and Economic Opportunity, which transferred the funds to the Department for completion of the projects.

DNR Federal Projects Fund – 0894 (NonAppropriated)

Expenditures increased \$755,606 or 50% from fiscal year 2005 to 2006. The increase in expenditures was associated with federal funding for digital flood plain map development and map modernization.

Illinois Forestry Development Fund – 0905

Expenditures decreased \$887,291 or 33% from fiscal year 2005 to 2006. This decrease in spending was due to low cash balances resulting from repeated sweeps out of the fund.

Park and Conservation Fund – 0962

Expenditures decreased \$2,156,040 or 15% from fiscal year 2005 to 2006. The decrease in expenditures was due to a decrease in the number of projects initiated by the Department.

Build Illinois Bond Fund – 0971

Expenditures increased \$6,358,712 or 92% from fiscal year 2005 to 2006. The increase was due to the completion of projects started in previous years. Payments are based on completion dates which vary greatly from year to year. Expenditures during fiscal 2005 were limited to ongoing projects from prior year appropriations. There were no new appropriations for fiscal year 2005.

Fiscal Year 2005

State Parks Fund – 0040

Expenditures increased \$1,144,230 or 15% from fiscal year 2004 to 2005. This increase was due to the construction of the World Shooting Complex.

Capital Development Fund – 0141

Expenditures decreased \$16,631,063 or 37% from fiscal year 2004 to 2005. Expenditures during fiscal 2005 were limited to ongoing projects from prior year appropriations. There were no new appropriations for fiscal year 2005.

Natural Areas Acquisition Fund – 0298

Expenditures increased \$4,341,997 or 79% from fiscal year 2004 to 2005. During fiscal year 2005, Real Estate Transfer Tax funding allowed for adequate cash flows for programs expenditures.

Illinois Habitat Fund – 0391

Expenditures decreased by \$836,221 or 54% from fiscal year 2004 to 2005. The decrease was due to the timing of land acquisitions. During fiscal 2004, more large land tracts were purchased.

Land and Water Recreation Fund – 0465

Expenditures increased \$2,556,521 or 180% from fiscal year 2004 to 2005. The increase was due to additional federal funding for projects.

Petroleum Resources Revolving Fund – 0573

Expenditures increased \$289,502 or 86% from fiscal year 2004 to 2005. The increase was due to an expanded funding for additional restoration projects.

Off Highway Vehicle Trails Fund – 0574

Expenditures increased \$428,750 or 646% from fiscal year 2004 to 2005. The increase was due to an expansion of a program during fiscal year 2005, resulting in the completion of several trails. The timing of the payments depends upon project completion, and can vary greatly from year to year.

Conservation 2000 Fund – 0608

Expenditures decreased \$1,981,213 or 48% from fiscal year 2004 to 2005. Expenditures during fiscal year 2004 included a transfer to the Capital Development Fund, which did not occur during fiscal year 2005.

Conservation 2000 Projects Fund – 0609

Expenditures decreased \$3,087,006 or 56% from fiscal year 2004 to 2005. Expenditures during fiscal year 2005 were limited to ongoing projects from prior year appropriations. There were no new appropriations for fiscal year 2005.

Fund for Illinois' Future – 0611

Expenditures decreased \$1,153,534 or 100% from fiscal year 2004 to 2005 because there were no appropriations from this fund for fiscal year 2005.

DNR Special Projects Fund – 0884 (Non-Appropriated)

Expenditures decreased \$652,417 or 28% from fiscal year 2004 to 2005. This decrease is due to the timing of the completion of prior year projects, namely line item grants.

State Migratory Waterfowl Stamp Fund – 0953

Expenditures increased \$251,808 or 48% from fiscal year 2004 to 2005. The increase was due to the completion of a large pump station project at Carlyle Wildlife Management Area.

Build Illinois Bond Fund – 0971

Expenditures decreased \$18,157,632 or 72% from fiscal year 2004 to 2005. There were no new appropriations in fiscal year 2005. Expenditures represent completion of ongoing projects from prior years, the timing of which can vary greatly.

Abandoned Mined Lands Reclamation Council Federal Trust Fund – 0991

Expenditures increased \$1,667,674 or 29% from fiscal year 2004 to 2005. The increase was due to more abandoned mined land reclamation construction projects being completed in fiscal 2005.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS

Years Ended June 30, 2006 and 2005

The Department of Natural Resources' (Department) analysis of significant fluctuations in cash receipts as presented in Schedule 11, "Comparative Schedule of Cash Receipts" is detailed below (amounts expressed in thousands):

Fiscal Year 2006

Licenses and Fees

Licenses and fees increased \$13,649 or 32% from fiscal year 2005 to 2006. This increase was due to the Department holding a trapshooting event at the World Shooting Complex for the first time during fiscal year 2006.

Fines, Penalties and Violations

Fines, penalties and violations increased \$195 or 28% from fiscal year 2005 to 2006. This increase is due to additional Conservation Police Officers issuing more citations. It also resulted from changes to operating under the influence (OUI) and driving under the influence (DUI) legislation.

Other Rental

Other rental increased \$724 or 29% from fiscal year 2005 to 2006. This increase was due to additional rentals from vendors at the World Shooting Complex.

Product Sales

Product sales increased \$447 or 75% from fiscal year 2005 to 2006. This increase was due to the Department receiving additional monies from a grain company after the recalibration of their scales. The grain company had previously underpaid the Department due to inaccurate scales.

Other Revenue

Other revenue increased \$9,373 or 150% from fiscal year 2005 to 2006. This increase was due to increased funding from the Department of Commerce and Economic Opportunity for various projects.

