

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2012

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AGENCY OFFICIALS

Chair of the Board (10/28/11 – Present)	Mr. William L. Berry
Chair of the Board (07/01/10 – 10/27/11)	Mr. Joseph Sinopoli
Executive Director	Mr. Marc Laino
Chief Fiscal Officer (07/11/12 – Present)	Mr. Vitto Ezeji-Okoye
Chief Fiscal Officer (06/01/12 – 07/10/12)	Vacant
Chief Fiscal Officer (07/01/10 – 05/31/12)	Ms. Jackie Clisham
General Counsel (10/13/11 – Present)	Ms. Katherine Laurent
General Counsel (01/03/11 – 10/12/11)	Vacant
General Counsel (07/01/10 – 01/02/11)	Ms. Shelley Kalita
State Director of Mutuels	Mr. Bob Lang
Director of Field Operations	Mr. Dominic DiCera
Director of Security	Mr. Ed Mingey
Director of Licensing (05/16/12 – Present)	Ms. Madonna Wallace
Director of Licensing (07/01/10 – 05/15/12)	Vacant
Projects Manager	Mr. Mickey Ezzo

BOARD MEMBERS

Commissioner (10/28/11 – Present)	Mr. William L. Berry
Commissioner (07/01/10 – 10/27/11)	Vacant
Commissioner (10/01/12 – Present)	Mr. Gregory W. Sronce
Commissioner (07/02/12 – 09/30/12)	Vacant
Commissioner (07/01/10 – 07/01/12)	Mr. Joseph Sinopoli
Commissioner (09/02/11 – Present)	Vacant
Commissioner (07/01/10 – 09/01/11)	Mr. W. Jack Chamblin
Commissioner (10/14/12 – Present)	Vacant
Commissioner (11/28/11 – 10/13/12)	Ms. Patricia Beauvais
Commissioner ¹ (07/01/10 – 11/27/11)	Mr. Jonathan P. Metcalf
Commissioner (10/28/11 – Present)	Ms. Kathy Byrne
Commissioner ¹ (07/01/10 – 10/27/11)	Mr. William H. Farley, Jr.

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BOARD MEMBERS (continued)

Commissioner (08/03/12 – Present)	Mr. Hugh D. Scates
Commissioner (07/02/12 – 08/02/12)	Vacant
Commissioner (07/01/10 – 07/01/12)	Mr. Angelo Ciambrone
Commissioner	Mr. Allan M. Monat
Commissioner (10/28/11 – Present)	Mr. Benjamin Reyes
Commissioner ¹ (07/01/10 – 10/27/11)	Mr. Michael E. Murphy
Commissioner (10/01/12 – Present)	Mr. Robert G. Schiewe, Jr.
Commissioner (07/02/12 – 09/30/12)	Vacant
Commissioner (07/01/10 – 07/01/12)	Dr. Paul B. Smith, DVM
Commissioner (10/28/11 – Present)	Mr. Roger Whalen
Commissioner (10/12/11 – 10/27/11)	Vacant
Commissioner ¹ (07/01/10 – 10/11/11)	Mr. Timothy P. Martin
Commissioner (12/16/11 – Present)	Mr. Michael LaPidus
Commissioner ¹ (07/01/10 – 12/15/11)	Mr. Robert C. Winchester

¹The Commissioner continued to serve on an expired term until he was replaced.

BOARD OFFICES

Board offices are located at:

Chicago, Illinois

James R. Thompson Center
100 W. Randolph Street, Suite 7-701
Chicago, Illinois 60601

Fairmont Park

Downstate Thoroughbred
9301 Collinsville Road
Collinsville, Illinois 62234

Arlington International Racecourse

Upstate Thoroughbred
2200 W. Euclid Avenue
Arlington Heights, Illinois 60006

Hawthorne Racecourse

Upstate Thoroughbred
3501 S. Laramie Avenue
Cicero, Illinois 60804

Balmoral Park

Upstate Harness
26435 S. Dixie Highway
Crete, Illinois 60417

Maywood Park

Upstate Harness
8600 W. North Avenue
Melrose Park, Illinois 60160



ILLINOIS RACING BOARD

STATE COMPLIANCE EXAMINATION

MANAGEMENT ASSERTION LETTER

July 9, 2013

Honorable William G. Holland
Auditor General
State of Illinois
740 East Ash Street
Springfield, Illinois 62703-3154

Dear Mr. Holland:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the State of Illinois, Illinois Racing Board. 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 State of Illinois, Illinois Racing Board's compliance with the following assertions during the two-year period ended June 30, 2012. Based on this evaluation, we assert that during the years ended June 30, 2011 and June 30, 2012, the State of Illinois, Illinois Racing Board has materially complied with the assertions below.

- A. The State of Illinois, Illinois Racing Board 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, Illinois Racing Board 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, Illinois Racing Board has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the State of Illinois, Illinois Racing Board 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.

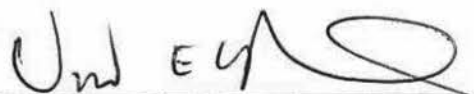
E. Money or negotiable securities or similar assets handled by the State of Illinois, Illinois Racing Board on behalf of the State or held in trust by the State of Illinois, Illinois Racing Board have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper,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

Yours very truly,

State of Illinois, Illinois Racing Board

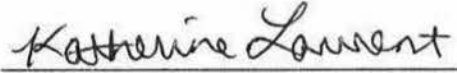


Marc Laino, Executive Director



Vitto Ezeji-Okoye, Chief Fiscal Officer

as of 7/11/2012



Katherine Laurent, General Counsel

as of 10-13-11

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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.

ACCOUNTANTS' REPORT

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

SUMMARY OF FINDINGS

<u>Number of</u>	<u>Current</u>	<u>Prior</u>
Findings	Report	Report
	16	8
Repeated findings	6	*
Prior recommendations implemented or not repeated	2	*

*Effective July 1, 2009, Executive Order 5 (2009) transferred all of the functions and associated powers, duties, rights, and responsibilities of the Illinois Racing Board that were provided by the Department of Revenue, except for any functions provided by the Administrative and Regulatory Shared Services Center at the Department of Revenue, to the Illinois Racing Board as a separate agency. As such, comparative data for fiscal years prior to July 1, 2009, is unavailable.

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)			
12-1	12	Lack of Formal Policies and Procedures over Shared Services	Material Noncompliance and Material Weakness
12-2	15	Inadequate Controls over Receipts	Material Noncompliance and Material Weakness

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<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
12-3	21	Inadequate Controls over Accounts Receivable	Material Noncompliance and Material Weakness
12-4	25	Inadequate Monitoring of Horse Racing Equity Trust Fund Moneys	Material Noncompliance and Material Weakness
12-5	30	Unable to Distribute Local Government Tax Collections	Material Noncompliance and Material Weakness
12-6	31	Excess Cash within the Illinois Racing Board Fingerprint Fund	Material Noncompliance and Material Weakness
12-7	33	Inadequate Control over the Illinois Racing Quarter Horse Breeders Fund	Noncompliance and Significant Deficiency
12-8	35	Failure to Require Timely Payment of the Annual Charity Assessment	Noncompliance and Significant Deficiency
12-9	36	Inadequate Controls over Stewards' Rulings	Noncompliance and Significant Deficiency
12-10	38	Inaccurate Agency Fee Imposition Reporting to the State Comptroller	Noncompliance and Significant Deficiency
12-11	40	Inadequate Controls over Monitoring Racing Requirements	Noncompliance and Significant Deficiency
12-12	42	Noncompliance with the Fiscal Control and Internal Auditing Act	Noncompliance and Significant Deficiency
12-13	43	Inadequate Controls over the Horse Racing Equity Trust Fund	Noncompliance and Significant Deficiency
12-14	45	Inadequate Controls over Personal Services	Noncompliance and Significant Deficiency
12-15	47	Inadequate Controls over Voucher Processing	Noncompliance and Significant Deficiency
12-16	49	Need to Enhance Controls over Confidential Information	Noncompliance and Significant Deficiency

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<u>Item No.</u>	<u>Page</u>	<u>Description</u>
PRIOR FINDINGS NOT REPEATED		
A.	51	Inaccurate Deposits and Improper Expenses
B.	51	Inadequate Controls over Awards and Grants

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Board personnel at an exit conference on July 3, 2013. Attending were:

Illinois Racing Board

Marc Laino – Executive Director
Katherine Laurent – General Counsel
Vitto Ezeji-Okoye – Chief Financial Officer
Bob Lang – State Director of Mutuels
Mickey Ezzo – Projects Manager
Kevin Krass – Special Projects

Office of the Auditor General

Daniel J. Nugent, CPA – Audit Manager
Kathleen A. Devitt, CISA – I.S. Audit Manager
Jose G. Roa – Audit Supervisor
Jane Brown – State Auditor

Responses to the recommendations were provided by Kevin Krass in correspondence dated July 9, 2013.



OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

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

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have examined the State of Illinois, Illinois Racing Board's compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2012. The management of the State of Illinois, Illinois Racing Board is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Illinois Racing Board's compliance based on our examination.

- A. The State of Illinois, Illinois Racing Board 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, Illinois Racing Board 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, Illinois Racing Board has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the State of Illinois, Illinois Racing Board 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, Illinois Racing Board on behalf of the State or held in trust by the State of Illinois, Illinois Racing Board 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, Illinois Racing Board's compliance with those requirements listed in the first paragraph of this report 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, Illinois Racing Board's compliance with specified requirements.

As described in items 12-1 through 12-6 in the accompanying schedule of findings, the State of Illinois, Illinois Racing Board did not comply with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations. As described in item 12-2 in the accompanying schedule of findings, the State of Illinois, Illinois Racing Board did not comply with applicable laws and regulations concerning the collection of State revenues and receipts and ensuring the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law. As described in items 12-4 and 12-6 in the accompanying schedule of findings, the State of Illinois, Illinois Racing Board did not comply with requirements regarding obligating, expending, receiving, and using 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. Compliance with such requirements is necessary, in our opinion, for the State of Illinois, Illinois Racing Board to comply with the requirements listed in the first paragraph of this report.

In our opinion, except for the noncompliance described in the preceding paragraph, the State of Illinois, Illinois Racing Board complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2012. However, the results of our procedures disclosed instances of noncompliance with the 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 findings as items 12-7 through 12-16.

Internal Control

Management of the State of Illinois, Illinois Racing Board is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the State of Illinois, Illinois Racing Board's internal control over compliance with the requirements listed in the first paragraph of this report as a basis for designing 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, but not for the purpose of expressing an opinion on the effectiveness of internal control

over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Illinois Racing Board's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in an entity's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the requirements listed in the first paragraph of this report on a timely basis. *A material weakness in an entity's internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance as described in the accompanying schedule of findings as items 12-1 through 12-6 to be material weaknesses.

A significant deficiency in an entity's internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as items 12-7 through 12-16 to be significant deficiencies.

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

The State of Illinois, Illinois Racing Board's responses to the findings identified in our examination are described in the accompanying schedule of findings. We did not examine the State of Illinois, Illinois Racing Board's responses and, accordingly, we express no opinion on the responses.

Supplementary Information for State Compliance Purposes

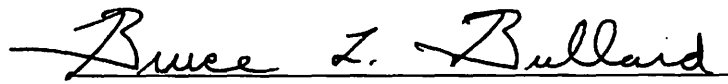
Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information for the years ended June 30, 2012, and June 30, 2011, in Schedules 1 through 10 and the Analysis of Operations Section 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 June 30, 2012, and June 30, 2011, accompanying supplementary information in Schedules 1 through 10. However, we do not express an opinion on the accompanying supplementary information.

As reported in Finding 12-2, we were not able to determine whether the State of Illinois, Illinois Racing Board's cash receipt records at June 30, 2012, and June 30, 2011, were complete and appropriately reported. Therefore, we were unable to conclude whether the Comparative Schedule of Cash Receipts and related reconciliation on Schedules 5 and 6 were complete. Furthermore, as reported in Finding 12-3, the State of Illinois, Illinois Racing Board does not maintain and properly report all accounts receivable to the Office of the State Comptroller. Therefore, the Analysis of Accounts Receivable on Schedule 10 is incomplete.

We have not applied procedures to the June 30, 2010, accompanying supplementary information in Schedules 3 through 8 and 10 and in the Analysis of Operations Section, and accordingly, we do not express an opinion or provide any assurance on it.

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


BRUCE L. BULLARD, CPA
Director of Financial and Compliance Audits

July 9, 2013

STATE OF ILLINOIS
ILLINOIS RACING BOARD
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2012

12-1. **FINDING** (Lack of Formal Policies and Procedures over Shared Services)

The Illinois Racing Board (Board) did not have adequate detailed procedures with the Administrative and Regulatory Shared Services Center at the Department of Revenue (Shared Services) detailing each entity's responsibilities for the daily operations of the Board.

When the Board separated from the Department of Revenue on July 1, 2009, Executive Order 5 (2009) required the Board continue using Shared Services for any functions previously provided by Shared Services.

During fieldwork, the auditors reviewed the inter-agency agreement between the Board and Shared Services. The auditors noted the Board has not implemented the auditors' recommendation from the prior examination to "delineate and reduce to writing each entity's responsibilities in performing the daily operations of the Board."

Part V, Section A of the *Interagency Agreement among the Illinois Department of Revenue, Illinois Department of Central Management Services, Illinois Department of Financial and Professional Regulation, Illinois Gaming Board, Illinois Racing Board, and the Illinois Department of Insurance Regarding Shared Services for Certain Human Resources and Fiscal Functions* states, "The Parties have established or will be establishing certain detailed task-specific protocols regarding the scope and procedures of the shared administrative services that are transferred under this Agreement."