Oil and Gas Assessment

Oil and gas assessment increased \$117 or 27% from fiscal year 2005 to 2006. This increase was due to an increase in oil production in the last few years.

Non-game Checkoff

Non-game Checkoff decreased \$218 or 90% from fiscal year 2005 to 2006. This decrease was due to fewer people contributing money to the fund.

Interest Income

Interest income increased \$1,238 or 103% from fiscal year 2005 to 2006. This increase was due to rising interest rates.

Fiscal Year 2005

Product Sales

Product sales decreased \$183 or 23% from fiscal year 2004 to 2005. This decrease was due to less grain yield and a change in product mix.

Other Revenue

Other revenue decreased \$5,256 or 46% from fiscal year 2004 to 2005. This decrease was due to a decrease in projects previously funded from the Capital Development Fund.

Real Estate Transfer Tax

Real estate transfer tax increased \$10,407 or 24% from fiscal year 2004 to 2005. This increase was due to more home sales during the period.

Non-game Checkoff

Non-game Checkoff increased \$216 or 800% from fiscal year 2004 to 2005. This increase was due to more people contributing money to the fund.

Interest Income

Interest income increased \$690 or 134% from fiscal year 2004 to 2005. This increase was due to rising interest rates.

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES**

ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING

Years Ended June 30, 2006 and 2005

The Department of Natural Resources' (Department) explanation for significant lapse period spending exceeding \$15,000 and 20% as presented in Schedules 3 and 4, "Schedule of Appropriations, Expenditures and Lapsed Balances" for fiscal years 2006 and 2005 is detailed below:

Fiscal Year 2006

Emergency Public Health Fund – 0240

Lapse period expenditures totaled \$51,658 or 26% of total expenditures for fiscal year 2006. The majority of these expenditures were for extensive renovations to the West Nile Virus laboratory, resulting in equipment expenditures made late in the fiscal year.

Hazardous Waste Research Fund – 0840

Lapse period expenditures totaled \$471,994 or 100% of total expenditures for fiscal year 2006. Due to errors in the budget legislation, the Department was unable to expend amounts until the lapse period. Amounts expended represented research and other expenses that occurred throughout the fiscal year.

DNR Federal Projects Fund – 0894 (Non-Appropriated)

Lapse period expenditures totaled \$490,397 or 22% of total expenditures for fiscal year 2006. These expenditures were for various projects that were initiated during the spring, resulting in significant lapse period expenditures.

Fiscal Year 2005

Restoration Trust Fund – 0831

Lapse period expenditures totaled \$50,824 or 28% of total expenditures for fiscal year 2005. Most of the expenditures were tied to two projects – Natural Resources Damages Assessment (NRDA) and the Defense State Memorandum of Agreement (DSMOA). The NRDA expenses (\$49,006) were associated with Lawrenceville (technical, administrative and strategic support) and the DSMOA (\$1,818) expenses were associated with cleanup of hazardous waste sites on Department of Defense installations formally used within Illinois.

DNR Special Projects Fund – 0884 (Non-Appropriated)

Lapse period expenditures totaled \$363,940 or 22% of total expenditures for fiscal year 2005. These expenditures were related to refunds to the Department of Commerce and Economic Opportunity for project funding.

DNR Federal Projects Fund – 0894 (Non-Appropriated)

Lapse period expenditures totaled \$354,035 or 24% of total expenditures for fiscal year 2005. These expenditures were for various projects that were initiated during the spring, resulting in significant lapse period expenditures.

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES**

ANALYSIS OF SIGNIFICANT ACCOUNT BALANCES

**June 30, 2006 and 2005
(Expressed in Thousands)**

INVENTORIES

Inventories of commodities, per Department records, were as follows:

	Fiscal Year <u>2006</u>	Fiscal Year <u>2005</u>
Fish Hatcheries	\$ 993	\$ 1,020
Farm Commodities	2,399	2,303
Game Farms	260	250
Law Uniforms	72	90
Havana Warehouse	241	238
Office and Paper Supplies	4	4
Office Postage and UPS	48	-
Merchandise	198	181
Clearinghouse	<u>801</u>	<u>49</u>
Total per Department records	<u>\$ 5,016</u>	<u>\$ 4,135</u>

Inventories are valued at cost, on a first-in, first-out basis.

ACCOUNTS RECEIVABLE

Aging of accounts receivable, which reconcile to reports submitted to the Illinois Office of the Comptroller, were as follows:

	Fiscal Year <u>2006</u>	Fiscal Year <u>2005</u>
Current	\$ 693	\$ 559
1 - 30 days	358	538
31 - 90 days	403	36
91 - 180 days	133	70
181 days to one year	1,417	1,171
Over one year	<u>242</u>	<u>25</u>
Total per Department records	<u>\$ 3,246</u>	<u>\$ 2,399</u>

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
AGENCY FUNCTIONS AND PLANNING PROGRAM
Years Ended June 30, 2006 and 2005

Agency Functions

The Department of Natural Resources (Department) was established on July 1, 1995 when the functions of the former Department of Conservation, Department of Mines and Minerals, the Abandoned Mined Lands Reclamation Council, portions of the Department of Energy and Natural Resources and the Division of Water Resources from the Department of Transportation were merged by an Executive Order of the Governor.

The mission of the Department is to manage, protect, and sustain Illinois' natural and cultural resources, further the public's understanding and appreciation of those resources, and promote the education, science and public safety of our natural resources for present and future generations.

The Department currently manages approximately 359 State Parks, Conservation Areas, Fish Facilities, Natural Areas, Fish and Wildlife Areas, Wildlife Areas, Trails and Greenways, Memorials, Boating Access Areas, Recreational Areas, Forests, Game Propagation Centers, Tree Nurseries, Habitat Areas, Marinas, Museums, Water Resources Infrastructure and other sites totaling more than 500,000 acres of publicly owned and leased land and water. The Department also maintains concessions that are leased to or operated by private concessionaires or local communities.

The director's office has an assistant director and two deputy directors who assist the director in managing the Department's programs. The Director's Office also directly administers several key functions including: Equal Employment Opportunity, Fiscal Management, Human Resources, Legal Counsel, Public Information, a State Purchasing Officer and the Illinois Conservation Foundation.

The Department is organized into eleven offices which are: Office of Administration, Office of Architects, Engineers and Grants, Office of Land Management, Office of Law Enforcement, Office of Mines and Minerals, Office of Public Services, Office of Realty and Environmental Planning, Office of Resource Conservation, Office of Scientific Research and Analysis, Office of Water Resources and the Office of Special Events, Programs and Promotions.

The Office of Administration provides internal support through three divisions. The Division of Administrative Support is responsible for maintaining central warehouse and shop facilities, messenger services, and vehicle fleet management, as well the Conservation World outdoor exhibit area at the Illinois State Fairgrounds. The Division of Concession and Lease Management handles general legal agreement negotiations, coordination, and maintenance; general land leasing; rights of way; special land permits; and State park lodges and concessions. The Division of Systems and Licensing issues various licenses, stamps, or permits for regulated outdoor activities such as hunting, fishing, and registration/titles for boats or snowmobiles. It is also responsible for the Department's information systems.

The Office of Architects, Engineers and Grants manages, coordinates, and executes the Department's capital program through construction projects and through grants to local government entities. The Office staff prepares data for inclusion in the Department's capital budget to assist the Office of Fiscal Management's delivery to the Governor's Office of Management and Budget. It also acts as the Department's liaison with the Capital Development Board. Office staff performs project reviews and management, ensuring public health, safety, and ADA accessibility requirements are met. The Office is comprised of two divisions. The Division of Engineering executes the Department's capital construction program, coordinates work with the Capital Development Board, and manages the Department's Heavy Equipment Construction program. It also provides in-house design and technical assistance for all Department facilities, such as dams, bridges, water and sewer systems, and various other structures. Activities include bikeways, canals, park roads, waterfowl development, heavy equipment, and other capital improvements. The Division of Grant Administration is responsible for managing and coordinating the various recreational grant programs to local government entities and other designated organizations. These programs provide federal and state funds to enhance and improve recreational amenities through a competitive selection process. Division staff also provides oversight for completed grant projects to ensure program compliance. Program activities include Open Space Land Acquisition and Development (OSLAD) purchases, boat access area development, bike paths, snowmobile programs, vehicle trails, recreational trails, museum grants, open land trust purchases, and various other programs.

The Office of Land Management has one division. The Division of Parks and Recreation is responsible for the management and maintenance of State owned or leased sites. Types of sites managed include State parks, fish and wildlife areas, recreation areas, forests, natural areas, marinas, boat accesses, and habitat areas. It functions to provide quality resource compatible recreation opportunities to site visitors, such as camping, day use, trail use, fishing, boating, and hunting. It provides interpretive programs at sites including visitor centers, wildlife viewing platforms, and amphitheatres. The division is also responsible for maintaining a variety of facilities, equipment, and infrastructure so that sites are kept in a safe, clean, and attractive condition for visitor use. Management activities at sites include habitat plantings, controlled burnings, and control of exotic plant species.

The Office of Law Enforcement supports the Department's programs designed to protect Illinois' natural and recreational resources through enforcement of those portions of the Illinois Compiled Statutes enacted for that purpose. Conservation Police Officers are vested with full State-wide

police authority and are trained to the highest standards for law enforcement professionals. In addition to these enforcement responsibilities, Conservation Police Officers serve as a link between the Department and its various constituencies (civic groups, sportsmen's groups, sport shows, etc.). The Field Operations Section is responsible for planning, scheduling, and execution of enforcement and public service programs through Conservation Police Officers stationed statewide. Throughout the State, there are five regions (further divided into districts) and the Lake Michigan enforcement operation. Each officer is assigned to a district. In addition, the Operation Section includes a Special Operations Unit which conducts covert and overt investigation operations statewide. The Support Services Section assists with the following responsibilities: forensic research and utilization; officer training and development; public inquiries and complaints; responses to the poacher hot-line; compilation of boating accident data; production of an annual report; purchase, issuance, and maintenance of all vehicles, equipment, and uniforms; collection and disposal of confiscated property, including firearms; and the fine monies imposed by the courts related to conservation citations.

The Office of Mines and Minerals regulates mining and oil and gas operations throughout the State and enforces various acts that govern these industries. It is also responsible for ensuring the health and safety of workers in the mining industry. The Office delivers health and safety training programs and regulates the working conditions and atmospheres in the State's underground and surface coal and metal/non-metal mines. This includes inspection, maintenance of mine rescue stations, and operation of an analytical laboratory to conduct necessary testing. It also regulates possession, use, and storage of explosives. The Office is comprised of four divisions: the Abandoned Mined Land Reclamation Division, the Land Reclamation Division, the Division of Oil and Gas, and the Blasting and Explosives Division. The Abandoned Mined Land Reclamation Division reclaims lands and water adversely affected by mining prior to 1977 and restores them to productive use. It maintains an emergency program to respond to life-threatening situations, such as gas leaks, mine subsidence, and refuse fires. This program is part of the Federal Surface Mining Control and Reclamation Act of 1977 (SMCRA). This division is completely federally funded through a federal tax on mined coal. The Division of Land Reclamation has the responsibility of ensuring that active surface mining operations are properly reclaimed and lands affected by mining are restored to productive use. It regulates the repair to land and structures damaged by mine subsidence as a result of underground coal mining. It also issues permits for all coal mining operations in the State. The Division of Oil and Gas has three purposes: to prevent waste and environmental damage resulting from oil and gas operations, to foster the orderly development of oil and gas reservoirs, and to protect the correlative rights of mineral owners. It issues permits for the drilling of oil and gas wells, establishes standards for construction and operations of wells and production equipment, and ensures wells are properly spaced to prevent pollution of land and contamination of water. These tasks are achieved through permits, regulation, inspection, and development of recovery projects. The Blasting and Explosives Division is responsible for aggregate reclamation, aggregate blasting, coal blasting, and explosive handling and storage. These responsibilities are achieved through issuing permits and certificates; the regulation of these activities; and the inspection of mines, blasting sites, and explosive magazines.