Since our previous examination, the auditors noted improved communications between the Board and Shared Services. However, we continued to note problems arising from confusion regarding the Board and Shared Services' responsibilities for the Board's operations, including:

- The Board and Shared Services did not accurately report cash receipts in transit to the State Treasury. During receipts and accounts receivable testing, the auditors noted Shared Services was the keeper of the Board's central receipt records. As Shared Services prepares the Board's receipt reconciliations and accounts receivable reports, they determined cash received by Board employees in transit between the racetrack and the Department of Revenue's receipt deposit operations was an account receivable. Therefore, the Board's receipts per agency records amount is inaccurate when Shared Services prepares monthly reconciliations of receipts to the records of the State Comptroller. For the month ending June 30, 2012, Shared Services incorrectly reported, at least, \$8,819 as receivables that were actually cash in transit to the State Treasury (see Finding 12-2 and Finding 12-3 for additional information).
- The Board and Shared Services do not have an adequate process to ensure all invoices submitted for payment by the Board are actually processed by Shared

STATE OF ILLINOIS
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For the Two Years Ended June 30, 2012

Services and presented as a proper voucher to the State Comptroller. During testing, the auditors noted one voucher the Board submitted to Shared Services in October 2010 that was lost and not identified as unpaid until August 2011 (see Finding 12-15 for more information).

- The Board and Shared Services do not have an adequate reconciliation and review process to monitor unusual trends or account balances within the Board's financial records to identify and correct errors. The auditors noted that while Shared Services performed monthly reconciliations of Board records to the State Comptroller's records, neither the Board nor Shared Services identified a growing fund balance in the Horse Racing Equity Trust Fund. This trend should have been identified as unusual due to the governing State law requiring distribution of any receipts to the racetracks within 10 days of receipt. Shared Services only identified this error after further deposits into the fund were ceased in July 2011 (see Finding 12-13 for more information).
- The Board and Shared Services did not ensure all receipts were deposited into the correct receipt account and did not properly document the correction of receipt deposit errors (see Finding 12-2 for more information).
- The Board and Shared Services continued to have difficulty processing vouchers within the timeframes for the approval of vouchers established within the Illinois Administrative Code (see Finding 12-15 for more information).
- The Board's upper management was unaware of and disputed that the Board had received, deposited, and ordered receipts of \$26,683,101 into the Horse Racing Equity Trust Fund within the State Treasury. These receipts arose from the 3% additional tax on casinos with adjusted gross receipts exceeding \$200 million in Calendar Year 2004, pursuant to the Riverboat Gambling Act (230 ILCS 10/7). The auditors noted Shared Services was completely performing the entire receipt deposit process on behalf of the Board.
- During the auditors' review of the Board's Fiscal Year 2012 evaluation of the Board's systems of internal fiscal and administrative controls, the auditors noted one response where the Board wrote "IRB assumes Shared Services has taken steps to ensure information remains confidential."

The Board is ultimately responsible for the activities Shared Services conducts on its behalf. The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that 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 the State's resources.

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Board officials stated the Board has continued to reach out to Shared Services to receive a detailed breakdown of the day to day functions that Shared Services performs on behalf of the Board. According to the officials, the paperwork received was limited as to specific functions.

Failure to develop formal, written policies and procedures detailing the relationship between the Board and Shared Services may lead to noncompliance with State laws, rules, and regulations. (Finding Code No. 12-1, 10-1)

RECOMMENDATION

We recommend the Board work with the Administrative and Regulatory Shared Services Center at the Department of Revenue to delineate and reduce to writing each entity's responsibilities in performing the daily operations of the Board. Further, the Board should continuously monitor the activities that the Administrative and Regulatory Shared Services Center at the Department of Revenue performs on its behalf to identify and correct internal control deficiencies.

BOARD RESPONSE

The Board has been working with Shared Services (ARSSC) to understand what processes and tasks are being done by Shared Services and what portions need to be done by the Board. The ARSSC has since provided a much more detailed list of the duties and responsibilities of the Center. The Board will send a fiscal representative to Springfield for training in various systems in order to monitor funds, receipts, accounts payable, etc. The ARSSC will review July receipts in order to adequately determine cash in transit versus accounts receivable at year end. Additionally, the Board's Chief Fiscal Officer will monitor invoices submitted for payment via a spreadsheet log and will start electronically submitting all invoices for payment to ARSSC.

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For the Two Years Ended June 30, 2012

12-2. **FINDING** (Inadequate Controls over Receipts)

The Illinois Racing Board (Board) did not have adequate internal controls over collecting and reporting receipts and lacked adequate cash management for ensuring the timely and efficient deposit of cash into the State Treasury.

During the examination period, the Board sought and received a 30 day receipt deposit extension from the State Treasurer and State Comptroller for receipts collected by the Board at the racetracks from licensees.

During testing, the auditors noted the following:

- The Board lacked adequate cash management procedures designed to timely and efficiently expedite cash collections into the State Treasury. The auditors tested 60 receipts, totaling \$4,412,440.
 - Fourteen of 60 (23%) receipts tested, totaling \$1,228,231, were deposited into the State Treasury between one and 41 business days late following the Board exhausting any applicable receipt deposit extensions.
 - Four of 60 (7%) receipts tested, totaling \$68,498, did not have adequate supporting documentation detailing the date the receipts were received by the Board. The auditors were unable to determine if these receipts were timely deposited by the Board into the State Treasury.
 - The Board did not record prior year refunds, totaling \$325, in its receipt records.

The State Officers and Employees Money Disposition Act (30 ILCS 230/2(a)) requires the Board keep proper books with a detailed, itemized accounting of all receipts showing the date of receipt and deposit receipts collected into the State Treasury within a specific number of business days, depending on the value of cash receipts on hand.

- One of 60 (2%) receipt deposit transmittals tested, totaling \$6,020, was not timely remitted to the State Comptroller for deposit into the State Treasury within a reasonable period of time. The receipts were remitted to the State Comptroller between 35 and 37 days after the Board received a State Treasurer's Draft.

The Statewide Accounting Management System (SAMS), Procedure 25.20.10, requires the Board prepare a Receipts Deposit Transmittal (Form C-64) with either a State Treasurer's Draft or other acceptable

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remittance to order moneys deposited into the State Treasury. Good cash management controls includes expediting the deposit of cash receipts into the State Treasury to speed the payment of State obligations.

- The Board lacked adequate internal controls over the cash receipt process. During testing, the auditors noted the following:
 - Four of 60 (7%) receipts tested, totaling \$37,909, did not agree with the receipt's amount reported within the Board's supporting documentation. The total unreconciled discrepancies totaled \$8,950.
 - During analytical reviews, the auditors identified three organization licensee fines, totaling \$31,850, which were incorrectly recorded by the Administrative and Regulatory Shared Services Center at the Department of Revenue to the organization licensee receipt account instead of the fines and penalties receipt account.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

- During analytical reviews, the auditors noted four unusual deposits of cash receipts in amounts other than whole dollars into the \$1 inter-track wagering location admission fee account. In following up on this matter with an official with the Administrative and Regulatory Shared Services Center at the Department of Revenue, the official indicated the amounts were not equal to whole dollars because they were correcting an earlier \$17,000 receipt deposit transmittal that was erroneously recorded to the wrong revenue receipt code.

SAMS, Procedure 25.20.15, establishes procedures for submitting a Form SCO-102 for having an incorrect deposit transferred to the correct receipt account. Good internal control includes establishing adequate audit trails and accountability by documenting the correction of an error, rather than creating additional receipt deposit errors.

- During walkthroughs at Balmoral Park, the auditors noted the following:
 - One Board employee routinely takes and transports receipt collections and licensee applications, including certain personal and confidential information, from Maywood Park to the

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employee's personal residence overnight to Balmoral Park the next day.

- Another Board employee routinely takes and transports receipt collections and licensee applications, including certain personal and confidential information, from Balmoral Park to the employee's home where the receipts and licensee applications are stored before they are delivered to the Board's Central Office in Chicago. These items are stored overnight in the employee's car in a garage.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources. Further, the Personal Information Protection Act (815 ILCS 530) requires the Board protect all nonpublic personal information.

Good internal controls over compliance include implementing policies and procedures to prevent individuals who receive and process receipts from taking receipts home with them. Further, all nonpublic personal information should be properly secured and transported directly from the racetrack to the Board's Central Office, if necessary.

- The Board is not processing licensee overpayments for cash refunds through the State Treasury. A Board employee receives mail sent to the Board at Balmoral Park from the racetrack and processes applications. In the event an application has an overpayment, the employee signs the check over to the Horseman's Guarantee Corporation of America and gets a new check for the correct amount of the application and then calls the licensee to explain the transaction.

The State Officers and Employees Money Disposition Act (30 ILCS 230/2(a)) requires the Board "pay into the State Treasury the gross amount of money so received." Further, the Board received appropriations for refunds during Fiscal Year 2011 and Fiscal Year 2012 in Public Act 96-0956 and Public Act 97-0062, respectively. SAMS, Procedure 11.10.40, defines refunds as the repayment of taxes or fees paid in excess to the State.

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- The Board does not have adequate internal control over receipts received in the mail. In the event of an underpayment, a Board employee checks with the Horseman's Guarantee Corporation of America to see if the licensee has available funds to make the payment in their account and will then call for permission to get the full amount paid. If the licensee agrees, the Horseman's Guarantee Corporation of America generates a new check for the proper amount and the old check was either mailed back to the licensee or shredded.

The State Officers and Employees Money Disposition Act (30 ILCS 230/2(a)) requires the Board "pay into the State Treasury the gross amount of money so received." Good internal controls require the Board develop a process to either collect the total amount due for the license from the licensee or prepare a refund for the payment from the State Treasury if the licensee does not wish to continue with the licensing process.

- During walkthroughs at the Arlington International Racecourse, the auditors noted a \$1,000 fine payment from a Stewards' Ruling stapled in the Board's fine receipt ledger. In following up on this matter, Board staff members indicated the fine was being appealed through the Board's internal processes and the check was being held until the appeal's final disposition.

The Board's General Counsel, in a September 6, 2007, memorandum, directed the Board's staff to require fines be paid to the Board within 30 days and held in the licensee's Horseman's Guarantee Corporation of America account during the pending litigation. Upon final disposition in the case, the Horseman's Guarantee Corporation of America must pay the fine to the Board or return the money to the licensee.

- The Board and the Administrative and Regulatory Shared Services Center at the Department of Revenue improperly considered cash-on-hand and in transit to the State Treasury from collections by the Board's staff at the racetracks to the Department of Revenue as accounts receivable (see Finding 12-1 for more information). For the month ending June 30, 2012, the Administrative and Regulatory Shared Services Center at the Department of Revenue incorrectly reported, at least, \$8,819 as receivables that were actually cash in transit to the State Treasury.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources applicable to

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operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

Board officials stated the Board's receipt deposit process was dependent on mailing documentation to the Department of Revenue in Springfield, often delaying deposits into the State Treasury. Further, the other exceptions were due to staff oversight and error.

Due to these limitations, the auditors were unable to conclude whether the Board's cash receipt records at June 30, 2011, and June 30, 2012, were complete and appropriately reported.

Failure to timely deposit cash receipts into the State Treasury and submit Receipt Deposit Transmittal Forms to the State Comptroller reduces the amount of cash available to pay current obligations and represents noncompliance with the State Officers and Employees Money Disposition Act. In addition, failure to establish and maintain internal controls over receipts increases the risk that errors or irregularities could occur and not be found within the normal course of operations. Further, failure to properly handle and store receipts and licensee applications could result in a disclosure of nonpublic personal information. (Finding Code No. 12-2, 10-2)

RECOMMENDATION

We recommend the Board take action to establish and implement internal controls over the Board's receipt process, including:

- developing cash management procedures designed to timely and efficiently expedite cash collections into the State Treasury;
- maintaining adequate supporting documentation that reconciles to deposit records and ensure all receipts are properly recorded on the Board's books and records;
- timely submitting Receipt Deposit Transmittal Forms to the State Comptroller;
- ensuring receipts are deposited into the proper account and the correction of errors is performed in a manner that establishes adequate audit trails and accountability by documenting the correction of the error;
- ensuring receipts and licensee applications received at the racetracks are properly secured and, if necessary, directly transported from one Board office to another Board office in a secure manner;
- ensuring licensee overpayments are processed through the State Treasury; and,
- ensuring all employees deposit the gross amount of all moneys received into the State Treasury, as required by State law.

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BOARD RESPONSE

The Board has taken steps to expedite deposits into the State Treasury. Beginning in May of 2012, all receipts are processed in the Central Office at the James R. Thompson Center and are scanned electronically by the Department of Revenue into a Racing Board clearing account. Additionally, all documentation and support for those receipts are stored at the Board's Central Office. Since the Shared Services Center began the responsibility of certain deposit functions for the Board, additional review procedures have been added to help prevent discrepancies when the RDT forms are submitted. Following the Auditor's recommendation, the Board will formalize a procedure for receipts and ensure that all employees that handle receipts adhere to that policy. This procedure will address sending all receipts and applications to the Central Office via FedEx in a timely fashion as well as depositing gross receipt amounts to the State Treasury in instances of an overpayment and issuing refunds as needed.

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12-3. **FINDING** (Inadequate Controls over Accounts Receivable)

The Illinois Racing Board (Board) did not exercise adequate internal control over accounts receivable collection activities or preparing its Quarterly Summary of Accounts Receivable reports (quarterly report) for the Office of the State Comptroller.

During accounts receivable testing, the auditors noted the following:

- The Board does not appear to make adequate attempts to collect past-due receivables, place debts owed to the State on the State Comptroller's Offset System, or refer delinquent debt to the Department of Revenue's Debt Collection Bureau.

The Illinois State Collection Act of 1986 (Act) (30 ILCS 210/3) states that it is the "public policy of this State to aggressively pursue the collection of accounts or claims due and payable to the State of Illinois through all reasonable means." The Act (30 ILCS 210/5(c)) required delinquent debts in excess of \$1,000 (now \$250) and 90 days past due be referred for collection to the State Comptroller's Offset System, unless the debtor has entered into a payment plan or the placement of the debt would be, to the satisfaction of State Comptroller, not cost effective. The Statewide Accounting Management System (SAMS), Procedure 26.40.20, establishes procedures for the Board to notify the State Comptroller to withhold claims due to the State from warrants payable from the State Treasury. In addition, the Act (30 ILCS 210/5(g)) requires the Board refer qualifying delinquent debt to the Department of Revenue's Debt Collection Bureau.

- The Board does not report receivables from returned non-sufficient funds checks for fees imposed upon licensees.

SAMS, Procedure 26.20.10, defines receivables as amounts or claims owed to the State by any individual or entity, where payment is the only unconsummated act and the claim is measurable in terms of monetary value established by State law. Further, SAMS, Procedure 26.30.20, requires the Board enter receivables recognized on the Board's quarterly reports and report collections occurring during each quarter.

- The Board did not notify the Department of Revenue or the Department of Agriculture of receivables for the Horse Racing Fund, Quarter Horse Purse Fund, or the Illinois Racing Quarter Horse Breeders Fund for pari-mutuel taxes earned during the last days of each quarter that have not been received by the Department of Revenue. The Board, in accordance with the Illinois Horse Racing Act of 1975 (230 ILCS 5/27(c)), is responsible for verifying the completeness and accuracy of organization licensee (racetrack) payments into all three funds.

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SAMS, Procedure 26.20.10, states that for interim reporting purposes, taxes receivable will be limited to those amounts due to the State actually assessed at the time of reporting. SAMS, Procedure 26.30.10, continues to state, “Quarterly receivables will include only those amounts which are due to the State at the time of such reporting. Self-assessed revenues, including most taxes, will not be estimated for interim reporting. Report only those components of self-assessed revenue sources that represent known receivables due from specific individuals and entities. These amounts may include delinquent taxes, additional assessments and penalties, and amounts reported but unpaid.” Since the Board assesses taxes due when each day ends and the accounts receivable reports are filed after the amounts for the day can be reasonably estimated, the Board should recognize the State’s claims to these funds in each quarterly report.

- The Board has internal control weaknesses over accounts receivable, including:
 - The Board does not have an adequate process for ensuring all Stewards’ Rulings with a financial penalty for an alleged violation of the Board’s rules and regulations are recorded within the Board’s Pari-Mutuel Information and Tracking System (PITS) (see Finding 12-9 for more information).
 - The Board does not have an adequate process for reporting certain categories of accounts receivable data to the Office of the State Comptroller, such as the age of receivables upon collection and the number and amount of long-term accounts receivable.
 - The Board’s PITS considers all imposed fines as past due, even though the Board allowed licensees thirty days to pay a fine following the date of the Steward’s Ruling during the examination period.
 - The Board’s quarterly report for March 31, 2012, did not report receivables arising from the \$1 inter-track wagering location admission fees earned on March 30 and March 31 that were not paid to the Board until the subsequent quarter.
- While the Board took corrective action during Fiscal Year 2012 to address certain accounts receivable reporting errors noted during the Board’s prior examination, the Board and the Administrative and Regulatory Shared Services Center at the Department of Revenue improperly considered cash-on-hand and in-transit to the State Treasury from collections by the Board’s staff at the racetracks to the Department of Revenue as accounts receivable (see Finding 12-1 for more information). For the month ending June 30, 2012, the Administrative and Regulatory Shared Services Center at the Department of

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Revenue incorrectly reported, at least, \$8,819 as receivables that were actually cash in-transit to the State Treasury.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources 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 the State's resources.

- The Board has not reviewed its accounts receivable process to determine whether its method of estimating uncollectible accounts is fair and reasonable.

SAMS, Procedure 26.20.20, states the Board should examine the collection history for each type of receivable that it recognizes in order to establish guidelines for estimating the amount of debt that will be uncollectible.

Board officials stated the Board lacked formal fiscal procedures to work in correlation with other State agencies to pursue past due receivables as well as a formal procedure with the Administrative and Regulatory Shared Services Center at the Department of Revenue in regards to aging receivables.

Due to these limitations, the auditors were unable to conclude whether the Board's accounts receivable records at June 30, 2011, and June 30, 2012, were complete and appropriately reported.

Failure to exercise adequate controls over accounts receivable led to reporting errors reducing the reliability of Statewide financial information and could have resulted in lost revenue to the State. (Finding Code No. 12-3, 10-4)

RECOMMENDATION

We recommend the Board:

- implement procedures to pursue the collection of receivables due to the State;
- report all accounts receivable to the Office of the State Comptroller in accordance with the Statewide Accounting Management System;
- notify other State agencies of receivables related to pari-mutuel taxes;
- implement internal controls to provide assurance Stewards' Rulings are recorded in a timely manner in PITS;
- ensure PITS is programmed to process receivables in accordance with Board policy;
- properly report cash on-hand and in-transit to the State Treasury; and,
- review the Board's methodology for estimating uncollectible accounts receivable.

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BOARD RESPONSE

The Board agrees with the Auditor's recommendations and is currently reporting past due receivables to the State Comptroller's Offset System. In addition, the Board is working with Shared Services to ensure that future reporting of accounts receivable is prepared in compliance with current provisions of the Statewide Accounting Management System (SAMS).

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12-4. **FINDING** (Inadequate Monitoring of Horse Racing Equity Trust Fund Moneys)

The Illinois Racing Board (Board) did not adequately monitor the expenditure of grant funds by organization licensees (racetracks) received from the Horse Racing Equity Trust Fund.

In 2006 and 2008, the General Assembly found that riverboat gambling operations had a negative impact on the State's horse racing industry (see Section 1(1) of Public Act 94-0804 and Public Act 95-1008). To address this matter, the General Assembly enacted an additional 3% tax on casinos with adjusted gross receipts exceeding \$200 million in Calendar Year 2004 for deposit into the Horse Racing Equity Trust Fund (Riverboat Gambling Act, 230 ILCS 10/7). The Board collected and remitted these receipts into the State Treasury between May 26, 2006, through May 25, 2008, and December 15, 2008, through July 18, 2011, when the Rivers Casino in Des Plaines, Illinois began operations. After depositing the cash within the State Treasury, the Board was required to distribute the collected tax receipts from the casinos, plus accrued interest, to the racetracks within 10 days (Illinois Horse Racing Act of 1975, 230 ILCS 5/54.75(b)).

Pursuant to the Illinois Horse Racing Act of 1975 (Act) (230 ILCS 5/54.75(b)), moneys deposited into the Horse Racing Equity Trust Fund remitted to the racetracks were to be split where 60% of the moneys were to supplement purses and 40% of the moneys were "to improve, maintain, market, and otherwise operate its racing facilities to conduct live racing, which shall include backstretch services and capital improvements." Further, the Act (230 ILCS 5/54.75(c)) required the Board monitor the racetracks to ensure moneys paid to the racetracks were distributed by the racetracks as provided by State law. In addition, the Board's adopted regulations (11 Ill. Admin. Code 452.10(b)) state "the Board shall verify that moneys distributed to the organization licensee are used to improve, maintain, market, and otherwise operate its racing facilities to conduct live racing, which shall include backstretch services and capital improvements."

As of June 30, 2012, the racetracks had received approximately \$141.8 million from the Horse Racing Equity Trust Fund.

During a review of the Board's monitoring process for the 40% of Horse Racing Equity Trust Fund moneys due to the racetracks, the auditors noted the following:

- During Fiscal Year 2012, each racetrack filed a single report with the Board reporting its usage of moneys from the Horse Racing Equity Trust Fund.
- The Board did not establish a reporting mechanism for racetrack expenditures to gather sufficient expenditure transaction information to allow for Board reviews. Three of the four racetracks (75%) each submitted a one to two page report with amounts reported in broad transaction categories, such as marketing, supplies,

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maintenance, and payables, without describing or providing any supporting documentation for the underlying transactions comprising the transaction category amounts reported to the Board.

- The Board did not require the racetracks to detail the disposition of all moneys received by the racetracks, including amounts paid into the purse accounts. Three of four racetracks (75%) did not report total cash received from the Horse Racing Equity Trust Fund that could be reconciled back to Board disbursements from the Horse Racing Equity Trust Fund recorded by the Office of the State Comptroller. One racetrack reported cash disbursements greatly in excess of its cash receipts and another racetrack's report appears to overstate funds received for the racetrack's use by \$79,942.
- One of the four racetracks (25%) submitted one report to the Board which apparently included all expenditures made by the racetrack and did not segregate and separately report on distributions received by the racetrack from the Horse Racing Equity Trust Fund from the racetrack's private funds.
- The Board did not engage in verifying any uses of Horse Racing Equity Trust Fund moneys reported by the racetracks. The extent of the Board's monitoring was receiving and filing the reports from the racetracks.

During a review of the Board's monitoring process for the 60% of Horse Racing Equity Trust Fund moneys due to the purse accounts, the auditors noted the following:

- The Board did not establish a reporting mechanism for racetrack expenditures to gather sufficient expenditure transaction information to allow for Board reviews. The auditors noted the various racetracks do not have a consistent methodology for reporting the addition and use of Horse Racing Equity Trust Fund moneys within their purse accounts.
- During a review of the racetracks' purse account reports submitted to the Board, the auditors noted the Board did not reconcile the amounts distributed to the racetracks back to the amounts reported by the racetracks as receipts. The auditors noted the following:
 - One of the four racetracks (25%) did not report a beginning balance that reconciled with the amounts distributed by the Board for purses, with an unreconciled difference of \$2,695,981. The Board did not follow up on this difference when the Board received the racetrack's report.

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Following notification from the auditors, the Board contacted the racetrack to obtain an explanation for the difference. The racetrack provided a new calculation, which – while the beginning balance now agreed to amounts distributed by the Board – did not report an ending balance at the conclusion of the 2012 horse race meeting that agreed with amounts previously reported by the racetrack to the Board. The unreconciled difference totaled \$627,364.

Following further discussions with the racetrack, the racetrack reported it submitted estimated numbers to the Board and did not report actual data to the Board until auditor inquiry.

- One of the four racetracks (25%) did not report a beginning balance that reconciled with the amounts distributed by the Board for purses, with an unreconciled difference of \$10,998,560. The Board did not follow up on this difference when the Board received the racetrack’s report.

Following notification from the auditors, the Board contacted the racetrack to obtain an explanation for the difference. The racetrack explained it had entered into an agreement with the relevant horseman’s group prior to the passage of Public Act 94-0804 to modify recapture amounts on purses with the ability for the racetrack to recover 50% of the modified recapture amounts when an “alternative revenue” source was identified in the future.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board establish and maintain internal fiscal and administrative controls to provide assurance that resources are utilized in compliance with applicable law.

During discussions with Board officials on this matter, they indicated the purpose of the program was to get cash to the racetracks to help them through difficult financial times. It was their opinion that as no time limit existed for the use of moneys from the Horse Racing Equity Trust Fund and the racetracks constantly incur expenses that could have been eligible, therefore further monitoring was not necessary.

Failure to implement a sufficient reporting mechanism for the racetrack’s use of moneys and to verify the reported transactions complied with statutory requirements represents noncompliance with the Illinois Horse Racing Act of 1975 and the Illinois Administrative Code. (Finding Code No. 12-4)

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RECOMMENDATION

We recommend the Board establish a reporting mechanism for racetracks to report the use of Horse Racing Equity Trust Fund moneys apart from each racetrack's private resources and sufficient transaction information for the Board to perform detail reviews of all racetrack transactions involving moneys from the Horse Racing Equity Trust Fund. Further, the Board should verify – at minimum, on a test basis – that moneys were used by the racetracks for eligible statutory purposes as required by the Illinois Administrative Code.

BOARD RESPONSE

The Board disagrees with this finding. The General Assembly was clear in its intent and purpose to allow the racetracks to apply funds derived from the Horse Racing Equity Trust Fund (HRETF) (40% of \$144,216,396 equaling \$57,686,558 collectively) to *“improve, maintain, market, and otherwise operate its racing facilities to conduct live racing, which shall include backstretch services and capital improvements related to live racing and the backstretch.”* In February 2010, the Board amended Part 452 of its Administrative Rules (11 Ill. Admin. Code 452.30) to require each racetrack to submit annually, a report detailing eligible expenditures from the HRETF. All racetracks have been compliant and timely in their annual reporting and have provided detailed expenditure information. Additionally, the rule allowed the application of funds retroactive to December 13, 2009 (the date the Treasurer transferred funds from the Protest Fund to the HRETF). Beginning in 2010 and through 2013, racetracks collectively have incurred HRETF eligible expenses in excess of approximately \$472 million. In total, racetracks received \$57,686,558 in HRETF to be applied toward \$472 million in eligible expenses and capital improvements. In addition to the annual HRETF expenditure reports, racetracks submitted annual certified audited financial statements in support of the HRETF expenses. In the first year of HRETF expenditure reporting alone, racetrack eligible expenses were double the HRETF amounts received. Board Rule 452.30 (e) states that *“If the Board so requests, verification of payment, including, but not limited to, cancelled checks and/or invoices.”* With the known racetrack operating expenses, supported by annual racetrack certified financial statements, and yearly submission of HRETF expenditures, the Board felt it was unnecessary to deploy its limited resources and personnel for the purpose of verifying cancelled checks and/or invoices for known reoccurring eligible expenses related to conducting live race meet operations.

Concerning the purse accounts, the racetracks accurately credited the purse accounts with the Board's HRETF distributions. Each track had a unique situation with regard to overpayments to their horsemen and purse recapture implications; therefore, a net reporting of the Impact Fee due to purses was often used. The \$627,364 discrepancy in the Hawthorne purse account is completely unrelated to the HRETF distribution, and is a normal end-of-meet inter-state pari-mutuel settlement adjustment.

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AUDITORS' COMMENT

The General Assembly mandated the Board monitor organization licenses to ensure moneys distributed from, and used by, the racetracks from the Horse Racing Equity Trust Fund were used in compliance with the Illinois Horse Racing Act of 1975 (230 ILCS 5/54.75(b)). 230 ILCS 5/54.75(c). The Board's response indicates, contrary to the mandatory direction of the General Assembly and its own rules at 11 Ill. Admin. Code 452.30(d), the Board chose not to monitor the expenditures in detail simply because the racetracks have certain "known racetrack operating expenses."