The Office of Public Services addresses the coordination of public involvement with the day-to-day operations of the Department. The Office of Public Services achieves this through various sections including: Marketing, Publications, Resource Education, and the James R. Thompson Center Office of Public Services. The Office informs the public about the Department's programs and activities via publications, videos and marketing programs. Staff respond to inquiries from the public sector and operate a clearinghouse where Departmental publications are available free of charge. Additionally, the Office produces a monthly magazine, *Outdoor Illinois*, which is available on a subscription basis. The Office also sells natural resource-related merchandise by various means including gift catalogs and gift shops. The Office serves as the headquarters for the Department's graphics, video productions, photography, and coordinates printing. The Division of Education is responsible for the development, training, and dissemination of educational programs and materials; providing environmental awareness through the promotion of Departmental programs and events; and for providing hands-on outdoor education and recreational programming for site visitors. The division works closely with educators, State agencies, and other groups to ensure environmental goals are being met. The division administers hunting, trapping, boating, and snowmobile safety education programs, which are offered through a network of volunteer instructors.

The Office Realty and Environmental Planning is responsible for the Department's land acquisition programs. It is also responsible for coordinating the analysis of the State's natural resources and reviews the environmental impact of Departmental activities. It is comprised of four divisions: Ecosystems, Resource Review and Coordination, Planning, and Realty. The Division of Ecosystems provides quantitative and empirical analysis regarding the natural resources of the State and the conditions surrounding their use and management, including environmental and socioeconomic factors and trends. This information is integrated into the Illinois Natural Resource Information Network. The Division of Resource Review and Coordination directs state-wide environmental analysis functions of the Department to ensure preservation and protection of natural resource values. This includes consultation processes required by the Endangered Species Act. The Division of Planning carries out a variety of outdoor recreation and natural resource planning, which includes program development and coordination initiatives for the Department, including a Greenways and Trails section and a Site Planning section. It expedites the Department's annual capital construction program to ensure stewardship of the State's natural resources while maximizing compatible recreational opportunities. The Division of Realty is responsible for the acquisition of all real estate for use in the Department's recreational, bikeway, natural areas, wildlife habitat, waterfowl, and greenways programs. It is also responsible for accepting land donations, performing legislative transfers, and jurisdictional transfers of Department property. It provides technical assistance to other Department offices, as well as other State agencies. The division administers all land owner incentive programs pertaining to real property.

The Office of Resource Conservation is responsible for the following tasks: protecting and enhancing the State's fish, wildlife, forestry, and natural heritage resources; directing resource management activities on more than 400,000 acres of public land; and providing outdoor recreational opportunities compatible with these resources. It is comprised of three divisions: Wildlife Resources, Habitat Resources, and Fisheries. The Division of Wildlife has the mission of restoring, maintaining, and enhancing wildlife habitat and populations, as well as to provide

for optimum enjoyment and compatible use of these resources by the citizens and visitors of Illinois. Divisional biologists survey and manage wildlife populations and habitats, as well as develop state-wide and site specific management plans for both private and public lands. The division also offers educational programs to improve public awareness and appreciation of wildlife. The Division of Habitat Resources has the mission of locating, preserving, protecting, and managing for future generations, lands which contain elements of Illinois' rich natural heritage database, and native plant and bird conservation. District Restoration Ecologists work to preserve and restore forests, prairies, and wetlands. The District Foresters provide forestry programs, services, and activities to assist private landowners, governmental agencies and other Departmental offices. These activities include conservation and protection of forests, reforestation woodland management, fire management, and forest marketing utilization. The Division of Fisheries is responsible for utilizing education and scientifically-based management for the protection, restoration, and enhancement of fisheries and other aquatic resources, including Lake Michigan (976,640 acres), reservoirs (54,580 acres), impoundments (257,560 acres), and streams (325,000 acres). The fish hatchery system consists of four hatcheries that annually stock about 40 million fish of 22 species into waters state-wide.