Additionally, the State's post audit program is not and should not be considered an internal control mechanism for any operational activity at a State agency. While the racetracks provided explanations for, at times, multi-million dollar discrepancies within the purse accounts, these discrepancies were not identified and no explanations were obtained by the Board until after auditor inquiry. Further, the \$627,364 discrepancy directly impacted the remaining balance of Horse Racing Equity Trust Fund moneys within the purse account of the racetrack in question.

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12-5. **FINDING** (Unable to Distribute Local Government Tax Collections)

The Illinois Racing Board (Board) was unable to distribute all inter-track wagering location admission fees to the City of Chicago and Cook County.

During testing, the auditors noted the Board ceased activity within the Illinois Racing Board Grant Fund at the close of Fiscal Year 2012 to deposit inter-track wagering location admission fees into the Horse Racing Fund, as required by the Illinois Horse Racing Act of 1975 (230 ILCS 5/28.1(a)).

As a result of prior period fund transfers, the Board lacked sufficient cash after ceasing transactions within the Illinois Racing Board Grant Fund to pay remaining obligations to Cook County, totaling \$43,809, and the City of Chicago, totaling \$1,118.

The Illinois Horse Racing Act of 1975 (230 ILCS 5/27(f)) requires the Board distribute inter-track wagering location admission fees imposed by local governments pursuant to rule. The Illinois Administrative Code (11 Ill. Admin. Code 1325.80(d) and 11 Ill. Admin. Code 1428.10(d)) requires the Board remit amounts due to local municipalities and counties on a monthly basis.

Board officials stated prior period fund transfers to the General Revenue Fund transferred cash needed to pay amounts due to local governments.

Failure to remit inter-track wagering location admission fees due to local governments could subject the State to legal risks. (Finding Code No. 12-5)

RECOMMENDATION

We recommend the Board work with the Governor and General Assembly to seek a legislative remedy to pay the outstanding obligations due to Cook County and the City of Chicago.

BOARD RESPONSE

Pursuant to the Auditor's recommendation, the Board is currently in discussions with the Governor's Office with regard to the shortage of funds needed to pay local governments for the OTB admission tax. The Board would like to reiterate that the shortage of funds needed to pay these local governments was not due to a miscalculated fund transfer, but rather an unexpected sweep into the General Revenue Fund. The Board will continue to work with GOMB and make attempts to recapture these funds needed to pay local governments.

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12-6. **FINDING** (Excess Cash within the Illinois Racing Board Fingerprint Fund)

The Illinois Racing Board (Board) did not comply with fingerprint fee requirements or properly cease the operation of the Illinois Racing Board Fingerprint Fund.

During testing, the auditors noted the following:

- The Board collected a \$45 fingerprinting fee, which exceeded the fingerprinting fee charged to the Board by the Department of State Police by \$13.50 for an electronic fingerprint check and \$8.50 for a fingerprint check on paper forms. Due to fingerprint fees exceeding actual costs, the Illinois Racing Board Fingerprint Fund has developed an excess cash balance of \$134,908 at June 30, 2012.

The Illinois Horse Racing Act of 1975 (230 ILCS 5/15(e-f)) requires occupational licensee applicants submit a set of their fingerprints to the Department of State Police for a background check and pay a fee “which shall not exceed the actual cost of the records check” for deposit into the State Police Services Fund.

- The Board did not notify the Office of the State Comptroller that the Illinois Racing Board Fingerprint Fund, a State Trust Fund, was no longer needed in order to initiate the fund dissolution process and determine an appropriate disposition for the excess cash balance of \$134,908.

The Statewide Accounting Management System (SAMS), Procedure 09.20.20, requires the Board monitor, review, and notify the State Comptroller at the time a State Trust Fund may be dissolved. In addition, SAMS, Procedure 09.10.40, allows administering agencies to initiate fund dissolutions for State Trust Funds.

Board officials stated that failure to charge the correct fingerprint fee and take steps to dissolve the Illinois Racing Board Fingerprint Fund was due to employee oversight.

Failure to charge a fingerprint fee that does not exceed the cost of the fingerprint records check and have statutory authority to deposit fingerprint receipts into the Horse Racing Fund represents noncompliance with the Illinois Horse Racing Act of 1975. Further, failure to initiate the fund dissolution process and determine an appropriate disposition for excess cash balances represents poor cash management practices within the State Treasury. (Finding Code No. 12-6)

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RECOMMENDATION

We recommend the Board conform its fingerprint operations to State law and initiate the fund dissolution process to determine an appropriate disposition for the excess cash balance within the Illinois Racing Board Fingerprint Fund, or seek a legislative remedy.

BOARD RESPONSE

The absence of a Director of Licensing in previous years led to an oversight with respect to the fingerprint fee charges. The Board currently has a Director of Licensing who will work in conjunction with the Illinois State Police to ensure that the Board properly charges for fingerprint submissions. Furthermore, following the Auditor's recommendation, the Board will pursue efforts with GOMB and the Comptroller to properly dissolve the Fingerprint Fund (248) and seek legislation to transfer the remaining balance of \$134,907.66 to the Horse Racing Fund.

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12-7. **FINDING** (Inadequate Control over the Illinois Racing Quarter Horse Breeders Fund)

The Illinois Racing Board (Board) did not establish and maintain adequate internal control over deposits into the Illinois Racing Quarter Horse Breeders Fund.

While the Department of Revenue (Department) is responsible for collecting and depositing pari-mutuel tax pursuant to the Illinois Horse Racing Act of 1975 (230 ILCS 5/27(a-5)), the Board is responsible for verifying the completeness and accuracy of pari-mutuel tax receipts deposited into the Horse Racing Fund, the Illinois Racing Quarter Horse Breeders Fund, and the Quarter Horse Purse Fund pursuant to the Illinois Horse Racing Act of 1975 (230 ILCS 5/27(c)).

During testing, the auditors noted the following:

- The Department improperly accrued the amount of pari-mutuel tax that would have otherwise been collected and deposited into the Illinois Racing Quarter Horse Breeders Fund if the organization licensees (racetracks) were not exhausting their pari-mutuel tax credits allowed under the Illinois Horse Racing Act of 1975 (230 ILCS 5/32.1). For example, a racetrack exhausting all of its pari-mutuel tax credits in October would have all amounts that would have been otherwise deposited into the Illinois Racing Quarter Horse Breeders Fund from January through September accrued and deducted from deposits due to the Horse Racing Fund in October.

The Illinois Horse Racing Act of 1975 (230 ILCS 5/30.5(b)) requires 8.5% of all the moneys received by the State as pari-mutuel taxes on quarter horse racing be paid into the Illinois Racing Quarter Horse Breeders Fund.

- The Board and Department did not ensure information extracted from the Board's Pari-Mutuel Information and Tracking System (PITS) to allocate cash receipts among the Horse Racing Fund and the Illinois Racing Quarter Horse Breeders Fund were complete. The auditors noted the Department frequently retrieved handle information, which is the total dollar amount of all wagers, to complete fund allocations and deposits from PITS prior to the Board entering all of the handle information into PITS.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board establish and maintain a system, or systems, of fiscal and administrative controls to provide assurance revenues 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 the State's resources. Good internal controls include communication with the Department to ensure all necessary information has been entered into PITS prior to the

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Department relying on that information to perform receipt allocations and deposits.

Due to these limitations, the auditors were unable to conclude whether the cash deposits into the Horse Racing Fund and the Illinois Racing Quarter Horse Breeders Fund were complete and appropriately reported.

Board officials stated the noted exceptions were due to oversight.

Failure to both verify the accuracy and completeness of deposits by the Department and ensure the Department used complete and accurate handle information from the Board for receipt deposits and allocations between the Horse Racing Fund and the Illinois Racing Quarter Horse Breeders Fund resulted in deposit errors and represents noncompliance with the Illinois Horse Racing Act of 1975. (Finding Code No. 12-7)

RECOMMENDATION

We recommend the Board implement internal controls to provide assurance amounts deposited into the Illinois Racing Quarter Horse Breeders Fund by the Department of Revenue are accurate and in accordance with State law.

BOARD RESPONSE

Pursuant to the Auditor's recommendation, the Board has notified the Department of Revenue not to accrue Illinois Racing Quarter Horse Breeders Fund monies for the period of the calendar year when racetracks are allowed to apply their real estate tax credit against pari-mutuel tax liabilities. The Illinois Racing Quarter Horse Breeders Fund will not accrue funds until the racetracks resume paying pari-mutuel taxes. Furthermore, Board staff and the Department of Revenue agreed to a method to extract data from PITS midweek, rather than on Mondays, to ensure that all data is properly entered into the system.

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12-8. **FINDING** (Failure to Require Timely Payment of the Annual Charity Assessment)

The Illinois Racing Board (Board) did not require an organization licensee (racetrack) pay the annual charity assessment in a timely manner.

During testing, the auditors noted one of six (17%) racetracks did not remit the racetrack's annual charitable contribution in Fiscal Year 2011, totaling \$159,165, by the statutory due date. The licensee made two installment payments 20 and 29 days late.

The Illinois Horse Racing Act of 1975 (230 ILCS 5/31.1(a)) requires each racetrack remit, within 30 days after receiving notice from the Board, its annual assessed charitable contribution for non-profit organizations providing medical, counseling, and similar services to persons who reside or work on the backstretch of racetracks.

Further, the Illinois Horse Racing Act of 1975 (230 ILCS 5/9(c)) vests the Board with all powers necessary and proper to fully and effectively execute the provisions of the Illinois Horse Racing Act of 1975, including entering the facilities and other places of business of any licensee to determine the licensee has complied with applicable laws, rules, and regulations.

Board officials stated the assessed contribution was not collected timely because the licensee asked for an extension from the Executive Director.

Failure to require racetracks remit the annual charitable contribution by the statutory due date represents noncompliance with the Illinois Horse Racing Act of 1975. (Finding Code No. 12-8)

RECOMMENDATION

We recommend the Board require all racetracks remit the annual charitable contribution within 30 days of receiving notice from the Board, or seek a legislative remedy.

BOARD RESPONSE

The Board accepts this finding and will assure that all future Annual Charity Assessments are paid by the racetracks by the statutory due date. No extension of time will be granted.

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12-9. **FINDING** (Inadequate Controls over Stewards' Rulings)

The Illinois Racing Board (Board) did not exercise adequate internal control over Stewards' Rulings. The stewards – two Board employees and one racetrack employee – supervise each horse race meeting and enforce the rules and regulations of the Board by imposing civil penalties, including fines and suspensions, upon licensees.

During walkthroughs at a thoroughbred racetrack, the auditors noted the Board had several weeks of torn loose-leaf sheets with handwritten Stewards' Rulings imposing penalties, including one noted five-day suspension, unsecured on a desk. A Stewards' Ruling is not effective until the penalty has been entered into the Board's Pari-Mutuel Information and Tracking System (PITS), a formal typewritten Stewards' Ruling is generated and signed by the stewards, and notice is formally given to the licensee. The auditors noted the following internal control weaknesses:

- The stewards do not use pre-numbered forms for recording the handwritten Stewards' Rulings, which would create an audit trail to provide assurance all penalties imposed by the stewards have been recorded into PITS.
- The Board did not adequately protect the rulings, as they were left unsecured on a desk and could have been either lost by Board employees or intentionally interfered with by individuals from the racetrack entering the Board's offices after hours.
- The Board did not timely input handwritten Stewards' Rulings into the Board's computer system.

The State Records Act (5 ILCS 160/8) requires the Board make and preserve records containing adequate and proper documentation of the decisions of the Board designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the Board's activities.

Board officials stated the individual responsible for entering the Stewards' Rulings into PITS was unable to work at this particular track due to other competing tasks requiring his presence at another racetrack.

Failure to use pre-numbered forms for recording handwritten rulings and adequately securing Stewards' Rulings may result in noted rule violations not receiving an appropriate penalty. Further, failure to timely input Stewards' Rulings into the Board's computer system delays both formal notification to licensees regarding rule violations and the collection of outstanding fines due to the State. (Finding Code No. 12-9)

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RECOMMENDATION

We recommend the Board implement controls to adequately document and safeguard Stewards' Rulings. Further, the Board should timely record all Stewards' Rulings into the Pari-Mutuel Information and Tracking System.

BOARD RESPONSE

Pursuant to the Auditor's recommendation, the Board will meet with the Stewards to formally adopt a procedure that will document and safeguard against Stewards' Rulings being lost and/or not entered into the PITS system in a timely fashion.

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12-10. **FINDING** (Inaccurate Agency Fee Imposition Reporting to the State Comptroller)

The Illinois Racing Board (Board) did not submit accurate Agency Fee Imposition Reports to the Office of the State Comptroller.

During testing, the auditors noted the Board was unable to provide a reconciliation of the Board's Fiscal Year 2011 and Fiscal Year 2012 Agency Fee Imposition Reports to the State Comptroller's Monthly Revenue Status Report. The auditors noted the following discrepancies:

FY	Fee Imposed by the Board	Recorded Receipts		Unreconciled Difference
		Agency Fee Imposition Report	State Comptroller's Records	
11	Organization Fee - Racing	\$ 97,670	\$ 135,043	\$ (37,373)
11	Occupation License Fee - Racing	\$ 184,445	\$ 170,035	\$ 14,410
11	Photo Fee - Racing	\$ 3,421	\$ 4,384	\$ (963)
11	Fingerprint Fee - Racing	\$ 54,720	\$ 53,640	\$ 1,080
12	Organization Fee - Racing	\$ 102,570	\$ 83,495	\$ 19,075
12	Occupation License Fee - Racing	\$ 155,420	\$ 191,460	\$ (36,040)
12	Photo Fee - Racing	\$ 3,237	\$ 2,338	\$ 899
12	Fingerprint Fee - Racing	\$ 64,125	\$ 68,760	\$ (4,635)

Further, the auditors noted the Board filed the Fiscal Year 2011 Agency Fee Imposition Report with the Office of the State Comptroller two days late.