The Office of Scientific Research and Analysis oversees the operations of the State Geological Survey, the Natural History Survey, the State Water Survey, the Waste Management and Research Center, and the Illinois State Museum. These units perform both basic and applied research; maintain extensive collections; publish scientific reports and articles; and provide extensive information to a wide variety of State agencies, private business, communities, and the general public. The State Geological Survey (SGS) studies the geology and mineral resources of the State, including coal, oil, gas, industrial minerals, and metals. It also conducts research on matters relating to environmental geology such as groundwater resources, waste disposal, geological hazards, and land use. SGS scientists map the resources of the State, develop clean coal technologies, and maintain data on water and oil wells, and report on all aspects of geological resources. The Natural History Survey (NHS) studies the plants and animals of Illinois and how they interact among the variety of ecosystems throughout the State. It strives to foster responsible management and appreciation of biological resources. The NHS' collections of plant and animal specimens are among the largest and oldest in North America. The NHS acquires and disseminates information, conducts scientific workshops, distributes information via publications, and provides curriculum materials for schools. The State Water Survey (SWS) conducts research and provides information on the availability, use, and quality of the State's surface and groundwater resources. It maintains state-wide and Midwest regional data on weather, severe storms, air quality, climate change, and meteorology. The SWS serves as the State's archive of basic information on its atmospheric and water resources, including long-term monitoring programs, and maintaining the State's data on flooding, river flows, ground moisture, well levels, water contaminants, weather modification and trends in climate change, including global climate change. The Waste Management and Research Center (WMRC) develops solutions to Illinois' environmental waste, including hazardous and solid waste, problems through research and education. It provides technical assistance to business, government, and citizens on issues related to pollution prevention and improved waste management. It also develops strategies to reduce waste and improve waste treatment. The WMRC has five programs: research, pollution prevention, information services, clean manufacturing, and laboratory service. The hazardous materials laboratory is designed to develop and test new waste reduction and treatment technologies for Illinois industry. The Illinois State Museum (ISM) collects and preserves objects of scientific and artistic value representing past and present

fauna and flora, the life and work of humans, geological history, and natural resources, and interpret and educate the public concerning these items. These responsibilities are accomplished by utilizing the collections and staff resources to provide quality research, exhibitions, publications, and educational programs to enhance the experiences, aesthetic values, and quality of life for the people of Illinois. The ISM conducts research and educational programming related to the Illinois landscape, its organisms, both living and extinct; and its art and cultural heritage, both past and present. The ISM maintains extensive anthropology, art, botany, geology, and zoology collections, recognized both nationally and internationally. It operates a museum in Springfield, the Dickson Mounds Museum, and various galleries located throughout the State.

The Office of Water Resources administers regulatory programs over construction in the floodways of rivers, lakes, and streams. It is also responsible for construction in the shore waters of Lake Michigan, construction and operation of dams, construction in public bodies of water, diversion of water from Lake Michigan, and withdrawal of water from three State lakes (Shelbyville, Carlyle, and Rend Lakes). The Office serves as the lead State agency for water resource planning, navigation, floodplain management, the National Flood Insurance Program, and interstate organizations on water resources. Duties also include the State Water Plan, drought response, flood emergency situation reports, and the comprehensive review of Illinois Water Use law. The Office gathers water resource data related to disasters and disseminates the information to other agencies. It also cooperates with the United States Geological Survey for summaries of river stage information. The Office consists of five divisions: Planning, Project Implementation, Resource Management, Program Development, and Administrative Services. The Division of Planning is responsible for hydraulic engineering activities; preparation of authorized flood control, drainage and other water resource projects; preparation of reports, charts, maps, and graphs; and response for local assistance and emergency flooding situations. The Division of Project Implementation is responsible for preparation of design plans and specifications for Office construction projects, supervision of these projects, and acquisition of all necessary rights-of-way or flood prone property, and the administration and maintenance of State-owned dams and facilities on waterways throughout the State. The Division of Resource Management is responsible for regulating construction activities within the floodways of Illinois' rivers, lakes, and streams; protecting public interest in public waters; allocating and monitoring the usage of Lake Michigan water; reviewing floodplain studies to ensure compliance with regulations; and assisting with the National Flood Insurance program. The Division of Program Development is responsible for compiling and analyzing physical and economic data to determine present and projected future water problems and formulating the most economical solutions to water problems. The Division of Administrative Services provides administrative functions for the office, such as fiscal management, property control, record retention, and coordination with other Department Offices.

The Office of Special Events, Programs and Promotions manages the development of the World Shooting and Recreational Complex as well as both mandated safety programs and special educational safety programs, e.g. Hunter Safety and Wing-shooting clinics.

Agency Planning Program

The Department has conducted strategic planning since its inception. The latest planning document, which includes a "Long Term Vision, Goals and Measurable Outcomes" was adopted for fiscal years 2006 and beyond. Additionally, the Department has developed "input/output indicators" which are annually reported to the Comptroller for inclusion in the State's Service Effort and Accomplishment Report (SEA). Strategic planning activities as well as the collection and reporting of SEA information to the Comptroller are coordinated by the Director's Office with participation across all disciplines within the Department.

The Department has several formal, ongoing planning programs. One plan is the State-wide Comprehensive Outdoor Recreation Plan. This plan, fully revised every five years, identifies issues and Department programs and priorities in the area of outdoor recreation. The Office of Realty and Environmental Planning carries out a variety of outdoor recreation and natural resource planning activities, such as site plans and economic analysis of feasibility of improvements such as campgrounds, cabins, and marinas. The Department prepares an Annual Capital Improvement Plan, which is presented to the Governor's Office of Management and Budget (GOMB), Capital Development Board, and the General Assembly. The Office of Water Resources is the State's lead agency for water resource planning. It prepares the State Water Plan and is involved in other planning activities related to the Management of the State's water resources.

Auditors' Assessment

Our review of the agency functions and planning program at the Department of Natural Resources for the years ended June 30, 2006 and 2005 revealed that the Department has a system by which it establishes formal written goals consistent with the statutory purpose of the Department. The Department appears to have an adequate system that provides for the goals and objectives to be periodically reevaluated with alternative approaches being considered.