The State Comptroller Act (15 ILCS 405/16.2(a)) requires all State agencies that impose and collect fees to prepare the Agency Fee Imposition Report Form. The Statewide Accounting Management System (SAMS), Procedure 33.16.10, states the form shall list and describe the fees imposed by the Board, the purpose of the fees, the amount of revenue generated by each fee, and the funds into which the fees are deposited. Further, SAMS, Procedure 33.16.20, requires the Board file the Agency Fee Imposition Report by August 1 with a cover letter from the Executive Director certifying all the information provided is complete and accurate.

Further, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish and maintain a system of fiscal and administrative controls to provide assurance that 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 the State's resources.

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Board officials stated the Board lacked sufficient staff when the report was due.

Failure to timely file an accurate Agency Fee Imposition Report with the Office of the State Comptroller lessens governmental oversight. (Finding Code No. 12-10)

RECOMMENDATION

We recommend the Board implement controls to timely and accurately file the Board's Agency Fee Imposition Report with the Office of the State Comptroller.

BOARD RESPONSE

The Board agrees with the Auditor's recommendation and is now tracking all of its receipts at its Central Office. Additionally, the Board keeps hard copies of all monies deposited into its receipt accounts so it can accurately complete the Agency Fee Imposition Report with the Office of the Comptroller.

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12-11. **FINDING** (Inadequate Controls over Monitoring Racing Requirements)

The Illinois Racing Board (Board) did not enforce specific statutory racing requirements for thoroughbred and standardbred organization licensees (racetracks).

The Illinois Horse Racing Act of 1975 (230 ILCS 5/30(b) and 230 ILCS 5/31(b)) requires racetracks provide a minimum of two races per day and six races per week limited to thoroughbred and standardbred horses conceived and/or foaled within the State and registered with the Department of Agriculture (Illinois-bred horses).

During testing, the auditors noted the following:

- The Board did not have a process to monitor the racetracks to ensure they carded (offered) the appropriate number of races for Illinois-bred horses.
- The Board did not require the racetracks provide a minimum of two races per day and six races per week limited to Illinois-bred horses.

The Illinois Horse Racing Act of 1975 (230 ILCS 5/9(c)) vests the Board with all powers necessary and proper to fully and effectively execute the provisions of the Illinois Horse Racing Act of 1975, including entering the facilities and other places of business of any licensee to determine the licensee has complied with applicable laws, rules, and regulations.

- The Board did not document its consent to eliminate and/or substitute races for Illinois-bred horses on any given day due to insufficient competition among the horse population, as allowed for by the Illinois Horse Racing Act of 1975 (230 ILCS 5/30(c) and 230 ILCS 5/31(c)).

The State Records Act (5 ILCS 160/8) requires the Board make and preserve adequate and proper records of the decisions of the Board to furnish information to protect the legal and financial rights of the State and persons directly affected by the Board's activities.

Board officials stated the lack of a formal monitoring process or documentation to support the Stewards' decisions was due to oversight.

Failure to enforce the statutory racing requirements for thoroughbred and standardbred horses among the racetracks represents noncompliance with the Illinois Horse Racing Act of 1975 and may reduce racing opportunities for Illinois-bred horses. (Finding Code No. 12-11)

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RECOMMENDATION

We recommend the Board implement a formal monitoring process to ensure racetracks comply with State law and maintain records documenting the Stewards' conclusion that a required race may be waived due to insufficient competition.

BOARD RESPONSE

Pursuant to the Auditor's recommendation, the Board has directed the Stewards to record within the Steward Daily Minutes, cases where the minimum number of Illinois Conceived and Foaled (ICF) races per day (2) are waived as a result of insufficient competition. The minutes will reflect: 1) which ICF races were run, 2) which ICF races were cancelled, and 3) the reasoning for a cancelled ICF race.

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12-12. **FINDING** (Noncompliance with the Fiscal Control and Internal Auditing Act)

The Illinois Racing Board (Board) did not comply with the Fiscal Control and Internal Auditing Act.

During testing, the auditors noted the following:

- In Fiscal Year 2011, the Board did not perform an evaluation of its internal fiscal and administrative controls and the Board's Executive Director did not prepare and file the required annual internal control certification with the Auditor General.
- In Fiscal Year 2012, the Board's Executive Director filed the annual certification with the Auditor General on May 17, 2012, 16 days late.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3003) requires the Board's Executive Director annually conduct an evaluation of the Board's systems of internal fiscal and administrative controls and file a certification regarding the evaluation with the Auditor General by May 1.

Board officials stated the evaluation and certification was not completed in Fiscal Year 2011 and the Fiscal Year 2012 certification was filed late due to oversight and staff shortages.

Timely evaluations of internal fiscal and administrative controls are necessary to determine whether existing controls are effective and operating as intended by management to prevent or detect and correct internal control deficiencies or noncompliance with applicable laws, rules, and regulations. (Finding Code No. 12-12)

RECOMMENDATION

We recommend the Board perform annual evaluations of its internal fiscal and administrative controls and timely file the required annual internal control certification with the Auditor General.

BOARD RESPONSE

Pursuant to the Auditor's recommendation, the Board has implemented procedures and established a master calendar to ensure that all filing requirements, including those of the Office of Auditor General, are met. The Board's FY13 annual certification was submitted within the prescribed time.

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12-13. **FINDING** (Inadequate Controls over the Horse Racing Equity Trust Fund)

The Illinois Racing Board (Board) did not exercise adequate internal control over distributions from the Horse Racing Equity Trust Fund.

During testing, the auditors noted the following:

- Five of 55 (9%) receipts deposited into the Horse Racing Equity Trust Fund by the Board during the examination period, totaling \$2,379,725, were not distributed by the Board to the racetracks.
- Nineteen of 55 (35%) receipts deposited into the Horse Racing Equity Trust Fund by the Board during the examination period, totaling \$8,605,096, were not timely distributed by the Board to the racetracks. These receipts were distributed between one and 23 days late.
- The Board did not distribute interest deposited into the Horse Racing Equity Trust Fund by the State Treasurer, totaling \$9,122, to the racetracks.

Further, the auditors noted the Board and the Administrative and Regulatory Shared Services Center at the Department of Revenue only identified these unpaid amounts following the opening of the tenth riverboat casino in Des Plaines in July 2011, which triggered a statutory change ceasing the tax supporting receipts into the Horse Racing Equity Trust Fund.

As of June 30, 2012, the Fund is holding \$2,412,997 in undistributed receipts from the exceptions noted above pursuant to a subsequent court order from the Circuit Court of Cook County.

The Illinois Horse Racing Act of 1975 (230 ILCS 5/54.75(b)) requires the Board distribute deposits into the Horse Racing Equity Trust Fund, plus any accrued interest on those moneys, within ten days after receipt to the racetracks pursuant to statutory formula.

Board officials stated that various cash receipts, including interest, were not distributed because the Administrative and Regulatory Shared Services Center at the Department of Revenue did not notify the Board of these receipts. On August 9, 2011, the Circuit Court of Cook County ordered the remaining cash within the fund held, after which the Administrative and Regulatory Shared Services Center at the Department of Revenue noted these moneys had not been distributed. In regards to the late distributions, they occurred due to delays in processing accounts payable.

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Failure to implement internal controls to provide assurance that all receipts, including interest, deposited into the Horse Racing Equity Trust Fund were distributed to the racetracks within 10 days of receipt represents noncompliance with the Illinois Horse Racing Act of 1975. (Finding Code No. 12-13)

RECOMMENDATION

We recommend the Board implement controls to timely and accurately distribute moneys from the Horse Racing Equity Trust Fund to the racetracks.

BOARD RESPONSE

Although the Horse Racing Equity Trust Fund has been completely disbursed and no funds remain for distribution, the Board and the Administrative and Regulatory Shared Services Center will work together to timely and accurately distribute any future funds within the statutorily directed deadline. Additionally, Board staff will notify Shared Services of any similar high priority payout.

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12-14. **FINDING** (Inadequate Controls over Personal Services)

The Illinois Racing Board (Board) did not exercise adequate internal control over personal services.

During testing, the auditors noted the following:

- Seven of nine (78%) employees tested requiring an annual performance evaluation did not have evaluations completed in accordance with State regulations. Specifically, the auditors noted the following:
 - Six of 11 (55%) employee evaluations performed for the seven employees by the Board were not completed in a timely manner. The evaluations were completed between 106 to 472 days after the last day in the evaluation period.
 - Two of the nine (22%) employees tested did not have any annual performance evaluations performed during Fiscal Year 2011 or Fiscal Year 2012.
 - One of the nine (11%) employees tested did not have an annual performance evaluation performed during Fiscal Year 2012.

The Illinois Administrative Code (80 Ill. Admin. Code 302.270(d)) requires the Board prepare annual performance evaluations for certified employees.

- The Board did not maintain adequate controls over employee attendance and related recordkeeping.
 - Five of 11 (45%) employees tested did not have properly signed or approved time reports. Specifically, the auditors noted the following:
 - One employee did not sign nine of 14 (64%) tested weekly timesheets.
 - One employee's monthly time report was not signed by either the timekeeper or division manager.
 - Three employees did not sign their monthly time reports timely. The reports were signed between 48 and 49 days after the last day of the month.

The *Racing Board Policy Manual* (Section 3.2.2) requires Central Office employees record their working hours on a timesheet. The Board's

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timesheet requires employees sign to certify the accuracy of the information reported on the timesheet.

- Three of 11 (27%) employees tested did not have accrued compensated absences data for the month tested. The Board did not prepare and maintain Timekeeping Reports of Employee Usage and Earnings from the Central Time and Attendance System, even though the per diem employees could use benefit time during “dark days” at their respective racetracks.

The *Racing Board Policy Manual* (Section 3.2.1) states that each employee will receive a monthly time and attendance report for review, which employees are to promptly review for accuracy. If the report is accurate, the employee shall sign where indicated and return it to his or her timekeeper. The monthly time and attendance report is to be certified by the timekeeper and approved by the supervisor prior to submission to the Administrative and Regulatory Shared Services Center at the Department of Revenue.

Board officials stated the Board lacked a full-time human resources employee to ensure all personal services functions were being performed.

Performance evaluations are a systematic and uniform approach used for the development of employees and communication of performance expectations to employees. Failure to timely complete an employee’s performance evaluation represents noncompliance with the Illinois Administrative Code. Further, failure to have adequate controls over employee work hours and recordkeeping increases the risk that payroll errors or irregularities may occur and not be identified and corrected in a timely manner. (Finding Code No. 12-14, 10-6)

RECOMMENDATION

We recommend the Board improve internal controls to ensure employees timely receive required performance evaluations and the Board’s timekeeping policies are adhered to and documented in a timely manner.

BOARD RESPONSE

Due to understaffing and the lack of an IRB Human Resources Manager, performance evaluation due dates were not identified and evaluations were not completed or not completed timely. All past due evaluations have currently been identified and will be completed by the next audit cycle. The Board will pursue hiring a full-time HR manager to assure that all performance evaluations, time-keeping reports, and other personnel responsibilities are met.

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12-15. **FINDING** (Inadequate Controls over Voucher Processing)

The Illinois Racing Board (Board) did not exercise adequate internal control over voucher processing.

During testing of 144 invoice vouchers, the auditors noted the following:

- Ten of 144 (7%) vouchers tested, totaling \$20,475, were not approved within 30 days of receipt. These vouchers were approved for payment between one to 38 days late.

The Illinois Administrative Code (74 Ill. Admin. Code 900.70(b)) requires State agencies to review and approve proper bills within 30 days of receipt.

- Two of 144 (1%) vouchers tested, totaling \$1,016, were not date stamped with the invoice's receipt date at the Board. The auditors were unable to determine if these vouchers were timely approved for payment by the Board.

The Illinois Administrative Code (74 Ill. Admin. Code 900.30(b)) requires the Board maintain written or electronic records reflecting the date when a proper bill from a vendor was received by the Board.

- One of 144 (1%) vouchers tested, totaling \$223, was lost in transit between the Board and the Administrative and Regulatory Shared Services Center at the Department of Revenue in October 2010. The Board submitted an invoice voucher to pay this invoice in August 2011, 305 days after the Board initially sent the invoice. Further, the Board did not calculate or pay any interest on this invoice.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that expenditures 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 the State's resources. A good system of internal control includes a process for timely reconciling invoices sent to the Administrative and Regulatory Shared Services Center at the Department of Revenue for payment with actual payments processed by the State Comptroller to provide assurance all invoices sent by the Board have been paid.

Further, the State Prompt Payment Act (30 ILCS 540/3-2) requires the Board determine and pay interest penalty liabilities where a vendor's invoice was not promptly paid by the State Comptroller from funds within the State Treasury.

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- Two of 144 (1%) vouchers tested, totaling \$2,451, were improperly completed by the Board. Specifically, the auditors noted the following:
 - One voucher, totaling \$1,430, was charged to an incorrect detail object code.

The Statewide Accounting Management System (SAMS), Procedure 11.10.60, requires the Board, when preparing documentation for the State Comptroller to pay an invoice, determine which detail expenditure (object) codes to use so the State Comptroller can report expenditure information at a refined level.

- One travel voucher, totaling \$1,021, was incomplete and mathematically in error, as the traveler did not properly report the line totals by date on the voucher.

SAMS, Procedure 17.20.10, requires the traveler horizontally sum expenses and report line totals.

Board officials stated these errors were due to staff oversight. Further, the Board attributed some of the delays in processing vouchers due to a transition period that occurred when the Board's Chief Fiscal Officer left the Board in May 2012.

Failure to date stamp, review, and approve vouchers timely could subject the State to unnecessary prompt payment interest charges and represents noncompliance with the Illinois Administrative Code. Further, failure to exercise adequate control over voucher processing led to errors and did result in lost invoices. (Finding Code No. 12-15, 10-7)

RECOMMENDATION

We recommend the Board implement controls to ensure all proper bills are approved within 30 days, the receipt date for invoices is recorded, vouchers are tracked from receipt to payment by the State Comptroller to identify any unpaid obligations of the Board, and required interest is paid in accordance with the State Prompt Payment Act.