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES**

AVERAGE NUMBER OF EMPLOYEES

	Fiscal Year		
	2006	2005	2004
Regular:			
General Office	221	212	237
Resource Conservation	230	246	261
Law Enforcement	169	171	179
Land Management & Education	512	536	549
Mines & Minerals	109	115	130
Water Resources	66	68	76
Waste Management & Research Center	30	32	36
Geological Survey	96	106	112
Natural History Survey	57	59	80
Water Survey	53	57	64
Museums	72	76	79
Conservation 2000	12	13	13
Total Regular	1,627	1,691	1,816
Part-Time and Seasonal			
General Office	4	6	11
Resource Conservation	47	57	70
Law Enforcement	1	2	3
Land Management & Education	180	205	231
Mines & Minerals	3	5	5
Water Resources	2	2	3
Waste Management & Research Center	-	-	2
Natural History Survey	-	-	1
Museums	-	-	1
Conservation 2000	1	1	2
Total Part-Time and Seasonal	238	278	329
Total			
General Office	225	218	248
Resource Conservation	277	303	331
Law Enforcement	170	173	182
Land Management & Education	692	741	780
Mines & Minerals	112	120	135
Water Resources	68	70	79
Waste Management & Research Center	30	32	38
Geological Survey	96	106	112
Natural History Survey	57	59	81
Water Survey	53	57	64
Museums	72	76	80
Conservation 2000	13	14	15
Grand Total	1,865	1,969	2,145

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
MEMORANDUMS OF UNDERSTANDING
Fiscal Years Ended June 30, 2006 and 2005
(Not Examined)

The Department entered into one Memorandum of Understanding (MOU) during the engagement period. The MOU was with the Illinois Conservation Foundation (ICF), starting December 15, 2005 and ending December 15, 2007.

The MOU provides a detailed description of the reasonable assistance the Department will/will not provide to the ICF as follows:

- The Department provides the ICF office space and use of meeting space at no charge, with no charge for utilities.
- The Department provides the ICF standard and special office supplies. The Department provides the ICF office equipment, internet access, email access, and a cell phone for the ICF Executive Director.
- The ICF is responsible for salaries, fringe benefits, and other associated employment costs of ICF employees. Department employees may, from time to time, provide assistance to the ICF. This assistance may include: legal assistance, special events assistance, grant program assistance, and various other assistance.
- The ICF shall provide reporting of all activity concerning each custodial account that has been opened by the ICF for the deposit and payment of funds concerning the various special events of the ICF and other endowment activities.
- Addresses grant funds or settlement contributions and payments to the ICF.
- Allows the ICF to provide merchandise for sale at the Department gift shop.
- Allows for the use of Department fleet vehicle by the ICF Grant Administrator up to four times per year.
- Requires an ICF Annual Plan to be submitted to the Director of the Department, who serves as Chairman of the ICF Board of Directors.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
EMERGENCY PURCHASES
Years Ended June 30, 2005 and 2006

The Department reported the following emergency purchases to the Office of the Auditor General during fiscal years 2005 and 2006:

<u>DESCRIPTION OF EMERGENCY PURCHASE</u>	<u>ACTUAL AMOUNT</u>
FISCAL YEAR 2005	
Giant City State Park - cabin floor repairs	\$ 67,075
Rock Cut State Park - water and sewer system repairs	2,540,000 *
Clark County - oil well plugging	20,361
Illinois Beach - erosion maintenance	209,961
Spring Valley - shaft filling and capping	40,264
Illinois Beach State Park - dredge marina entrance	79,200
Hennepin Canal - temporary coffer dam	7,399
	<hr/>
TOTAL FISCAL YEAR 2005 COST	<u>\$ 2,964,260</u>
FISCAL YEAR 2006	
Conservation Police - firearms replacements	\$ 36,628
World Shooting Complex - security service	50,058
Pere Marquette State Park - wastewater treatment plant repairs	850,000 *
Lee County - fire suppression activity for controlled burn	124,800 *
Lawrence County - Plug oil well	33,488 *
Benton - repair of box culvert on reclaimed abandoned mine site	36,556 *
Microfilm machine	12,495 *
Lawrence County - Plug oil well	45,500
Lockbox service	175,000 *
World Shooting Complex - janitorial service	60,000 *
Development, maintenance and repairs of interpretive exhibits	46,750 *
Additional pheasant housing	20,638 *
	<hr/>
TOTAL FISCAL YEAR 2006 COST	<u>\$ 1,491,913</u>

* Denotes estimated cost

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES**

HURRICANES KATRINA AND RITA COST REPORTING

For the Fiscal Years Ended June 30, 2006 and 2005

(Not Examined)

Services Provided:

Employees	
Conservation Police Officers	6
Office of Water Resources employee	1
Other employee	1
	<u>8</u>
Equipment	
Trucks	6
Boats	6
	<u>12</u>

Amounts paid directly by IEMA:

Conservation Police Officers	
Payroll	\$ 94,660
Per diem	6,528
Truck fuel	5,470
Boat fuel	800
Commodities	9,500
Miscellaneous expenses	1,700
	<u>\$ 118,658</u>

Other amounts reported to IEMA for reimbursement:

Office of Water Resources and other employees:	
Regular Time	\$ 4,760
Overtime	3,625
Travel	2,030
	<u>\$ 10,415</u>

Total amounts:	<u>\$ 129,073</u>
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**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SERVICE EFFORTS AND ACCOMPLISHMENTS**

Years Ended June 30, 2006 and 2005

(Not Examined)

The Department of Natural Resources' (Department) mission is to manage, protect, and sustain Illinois' natural and cultural resources; provide resource-compatible recreational opportunities; and promote natural resource-related public safety, education and science.

The Department is organized into an Office of Administration and 10 main operating offices. These offices administer activities in four core program areas: Resource Compatible Recreation, Natural and Cultural Resource Protection, Resource-Related Public Safety, and Science, Education and Culture.

Resource Compatible Recreation

The mission of Resource Compatible Recreation program is to provide safe, accessible, high quality and resource compatible outdoor recreation opportunities to the public so they can enjoy the State's natural and cultural resources.

The Resource Compatible Recreation program goals are as follows: 1) meet the public's outdoor recreation needs in a resource-compatible manner, 2) develop and maintain Department facilities and infrastructure to provide meaningful outdoor recreation experiences for Illinois residents and visitors, and 3) establish and maintain partnerships to expand resource compatible recreation opportunities.

The Department owns or manages nearly 500,000 acres of land and water and offers a wide range of recreational opportunities, including camping, picnicking, sightseeing, fishing, hunting, boating, swimming and trail use. In fiscal year 2006, 42,456,815 people visited these sites.

A key objective of the Resource Compatible Recreation program is to maintain a high level of visitor satisfaction with the overall quality of Department sites. In fiscal year 2006, 91 percent of park visitors expressed high satisfaction (i.e., visitor survey scores of 4 or more on a 5 point scale, with 5 equaling excellent) with overall park facilities and operations.

The Department provides funding to local Illinois governments for outdoor recreation facilities and land for open space. In fiscal year 2006, the Department awarded 194 grants totaling nearly \$27 million. With financial assistance provided by the Department, local grant recipients acquired 552 acres and acquired and developed 16 miles of bike trails.

The following are the Resource Compatible Recreation program's Input, Output, and Outcome Indicators.

	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>
<u>Input Indicators</u>			
Total expenditures (in thousands)	\$82,982	\$82,765	\$93,209
Average monthly full-time employee equivalents	819	715	765
<u>Output Indicators</u>			
Acreage owned and managed	456,039	497,753	499,515
Number of grants awarded	110	-	194
Total dollar amount of grants awarded (thousands)	\$26,935	\$ -	\$26,718
Fishing licenses issued	754,767	759,190	1,073,937
Hunting licenses issued	321,998	334,057	193,931
Site attendance	41,086,927	42,400,000	42,456,815
<u>Outcome Indicators</u>			
Amount of grantee acquired acreage	3,897	531	552
Miles of bike trails acquired/developed through grants	24.1	67.0	16.0
Percentage of highly satisfied park visitors	87%	91%	91%
<u>Efficiency/Cost Effectiveness</u>			
Cost per acre managed (in dollars)	\$92.04	\$109.73	\$104.81
Cost per visitor (in dollars)	\$1.02	\$1.20	\$1.21

Natural and Cultural Resource Protection

The mission of the Natural and Cultural Resource Protection program is to protect, manage, enhance, and restore Illinois' natural and cultural resources to preserve these resources for present and future generations.

The Natural and Cultural Resource Protection program goals are as follows: 1) restore, enhance and sustain Illinois' natural and cultural resources for present and future generations, 2) acquire interest in land to meet the public's open space and resource protection needs, 3) maximize the effectiveness of laws, statutes and administrative rules to better protect resources, 4) balance resource consumption and use with resource protection, and 5) avoid, minimize and mitigate adverse impacts to Illinois' lands and waters that result from mining and mineral extraction activities.

As part of the Natural and Cultural Resource Protection program, the Department manages land and water resources, enforces resource laws, acquires resource-rich lands, reclaims mine sites, and manages the State's mineral resources.

The Department owns or manages less than five percent of the State's vast natural resources. As a result, a key goal of the Department's Natural and Cultural Resource Protection program is to protect, manage and enhance natural resources not under ownership or direct management of the Department. The Department offers a number of programs to assist landowners and local entities in the management of resources under their control. For example, in fiscal year 2006 the Department produced 1,856,900 seedlings and reforested 6,388 acres.

Improvement in air quality is an important outcome of the Department's reforestation efforts, as the photosynthetic process of planted trees removes carbon generated by fossil fuel consumption from the atmosphere. The Department's reforestation activities in fiscal year 2006 resulted in the annual absorption of an additional 5,749 tons of carbon from the atmosphere.

The Ecosystem Program is a voluntary program that provides assessment and monitoring, financial and technical support and technical assistance to Local Partnership Councils (Ecosystem Partnerships) represented by groups of individuals including private organizations and public agencies which seek to maintain and enhance conditions in key watersheds in which they live, work and recreate. A key objective of this program has been to increase both the number of ecosystem partnerships and their coverage area throughout the State. In fiscal year 2006, 41 partnerships covered 85% of the State.

The Conservation Reserve Enhancement Program (CREP) is a unique State and Federal partnership to assist landowners in protecting lands along the Illinois River Watershed through the implementation of resource management practices such as the planting of trees and grasses and the development of wetlands. CREP is a voluntary program whose objective is to enhance water quality and habitats for threatened and endangered species through the restoration of 232,000 acres along the Illinois River and its tributaries by 2007. Enrollment in CREP began in fiscal year 1999, and at the end of fiscal year 2006, nearly 111,000 acres had been enrolled in the program. This acreage represents 47.8 percent of the program's ultimate enrollment goal.

The following are the Natural and Cultural Resource Protection program's Input, Output, and Outcome Indicators.