BOARD RESPONSE

The Board and the Administrative and Regulatory Shared Services Center are working together to ensure accuracy and expediency of payments. The Board and Shared Services have agreed to scan all vouchers for processing, thus eliminating the time it would take for inter-office mailings. Furthermore, the Board's Chief Fiscal Officer will maintain a voucher log to track that vouchers scanned to Shared Services are paid by the Comptroller's Office.

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12-16. **FINDING** (Need to Enhance Controls over Confidential Information)

The Illinois Racing Board (Board) did not adequately secure and control confidential and personal information.

During testing, the auditors noted the following:

- The Board sends confidential and personal information over the State's Intranet, primarily to the Administrative and Regulatory Shared Services Center at the Department of Revenue, without securing (encrypting) the information. Fingerprint scans are also sent to the Illinois State Police and the Federal Bureau of Investigation unencrypted over the Internet.
- The Board failed to utilize redaction when displaying confidential information within computer-based applications. Furthermore, social security numbers were printed on license application receipts. Social security numbers were also included in e-mails between employees.
- Licensing clerks at the racetracks share a User ID and password to the Photo Identification system. This system houses confidential and personal information including names, birthdates, social security numbers, and signatures.
- The Board does not encrypt laptops or other portable media.
- The Board had not performed a risk assessment of its physical space or computing resources to identify confidential or personal information to ensure such information is protected from unauthorized disclosure.
- During a walk-through at Balmoral Park, auditors noted User ID's and passwords were written down and attached to computers. These User ID's allowed access to critical Board systems.

The Personal Information Protection Act (Act) (815 ILCS 530) requires that entities identify and protect all nonpublic information. The Board has the responsibility to ensure confidential information is protected from disclosure and the provisions in the Act are followed. A comprehensive risk assessment would help the Board identify instances where confidential information is exposed and promote the implementation of encryption software on the Board's computers and confidential e-mail attachments. Individual users should be uniquely identifiable rather than having users within a group share the same ID or password; generic user IDs and passwords should not be used.

Board officials stated they lack sufficient resources to staff an individual to consistently manage and monitor noted control areas.

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Failure to establish effective controls over the protection of confidential information could result in identity theft or unintended use and constitutes a breach of State law. (Finding Code No. 12-16, 10-8)

RECOMMENDATION

We recommend the Board complete a formal risk assessment of its physical and computing environment to ensure adequate security controls are applied. The Board should ensure all confidential information is properly secured (encrypted) and ensure the Board complies with the requirements of the Personal Information Protection Act. Furthermore, access to systems should be controlled through the use of unique identifiers. User ID's and passwords should not be shared.

BOARD RESPONSE

The Board accepts this finding and will address the encryption issue with recommended risk assessment of the physical and computing environment. The Board intends to be compliant with the Personal Information Protection Act (815 ILCS 530).

The Board has since addressed the redaction issue and the Photo ID system weakness has been addressed by procuring and installing the Assure ID photo system. This allows multiple workstations to share a common database over the LAN, which is maintained by CMS. Each user has a unique username and password access. Each work station is username and password protected.

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PRIOR FINDINGS NOT REPEATED
For the Two Years Ended June 30, 2012

A. **FINDING** (Inaccurate Deposits and Improper Expenses)

During the prior examination, the Illinois Racing Board (Board) did not exercise adequate control over disbursements and receipts from the proper fund in the State Treasury. (Finding Code No. 10-3)

Status: Not Repeated

During the current examination, the auditors' sample testing noted the Board ceased to collect and distribute the \$1 Inter-Track Wagering Location Admission Fees from the Illinois Racing Board Grant Fund at the conclusion of Fiscal Year 2012 and deposited the \$500 Inter-Track Wagering Location License Fees into the Horse Racing Fund. However, the auditors noted the Board was unable to pay all outstanding obligations to Cook County and the City of Chicago from the Illinois Racing Board Grant Fund, as reported in Finding 12-5. In addition, the auditors noted the Board continued to charge fingerprint fees in excess of the statutory maximum, as reported in Finding 12-6.

B. **FINDING** (Inadequate Controls over Awards and Grants)

During the prior examination, the Illinois Racing Board (Board) did not exercise adequate control over Awards and Grants. (Finding Code No. 10-5)

Status: Not Repeated

During the current examination, the auditors' sample testing noted the Board entered into written grant agreements with grantees for grants subject to the Illinois Grant Funds Recovery Act (30 ILCS 705), improved controls over the annual charity distribution to a non-profit organization, and requested inter-track wagering location licensees file tax returns. However, the auditors noted the Board did not timely distribute moneys from the Horse Racing Equity Trust Fund, as reported in Finding 12-13.

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COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2012

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

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

- Fiscal Schedules and Analysis:
 - Schedule of Appropriations, Expenditures, and Lapsed Balances – Fiscal Year 2012
 - Schedule of Appropriations, Expenditures, and Lapsed Balances – Fiscal Year 2011
 - Comparative Schedule of Net Appropriations, Expenditures, and Lapsed Balances
 - Schedule of Changes in State Property
 - Comparative Schedule of Cash Receipts
 - Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller
 - Analysis of Significant Variations in Expenditures
 - Analysis of Significant Variations in Receipts
 - Analysis of Significant Lapse Period Spending
 - Analysis of Accounts Receivable
- Analysis of Operations (Not Examined):
 - Board Functions and Planning Program (Not Examined)
 - Average Number of Employees (Not Examined)
 - Horse Racing Statistics (Not Examined)
 - Calendar Year 2002 - 2011 Purses, Commissions, and State Revenue (Not Examined)
 - Calendar Year 2011 Comparison of Wagering Pools, Combined Live Racing, and Simulcasts (Not Examined)
 - Calendar Year 2011 Advance Deposit Wagering Statistics (Not Examined)
 - Calendar Year 2011 Summary of Surcharges and Revenues to Local Governments from Off-Track Parlors (Not Examined)
 - Calendar Year 2011 Activity from All Locations (Not Examined)
 - Calendar Year 2010 Comparison of Wagering Pools, Combined Live Racing, and Simulcasts (Not Examined)
 - Calendar Year 2010 Advance Deposit Wagering Statistics (Not Examined)
 - Calendar Year 2010 Summary of Surcharges and Revenues to Local Governments from Off-Track Parlors (Not Examined)
 - Calendar Year 2010 Activity from All Locations (Not Examined)
 - Service Efforts and Accomplishments (Not Examined)

The accountants' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the auditors have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2012, and June 30, 2011, in Schedules 1 through 10. However, the accountants do not express an opinion on the supplementary information. The accountants' report also states that they have not applied procedures to the Analysis of Operations Section, and accordingly, they do not express an opinion or provide any assurance on it.

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION

SCHEDULE 1

SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES

For the Fiscal Year Ended June 30, 2012

Public Act 97-0062 FISCAL YEAR 2012	Appropriations (Net of Transfers)	Expenditures Through June 30	Approximate		Approximate Balances Lapsed August 31
			Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	
APPROPRIATED FUNDS					
Horse Racing Fund - 632					
Personal Services	\$ 1,035,000	\$ 892,994	\$ 36,719	\$ 929,713	\$ 105,287
Employee Retirement					
Contributions Paid by Employer	353,900	306,148	12,565	318,713	35,187
State Contributions to Social Security	77,100	66,581	2,740	69,321	7,779
Group Insurance	225,000	205,934	8,188	214,122	10,878
Contractual Services	199,100	125,543	19,351	144,894	54,206
Travel	22,400	15,724	3,981	19,705	2,695
Commodities	7,500	2,872	-	2,872	4,628
Printing	5,000	257	-	257	4,743
Equipment	2,300	-	-	-	2,300
Electronic Data Processing	60,000	42,432	13,145	55,577	4,423
Telecommunications	90,200	67,608	13,179	80,787	9,413
Operation of Automotive Equipment	22,000	11,199	2,237	13,436	8,564
Refunds	300	-	-	-	300
Expenses Related to the Laboratory Program	2,115,200	1,387,584	341,373	1,728,957	386,243
Expenses Related to the Regulation of Racing	4,291,800	2,947,419	143,768	3,091,187	1,200,613
Expenses Related to Shared Services	104,800	73,800	6,978	80,778	24,022
Total, Horse Racing Fund	\$ 8,611,600	\$ 6,146,095	\$ 604,224	\$ 6,750,319	\$ 1,861,281
SUBTOTAL - APPROPRIATED FUNDS	\$ 8,611,600	\$ 6,146,095	\$ 604,224	\$ 6,750,319	\$ 1,861,281

SCHEDULE 1

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
For the Fiscal Year Ended June 30, 2012

Public Act 97-0062 FISCAL YEAR 2012	Appropriations (Net of Transfers)	Expenditures Through June 30	Approximate		Approximate Balances Lapsed August 31
			Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	
NONAPPROPRIATED FUNDS					
Illinois Racing Board Fingerprint Fund - 248					
Contractual Services		\$ 50,244	\$ 7,891	\$ 58,135	
Total, Illinois Racing Board Fingerprint Fund		\$ 50,244	\$ 7,891	\$ 58,135	
Illinois Racing Board Charity Fund - 271					
Grant to a Non-Profit Organization		\$ 750,000	-	\$ 750,000	
Total, Illinois Racing Board Charity Fund		\$ 750,000	-	\$ 750,000	
Illinois Racing Board Grant Fund - 280					
Shared Revenue Payments		\$ 295,679	\$ 20,143	\$ 315,822	
Total, Illinois Racing Board Grant Fund		\$ 295,679	\$ 20,143	\$ 315,822	
Horse Racing Equity Trust Fund - 313					
Disbursement of Receipts to Eligible Tracks		\$ 1,613,298	-	\$ 1,613,298	
Total, Horse Racing Equity Trust Fund		\$ 1,613,298	-	\$ 1,613,298	
Quarter Horse Purse Fund - 785					
Awards and Grants		\$ 177,900	\$ 80,000	\$ 257,900	
Total, Quarter Horse Purse Fund		\$ 177,900	\$ 80,000	\$ 257,900	
SUBTOTAL - NONAPPROPRIATED FUNDS		\$ 2,887,121	\$ 108,034	\$ 2,995,155	

SCHEDULE 1

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
For the Fiscal Year Ended June 30, 2012

Public Act 97-0062 FISCAL YEAR 2012	Appropriations (Net of Transfers)	Expenditures Through June 30	Approximate		Approximate Balances Lapsed August 31
			Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	
ALL FUNDS					
Subtotal - Appropriated Funds		\$ 6,146,095	\$ 604,224	\$ 6,750,319	
Subtotal - Nonappropriated Funds		2,887,121	108,034	2,995,155	
TOTAL - ALL FUNDS, FISCAL YEAR 2012		<u>\$ 9,033,216</u>	<u>\$ 712,258</u>	<u>\$ 9,745,474</u>	

Note 1: The data in this schedule was taken directly from the State Comptroller's records and reconciled to the Board's records.
 Note 2: Expenditure amounts are vouchers approved for payment by the Board and submitted to the State Comptroller for payment to the vendor.
 Note 3: Approximate Lapse Period Expenditures do not include interest payments approved for payment by the Board and submitted to the State Comptroller for payment after August 31, 2012.

SCHEDULE 2

**STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
For the Fiscal Year Ended June 30, 2011**

	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period		Total	Balances Lapsed December 31
			Expenditures July 1 to December 31	Expenditures 18 Months Ended December 31		
Public Act 96-0956						
FISCAL YEAR 2011						
APPROPRIATED FUNDS						
Horse Racing Fund - 632						
Personal Services	\$ 1,130,000	\$ 891,448	\$ 36,236	\$ 927,684	\$ 202,316	
Employee Retirement						
Contributions Paid by Employer	324,500	262,747	(2,239)	260,508	63,992	
State Contributions to Social Security	86,100	66,523	2,710	69,233	16,867	
Group Insurance	186,700	158,877	14,179	173,056	13,644	
Contractual Services	199,100	139,277	10,341	149,618	49,482	
Travel	22,400	7,193	712	7,905	14,495	
Commodities	7,500	2,144	155	2,299	5,201	
Printing	5,000	307	-	307	4,693	
Equipment	2,300	228	-	228	2,072	
Electronic Data Processing	263,600	33,904	8,438	42,342	221,258	
Telecommunications	93,500	79,075	13,856	92,931	569	
Operation of Automotive Equipment	25,900	13,304	4,244	17,548	8,352	
Refunds	300	-	-	-	300	
Expenses Related to the Laboratory Program	2,115,200	1,519,882	162,720	1,682,602	432,598	
Expenses Related to the Regulation of Racing	4,672,000	2,638,071	116,308	2,754,379	1,917,621	
Expenses Related to Shared Services	98,400	53,985	3,222	57,207	41,193	
Total, Horse Racing Fund	\$ 9,232,500	\$ 5,866,965	\$ 370,882	\$ 6,237,847	\$ 2,994,653	
SUBTOTAL - APPROPRIATED FUNDS	\$ 9,232,500	\$ 5,866,965	\$ 370,882	\$ 6,237,847	\$ 2,994,653	

SCHEDULE 2

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
For the Fiscal Year Ended June 30, 2011

	Appropriations (Net of Transfers)	Lapse Period		Total Expenditures 18 Months Ended December 31	Balances Lapsed December 31
		Expenditures Through June 30	Expenditures July 1 to December 31		
Public Act 96-0956					
FISCAL YEAR 2011					
NONAPPROPRIATED FUNDS					
Illinois Racing Board Fingerprint Fund - 248					
Contractual Services	\$ 44,004	\$ 4,090	\$ 48,094		
Total, Illinois Racing Board Fingerprint Fund	\$ 44,004	\$ 4,090	\$ 48,094		
Illinois Racing Board Charity Fund - 271					
Grant to a Non-Profit Organization	\$ 750,000	-	\$ 750,000		
Total, Illinois Racing Board Charity Fund	\$ 750,000	-	\$ 750,000		
Illinois Racing Board Grant Fund - 280					
Shared Revenue Payments	\$ 396,919	\$ 36,110	\$ 433,029		
Total, Illinois Racing Board Grant Fund	\$ 396,919	\$ 36,110	\$ 433,029		
Horse Racing Equity Trust Fund - 313					
Disbursement of Receipts to Eligible Tracks	\$ 22,611,721	\$ 30,000	\$ 22,641,721		
Total, Horse Racing Equity Trust Fund	\$ 22,611,721	\$ 30,000	\$ 22,641,721		
Quarter Horse Purse Fund - 785					
Awards and Grants	\$ 248,500	\$ 74,000	\$ 322,500		
Total, Quarter Horse Purse Fund	\$ 248,500	\$ 74,000	\$ 322,500		
SUBTOTAL - NONAPPROPRIATED FUNDS	\$ 24,051,144	\$ 144,200	\$ 24,195,344		

SCHEDULE 2

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
For the Fiscal Year Ended June 30, 2011

	Appropriations (Net of Transfers)	Lapse Period		Total Expenditures 18 Months Ended December 31	Balances Lapsed December 31
		Expenditures Through June 30	Expenditures July 1 to December 31		
Public Act 96-0956					
FISCAL YEAR 2011					
ALL FUNDS					
Subtotal - Appropriated Funds		\$ 5,866,965	\$ 370,882	\$ 6,237,847	
Subtotal - Nonappropriated Funds		24,051,144	144,200	24,195,344	
TOTAL - ALL FUNDS, FISCAL YEAR 2011		<u>\$ 29,918,109</u>	<u>\$ 515,082</u>	<u>\$ 30,433,191</u>	

Note 1: The data in this schedule was taken directly from the State Comptroller's records and reconciled to the Board's records.

Note 2: Expenditure amounts are vouchers approved for payment by the Board and submitted to the State Comptroller for payment to the vendor.

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES, AND LAPSED BALANCES**
For the Fiscal Year Ended June 30,

SCHEDULE 3

	Fiscal Year		
	2012	2011	2010
Horse Racing Fund - 632	P.A. 97-0062	P.A. 96-0956	P.A. 96-0046
Appropriations (Net of Transfers)	\$ 8,611,600	\$ 9,232,500	\$ 8,932,900
<u>Expenditures</u>			
Personal Services	\$ 929,713	\$ 927,684	\$ 969,919
Employee Retirement			
Contributions Paid by Employer	318,713	260,508	276,356
State Contributions to Social Security	69,321	69,233	71,595
Group Insurance	214,122	173,056	177,692
Contractual Services	144,894	149,618	169,678
Travel	19,705	7,905	11,348
Commodities	2,872	2,299	3,097
Printing	257	307	752
Equipment	-	228	-
Electronic Data Processing	55,577	42,342	54,243
Telecommunications	80,787	92,931	74,181
Operation of Automotive Equipment	13,436	17,548	14,380
Refunds	-	-	-
Expenses Related to the Laboratory Program	1,728,957	1,682,602	1,818,407
Expenses Related to the Regulation of Racing	3,091,187	2,754,379	3,348,673
Expenses Related to Shared Services	80,778	57,207	-
Total Horse Racing Fund Expenditures	<u>\$ 6,750,319</u>	<u>\$ 6,237,847</u>	<u>\$ 6,990,321</u>
Lapsed Balances	<u>\$ 1,861,281</u>	<u>\$ 2,994,653</u>	<u>\$ 1,942,579</u>
<u>TOTAL - APPROPRIATED FUNDS</u>			
Total Appropriations (Net of Transfers)	<u>\$ 8,611,600</u>	<u>\$ 9,232,500</u>	<u>\$ 8,932,900</u>
Total Appropriated Expenditures	<u>\$ 6,750,319</u>	<u>\$ 6,237,847</u>	<u>\$ 6,990,321</u>
Lapsed Balances	<u>\$ 1,861,281</u>	<u>\$ 2,994,653</u>	<u>\$ 1,942,579</u>

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES, AND LAPSED BALANCES**
For the Fiscal Year Ended June 30,

SCHEDULE 3

	Fiscal Year		
	2012	2011	2010
<u>NONAPPROPRIATED FUNDS</u>			
Illinois Racing Board Fingerprint Fund - 248			
<u>Expenditures</u>			
Contractual Services	\$ 58,135	\$ 48,094	\$ 54,732
Total, Illinois Racing Board Fingerprint Fund	<u>\$ 58,135</u>	<u>\$ 48,094</u>	<u>\$ 54,732</u>
Illinois Racing Board Charity Fund - 271			
<u>Expenditures</u>			
Grant to a Non-Profit Organization	\$ 750,000	\$ 750,000	\$ 750,000
Total, Illinois Racing Board Charity Fund	<u>\$ 750,000</u>	<u>\$ 750,000</u>	<u>\$ 750,000</u>
Illinois Racing Board Grant Fund - 280			
<u>Expenditures</u>			
Shared Revenue Payments	\$ 315,822	\$ 433,029	\$ 582,724
Total, Illinois Racing Board Grant Fund	<u>\$ 315,822</u>	<u>\$ 433,029</u>	<u>\$ 582,724</u>
Horse Racing Equity Trust Fund - 313			
<u>Expenditures</u>			
Disbursement of Receipts to Eligible Tracks	\$ 1,613,298	\$ 22,641,721	\$ 117,546,469
Total, Horse Racing Equity Trust Fund	<u>\$ 1,613,298</u>	<u>\$ 22,641,721</u>	<u>\$ 117,546,469</u>
Quarter Horse Purse Fund - 785			
<u>Expenditures</u>			
Awards and Grants	\$ 257,900	\$ 322,500	\$ 88,500
Total, Quarter Horse Purse Fund	<u>\$ 257,900</u>	<u>\$ 322,500</u>	<u>\$ 88,500</u>
Total Nonappropriated Expenditures	<u>\$ 2,995,155</u>	<u>\$ 24,195,344</u>	<u>\$ 119,022,425</u>

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES, AND LAPSED BALANCES**
For the Fiscal Year Ended June 30,

SCHEDULE 3

	Fiscal Year		
	2012	2011	2010
Total Appropriated Expenditures	\$ 6,750,319	\$ 6,237,847	\$ 6,990,321
Total Nonappropriated Expenditures	<u>\$ 2,995,155</u>	<u>\$ 24,195,344</u>	<u>\$ 119,022,425</u>
TOTAL EXPENDITURES - ALL FUNDS	<u><u>\$ 9,745,474</u></u>	<u><u>\$ 30,433,191</u></u>	<u><u>\$ 126,012,746</u></u>
<u>STATE OFFICERS' SALARIES</u>			
Horse Racing Fund - 632 (State Comptroller)	P.A. 97-0056	P.A. 96-0956	P.A. 96-0046
Appropriations	<u>\$ 137,800</u>	<u>\$ 137,800</u>	<u>\$ 173,000</u>
<u>Expenditures</u>			
Illinois Racing Board Member Per Diem	<u>26,400</u>	<u>24,300</u>	<u>39,176</u>
Total Horse Racing Fund Expenditures	<u>\$ 26,400</u>	<u>\$ 24,300</u>	<u>\$ 39,176</u>
Lapsed Balances	<u><u>\$ 111,400</u></u>	<u><u>\$ 113,500</u></u>	<u><u>\$ 133,824</u></u>

Note: The Total Expenditures and Lapsed Balances for Fiscal Year 2010 and Fiscal Year 2012 do not reflect interest payments approved by the Board and submitted to the State Comptroller for payment after August 31.

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
SCHEDULE OF CHANGES IN STATE PROPERTY
For the Two Years Ended June 30, 2012

SCHEDULE 4

		Equipment
Balance at July 1, 2010	\$	447,385
Additions		17,083
Deletions		-
Net Transfers		4,219
		<hr style="border-top: 1px solid black;"/>
Balance at June 30, 2011	\$	468,687
		<hr style="border-top: 3px double black;"/>
Balance at July 1, 2011	\$	468,687
Additions		24,867
Deletions		-
Net Transfers		(18,427)
		<hr style="border-top: 1px solid black;"/>
Balance at June 30, 2012	\$	475,127
		<hr style="border-top: 3px double black;"/>

Note: This schedule has been derived from Board records, which were reconciled to property reports submitted to the Office of the State Comptroller.

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
COMPARATIVE SCHEDULE OF CASH RECEIPTS
For the Fiscal Year Ended June 30,

SCHEDULE 5

SEE FINDING 12-2

	Fiscal Year		
	2012	2011	2010
General Revenue Fund - 001			
Admission Tax - Racetracks	\$ 81,225	\$ 80,601	\$ 85,769
Fines and Penalties	94,250	102,201	101,025
Occupation Licenses	193,060	171,080	208,528
Organization Licenses	83,495	135,443	101,830
Miscellaneous	2,380	4,388	4,144
Photo Identification Fee	2,393	-	-
Total Receipts - Fund 001	<u>\$ 456,803</u>	<u>\$ 493,713</u>	<u>\$ 501,296</u>
Illinois Racing Board Fingerprint Fund - 248			
Fingerprint Cards	\$ 69,885	\$ 54,000	\$ 64,890
Total Receipts - Fund 248	<u>\$ 69,885</u>	<u>\$ 54,000</u>	<u>\$ 64,890</u>
Illinois Racing Board Charity Fund - 271			
Annual Charity Assessment	\$ 750,000	\$ 750,000	\$ 750,000
Total Receipts - Fund 271	<u>\$ 750,000</u>	<u>\$ 750,000</u>	<u>\$ 750,000</u>
Illinois Racing Board Grant Fund - 280			
Admission Tax	\$ 357,271	\$ 433,029	\$ 582,724
Total Receipts - Fund 280	<u>\$ 357,271</u>	<u>\$ 433,029</u>	<u>\$ 582,724</u>
Horse Racing Equity Trust Fund - 313			
3% Tax on Adjusted Gross Receipts	\$ 1,187,626	\$ 25,419,765	\$ 5,492,265
Total Receipts - Fund 313	<u>\$ 1,187,626</u>	<u>\$ 25,419,765</u>	<u>\$ 5,492,265</u>
Protest Fund - 401			
3% Tax on Adjusted Gross Receipts	\$ -	\$ -	\$ 20,975,439
Total Receipts - Fund 401	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,975,439</u>
Horse Racing Fund - 632			
Organization Licenses	\$ 14,500	\$ -	\$ -
Reimbursements, Jury Duty, and Recoveries	128	-	-
Prior Year Refunds	122	203	-
Total Receipts - Fund 632	<u>\$ 14,750</u>	<u>\$ 203</u>	<u>\$ -</u>
GRAND TOTAL RECEIPTS - ALL FUNDS	<u><u>\$ 2,836,335</u></u>	<u><u>\$ 27,150,710</u></u>	<u><u>\$ 28,366,614</u></u>

Note: The Board's receipt records contain errors and discrepancies, as noted in Finding 12-2.

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
**RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS
REMITTED TO THE STATE COMPTROLLER**

SCHEDULE 6

For the Fiscal Year Ended June 30,

SEE FINDING 12-2

	Fiscal Year		
	2012	2011	2010
General Revenue Fund - 001			
Receipts, per Board Records	\$ 456,803	\$ 493,713	\$ 501,296
Add: Deposits in Transit, Beginning of Year	5,937	-	-
Less: Deposits in Transit, End of Year	13,352	5,937	-
Less: Correction of a Prior Year Error	14,000	-	-
Deposits, Recorded by the State Comptroller	<u>\$ 435,388</u>	<u>\$ 487,776</u>	<u>\$ 501,296</u>
Illinois Racing Board Fingerprint Fund - 248			
Receipts, per Board Records	\$ 69,885	\$ 54,000	\$ 64,890
Add: Deposits in Transit, Beginning of Year	360	-	-
Less: Deposits in Transit, End of Year	1,485	360	-
Deposits, Recorded by the State Comptroller	<u>\$ 68,760</u>	<u>\$ 53,640</u>	<u>\$ 64,890</u>
Illinois Racing Board Charity Fund - 271			
Receipts, per Board Records	\$ 750,000	\$ 750,000	\$ 750,000
Add: Deposits in Transit, Beginning of Year	-	-	-
Less: Deposits in Transit, End of Year	-	-	-
Deposits, Recorded by the State Comptroller	<u>\$ 750,000</u>	<u>\$ 750,000</u>	<u>\$ 750,000</u>
Illinois Racing Board Grant Fund - 280			
Receipts, per Board Records	\$ 357,271	\$ 433,029	\$ 582,724
Add: Deposits in Transit, Beginning of Year	6,825	2,584	735
Less: Deposits in Transit, End of Year	11,534	6,825	2,584
Deposits, Recorded by the State Comptroller	<u>\$ 352,562</u>	<u>\$ 428,788</u>	<u>\$ 580,875</u>
Horse Racing Equity Trust Fund - 313			
Receipts, per Board Records	\$ 1,187,626	\$ 25,419,765	\$ 5,492,265
Add: Deposits in Transit, Beginning of Year	428,320	75,709	-
Less: Deposits in Transit, End of Year	-	428,320	75,709
Deposits, Recorded by the State Comptroller	<u>\$ 1,615,946</u>	<u>\$ 25,067,154</u>	<u>\$ 5,416,556</u>

Note 1: The Board's receipt records contain errors and discrepancies, as noted in Finding 12-2.

Note 2: The correction of a prior year error reflects the Board adjusting incorrect deposits of the \$500 Inter-Track Wagering Location License Fees paid in Fiscal Year 2011 from the General Revenue Fund to the Horse Racing Fund.