	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>
<u>Input Indicators</u>			
Total expenditures (in thousands)	\$142,613	\$97,533	\$91,095
Average Monthly full-time employee equivalents	752	647	637
<u>Output Indicators</u>			
Number of acres reforested	22,657	10,631	6,388
Number of protected natural areas	557	582	603
Number of Ecosystem Partnerships designated	41	40	41
Number of acres annually enrolled in CREP	666	-	-
Amount of seedlings produced for reforestation	3,938,150	2,200,000	1,856,900

	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>
<u>Outcome Indicators</u>			
Percent of the state covered by Ecosystem Partnerships	85%	85%	85%
Tons of carbon removed from the atmosphere by reforestation	20,391	9,568	5,749
Conservation Reserve and Enhancement Program (CREP) enrollment percentage	47.8%	47.8%	47.8%
Number of deer harvested	169,000	191,000	197,296
Protected natural area acreage	82,957	85,375	87,731
Acquired land (acres)	2,071	2,861	2,076

Resource-Related Public Safety

The mission of the Resource-Related Public Safety program is to ensure the safe and enjoyable use of the State's lands, water and resources, ensure safety in mining and blasting activities, and to protect the public's interests in public waters and floodways.

The Resource-Related Public Safety program goals are as follows: 1) ensure the safety of the public visiting state-managed sites or participating in state-regulated outdoor recreation, 2) protect workers in the extraction industry from mining and explosive accidents, and 3) manage dams and floodways to protect people and property in floodplains.

Through its Resource-Related Public Safety program, the Department offers safety education classes for hunters, boaters, trappers and snowmobilers, certifying 19,945 students in fiscal year 2006. The Department's conservation police offices enforce State laws pertaining to boating, hunting and snowmobile safety, and assist park staff in ensuring the safe use of facilities and resources at agency sites.

One measurement to determine if the Department is meeting the challenge of ensuring the safety of the public visiting state-managed sites is the percentage of visitor survey scores of 4 or more on a 5 point scale (5 = excellent). In fiscal year 2006, 88 percent of park visitors expressed high satisfaction with park safety.

The Department's Resource-Related Public Safety program includes programs to ensure the safety of the State's coal and aggregate miners and others involved in the use of blasting and explosives. Agency staff works to protect the public from mine subsidence and other abandoned mine emergencies and enforce safety standards for dam and floodplain construction.

The following are the Resource-Related Public Safety program's Input, Output, and Outcome Indicators.

	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>
<u>Input Indicators</u>			
Total expenditures (in thousands)	\$13,474	\$12,527	\$11,134
Average monthly full-time employee equivalents	155	135	124

	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>
<u>Output Indicators</u>			
Number of safety education classes held	573	562	554
Number of mine safety certifications issued	443	462	454
Number of mine safety accident prevention contacts	27,182	27,366	12,544
Number of blasting and explosives licenses and certifications issued	1,321	1,503	1,832
Number of blasting and explosives inspections performed	1,572	1,517	1,489
Number of dams inspected	117	67	90
<u>Outcome Indicators</u>			
Percentage of visitors expressing high satisfaction with park safety	88%	87%	88%
Number of students certified by safety education classes	20,248	21,568	19,945

Science, Education and Culture

The mission of the Science, Education and Culture program is to collect and analyze data on our natural and cultural resources and to provide objectives, scientific information and education programs on these resources to government agencies, businesses, other scientists, education institutions, teachers, students and the general public to advance their understanding and appreciation of the State's natural and cultural resources.

The Science, Education and Culture program goals are as follows: 1) educate the public on the diversity and value of the State's natural, and cultural resources, 2) preserve and showcase the State's natural, cultural and artistic heritage, 3) acquire and provide geological information for use in making environmental, economic, public safety and human health related decisions, 4) acquire and provide natural history information that can be used to promote the common understanding of and the sustainable conservation of Illinois' living natural resources, 5) promote information on water and atmospheric resources for use in private and public decision-making, and 6) develop technologies and provide information and technical assistance on waste management and pollution prevention to businesses and the public.

The Department offers a wide range of interpretative and environmental education opportunities as part of the Science, Education and Culture Program.

Illinois ENTICE (Environment and Nature Training Institute for Conservation Education) is a teacher training program designed to incorporate long-term, standards-based natural resource education into Illinois classrooms. The Department has been certified by the Illinois State Board of Education as a certificate renewal credit provider as part of the Board's recertification requirements for teachers. In fiscal year 2006, 2,135 teachers completed ENTICE training and the Department awarded teachers 7,056 continuing professional education hours.

The Department's science institutions are the Illinois State Museum, Illinois Natural History Survey, Illinois State Water Survey, Illinois State Geological Survey, and the Illinois Waste Management and Research Center. Department scientists work on cutting-edge issues and apply the latest technologies available to them. The scientific knowledge that they provide is key to making up-to-date decisions on the appropriate use, effective management and protection of all of Illinois' resources.

In fiscal year 2006, 92 percent of park visitors expressed high satisfaction with interpretive programs as measured by the percentage of visitor survey scores of 4 or more on a 5-point scale (5 = excellent).

The Department's State Museum and its branch facilities, uses its collections and applied research findings in order to serve as an informal education resource and provide learning opportunities for people of all ages. In fiscal year 2006, the State Museum facilities had over 329,000 visitors.

The following are the Science, Education and Culture program's Input, Output, and Outcome Indicators.

	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>
<u>Input Indicators</u>			
Total expenditures (in thousands)	\$49,651	\$53,274	\$37,516
Average monthly full-time employee equivalents	462	426	420
<u>Output Indicators</u>			
Number of user sessions on websites (in thousands)	7,315	7,397	12,703
Number of teachers completing ENTICE training	551	1,505	2,135
Number of active science research projects	896	760	733
<u>Outcome Indicators</u>			
Percentage of site visitors expressing high satisfaction with interpretive programs	82%	86%	92%
Number of continuing professional education (CPE) hours awarded to teachers via "ENTICE" and other programs	3,857	4,918	7,056
Attendance at Museum facilities	372,721	419,167	329,316