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
**RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS
REMITTED TO THE STATE COMPTROLLER**
For the Fiscal Year Ended June 30,

SCHEDULE 6

SEE FINDING 12-2

	Fiscal Year		
	2012	2011	2010
Protest Fund - 401			
Receipts, per Board Records	\$ -	\$ -	\$ 20,975,439
Add: Deposits in Transit, Beginning of Year	-	-	158,523
Less: Deposits in Transit, End of Year	-	-	-
Deposits, Recorded by the State Comptroller	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,133,962</u>
Horse Racing Fund - 632			
Receipts, per Board Records	\$ 14,750	\$ 203	\$ -
Add: Deposits in Transit, Beginning of Year	-	-	-
Less: Deposits in Transit, End of Year	-	-	-
Add: Correction of Prior Year Error	14,000	-	-
Deposits, Recorded by the State Comptroller	<u>\$ 28,750</u>	<u>\$ 203</u>	<u>\$ -</u>

Note 1: The Board's receipt records contain errors and discrepancies, as noted in Finding 12-2.

Note 2: The correction of a prior year error reflects the Board adjusting incorrect deposits of the \$500 Inter-Track Wagering Location License Fees paid in Fiscal Year 2011 from the General Revenue Fund to the Horse Racing Fund.

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2012

SCHEDULE 7

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2011 AND 2012

Horse Racing Fund - 632

Group Insurance

During Fiscal Year 2012, the Board experienced an increase in the cost of group insurance for covering the Board's employees and their dependents.

Travel

During Fiscal Year 2012, the Board had an increased need for travel for the following reasons:

- 1) The Board paid a fill-in State Steward to travel from downstate to the Chicago area due to another State Steward's medical leave.
- 2) The Governor appointed a new Board chair who lives in Collinsville. The Board pays for the Chair's travel to Board functions, which are primarily in the Chicago area.
- 3) The Executive Director and a Board Commissioner attended the Association of Racing Commissioners International annual meeting in Oklahoma City, Oklahoma.
- 4) The State Director of Mutuels, who usually has an individually assigned State vehicle, traveled to multiple work locations and was paid mileage while the Board purchased a replacement vehicle after the car broke down.

Electronic Data Processing

During Fiscal Year 2012, the Board purchased ten new computers.

Expenses Related to Shared Services

During Fiscal Year 2012, the Board paid for one experienced full-time employee's salary and benefits at the Administrative and Regulatory Shared Services Center at the Department of Revenue.

Illinois Racing Board Fingerprint Fund - 248

Contractual Services

During Fiscal Year 2012, the Board had a greater number of occupational licensee applications requiring a fingerprint background check from Department of State Police and Federal Bureau of Investigation databases.

Illinois Racing Board Grant Fund - 280

Shared Revenue Payments

During Fiscal Year 2012, the Board distributed less tax receipts to Cook County and the City of Chicago due to declining numbers of patrons going to Off-Track Betting parlors.

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2012

SCHEDULE 7

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2011 AND 2012 (continued)

Horse Racing Equity Trust Fund - 313

Disbursements of Receipts to Eligible Tracks

During Fiscal Year 2012, the funding source for receipts to distribute to the racetracks ceased by operation of law when the Rivers Casino in Des Plaines began operations on July 18, 2011.

Quarter Horse Purse Fund - 785

Awards and Grants

During Fiscal Year 2012, Fairmount Park requested fewer disbursements for purse supplements from the Board.

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2012

SCHEDULE 7

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2010 AND 2011

Horse Racing Fund - 632

Electronic Data Processing

During Fiscal Year 2011, the Board shifted the cost for the annual maintenance contract for the Board's fingerprinting machines to the Illinois Racing Board Fingerprint Fund and did not incur costs associated with data usage at the Administrative and Regulatory Shared Services Center at the Department of Revenue.

Telecommunications

During Fiscal Year 2011, the Board paid a full year's worth of system access for the racetracks of \$3,535 per month. During Fiscal Year 2010, the Board began paying this monthly charge in December 2009, after five months of the year had passed.

Expenses Related to Shared Services

During Fiscal Year 2011, the Board began budgeting for the costs associated with the Board's participation in the Administrative and Regulatory Shared Services Center at the Department of Revenue.

Illinois Racing Board Fingerprint Fund - 248

Contractual Services

During Fiscal Year 2011, the Board had a smaller number of occupational licensee applications requiring a fingerprint background check from Department of State Police and Federal Bureau of Investigation databases.

Illinois Racing Board Grant Fund - 280

Shared Revenue Payments

During Fiscal Year 2011, the Board distributed less tax receipts to Cook County and the City of Chicago due to declining numbers of patrons going to Off-Track Betting parlors. Further, three parlors either temporarily or permanently closed within Cook County and the City of Chicago.

Horse Racing Equity Trust Fund - 313

Disbursements of Receipts to Eligible Tracks

During Fiscal Year 2011, the Board's distributions to eligible racetracks decreased due to a large one-time payment in Fiscal Year 2010. In April 2010, the Board made one large distribution of \$112 million in receipts to the racetracks pursuant to a court order. These receipts primarily consisted of moneys transferred into the Horse Racing Equity Trust Fund from the Protest Fund.

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ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2012

SCHEDULE 7

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2010 AND 2011 (continued)

Quarter Horse Purse Fund - 785

Awards and Grants

During Fiscal Year 2011, Fairmount Park requested more disbursements for purse supplements from the Board.

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2012

SCHEDULE 8

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2011 AND 2012

General Revenue Fund - 001

Organization Licenses

During Fiscal Year 2012, the Board experienced a decrease in organization licenses primarily due to the Board correctly depositing the \$500 Inter-Track Wagering Location License Fees into the Horse Racing Fund.

Miscellaneous

During Fiscal Year 2012, the Board experienced a decrease in miscellaneous receipts due to the Photo Identification Fees being deposited as a separate revenue source code in Fiscal Year 2012.

Photo Identification Fee

During Fiscal Year 2012, the Board experienced an increase in photo identification fee receipts due to these fees being deposited as a separate revenue source code in Fiscal Year 2012.

Illinois Racing Board Fingerprint Fund - 248

Fingerprint Cards

During Fiscal Year 2012, the Board had a greater number of occupational licensee applications requiring a fingerprint background check from Department of State Police and Federal Bureau of Investigation databases.

Illinois Racing Board Grant Fund - 280

Admission Tax

During Fiscal Year 2012, the Board distributed less tax receipts to Cook County and the City of Chicago due to declining numbers of patrons going to Off-Track Betting parlors.

Horse Racing Equity Trust Fund - 313

3% Tax on Adjusted Gross Receipts

During Fiscal Year 2012, the funding source for receipts to distribute to the racetracks ceased by operation of law when the Rivers Casino in Des Plaines began operations on July 18, 2011.

Horse Racing Fund - 632

Organization Licenses

During Fiscal Year 2012, the Board experienced an increase in organization licenses due to the Board correctly depositing the \$500 Inter-Track Wagering Location License Fees into the Horse Racing Fund.

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2012

SCHEDULE 8

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2010 AND 2011

General Revenue Fund - 001

Occupation Licenses

During Fiscal Year 2011, the decrease in occupation licenses was due to a declining number of persons licensed by the Board whose work, in whole or in part, is conducted at the racetracks.

Organization Licenses

During Fiscal Year 2011, the increase in organization licenses was due to fines and penalties being incorrectly recorded to the organization licensee receipt account instead of the fines and penalties receipt account (see Finding 12-2 for more information).

Illinois Racing Board Fingerprint Fund - 248

Fingerprint Cards

During Fiscal Year 2011, the Board had a smaller number of occupational licensee applications requiring a fingerprint background check from Department of State Police and Federal Bureau of Investigation databases.

Illinois Racing Board Grant Fund - 280

Admission Tax

During Fiscal Year 2011, the Board distributed less tax receipts to Cook County and the City of Chicago due to declining numbers of patrons going to Off-Track Betting parlors. Further, three parlors either temporarily or permanently closed within Cook County and the City of Chicago.

Horse Racing Equity Trust Fund - 313

3% Tax on Adjusted Gross Receipts

During Fiscal Year 2011, the Board recorded an entire year's worth of tax receipts. The Board began directly depositing receipts into the Horse Racing Equity Trust Fund in November 2009, rather than remitting the receipts to the Protest Fund within the State Treasury.

Protest Fund - 401

3% Tax on Adjusted Gross Receipts

During Fiscal Year 2011, the casinos did not pay any taxes under protest; therefore, all receipts were deposited directly into the Horse Racing Equity Trust Fund rather than the Protest Fund.

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2012

SCHEDULE 9

FISCAL YEAR 2012

Horse Racing Fund - 632

Travel

The significant lapse period spending occurred due to both staff and Board members submitting several travel reimbursement requests that were processed during the Lapse Period.

Electronic Data Processing

The significant lapse period spending occurred due to the Board receiving several monthly invoices from the Department of Central Management Services late in Fiscal Year 2012 that were processed during the Lapse Period.

Expenses Related to the Laboratory Program

The significant lapse period spending occurred due to the Board not receiving several invoices from the University of Illinois Animal Toxicology Laboratory until after June 30 for specimen testing.

Quarter Horse Purse Fund - 785

Awards and Grants

The significant lapse period spending occurred due to qualifying races occurring at the end of Fiscal Year 2012 that were processed during the Lapse Period.

FISCAL YEAR 2011

Horse Racing Fund - 632

Electronic Data Processing

The significant lapse period spending occurred due to the Board receiving several monthly invoices from the Department of Central Management Services late in Fiscal Year 2011 that were processed during the Lapse Period.

Operation of Automotive Equipment

The significant lapse period spending occurred due to an invoice from one State vehicle requiring major repairs at the conclusion of Fiscal Year 2011 that was processed during the Lapse Period.

Quarter Horse Purse Fund - 785

Awards and Grants

The significant lapse period spending occurred due to qualifying races occurring at the end of Fiscal Year 2011 that were processed during the Lapse Period.

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
ANALYSIS OF ACCOUNTS RECEIVABLE
For the Fiscal Year Ended June 30,

SCHEDULE 10

SEE FINDING 12-3

General Revenue Fund - 001	Fiscal Year		
	2012	2011	2010
NOT IN PROTEST (in thousands)			
Receivables Not Past Due	\$ 8	\$ -	\$ -
1 - 90 Days	7	18	9
91 - 180 Days	-	-	-
181 Days - 1 Year	3	4	7
1 Year <= 2 Years	2	4	4
2 Years <= 3 Years	1	4	2
3 Years <= 4 Years	2	2	6
4 Years <= 5 Years	1	6	3
5 Years <= 10 Years	8	4	-
> 10 Years	-	-	-
Gross Receivables - Fund 001	\$ 32	\$ 42	\$ 31
Less: Allowance for Doubtful Accounts	15	20	16
Net Receivables - Fund 001	<u>\$ 17</u>	<u>\$ 22</u>	<u>\$ 15</u>

These amounts represent receivables related to the racetrack admission tax, excess daily handle tax, fines imposed by the Board, and improper receivables for cash in-transit from the tracks to the State Treasury (see Finding 12-3).

General Revenue Fund - 001

IN PROTEST (in thousands)

Receivables Not Past Due	\$ -	Finding 12-3	Finding 12-3
1 - 90 Days	-	Finding 12-3	Finding 12-3
91 - 180 Days	-	Finding 12-3	Finding 12-3
181 Days - 1 Year	-	Finding 12-3	Finding 12-3
1 Year <= 2 Years	-	Finding 12-3	Finding 12-3
2 Years <= 3 Years	-	Finding 12-3	Finding 12-3
3 Years <= 4 Years	-	Finding 12-3	Finding 12-3
4 Years <= 5 Years	-	Finding 12-3	Finding 12-3
5 Years <= 10 Years	-	Finding 12-3	Finding 12-3
> 10 Years	-	Finding 12-3	Finding 12-3
Gross Receivables - Fund 001	\$ -	Finding 12-3	Finding 12-3
Less: Allowance for Doubtful Accounts	-	Finding 12-3	Finding 12-3
Net Receivables - Fund 001	<u>\$ -</u>	<u>Finding 12-3</u>	<u>Finding 12-3</u>

These amounts represent receivables related fines imposed by the Board for noted violations of the Illinois Horse Racing Act of 1975 or the Board's regulations where the licensee is protesting the penalty (see Finding 12-3).

Note: The auditors were unable to determine the amount of receivables owed due to the Board not maintaining or properly reporting all accounts receivable to the Office of the State Comptroller (see Finding 12-3 for more information).

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
ANALYSIS OF ACCOUNTS RECEIVABLE
For the Fiscal Year Ended June 30,

SCHEDULE 10

SEE FINDING 12-3

	Fiscal Year		
	2012	2011	2010
Illinois Racing Board Fingerprint Fund - 248			
NOT IN PROTEST (in thousands)			
Receivables Not Past Due	\$ 4	\$ -	\$ -
Gross Receivables - Fund 248	\$ 4	\$ -	\$ -
Less: Allowance for Doubtful Accounts	-	-	-
Net Receivables - Fund 248	\$ 4	\$ -	\$ -

This amount represents improper receivables related to cash in-transit from the racetracks to the State Treasury (see Findings 12-1, 12-2, and 12-3).

Illinois Racing Board Charity Fund - 271			
NOT IN PROTEST (in thousands)			
Receivables Not Past Due	\$ 750	Finding 12-3	Finding 12-3
Gross Receivables - Fund 271	\$ 750	Finding 12-3	Finding 12-3
Less: Allowance for Doubtful Accounts	-	Finding 12-3	Finding 12-3
Net Receivables - Fund 271	\$ 750	Finding 12-3	Finding 12-3

These amounts represent receivables related to the annual charity assessment of \$750,000 imposed upon the racetracks by the Illinois Horse Racing Act of 1975 (230 ILCS 5/31.1) billed before June 30 and collected in July.

Horse Racing Fund - 632			
NOT IN PROTEST (in thousands)			
Receivables Not Past Due	\$ 3	\$ -	\$ -
Gross Receivables - Fund 271	\$ 3	\$ -	\$ -
Less: Allowance for Doubtful Accounts	-	-	-
Net Receivables - Fund 271	\$ 3	\$ -	\$ -

These amounts represent receivables related to inter-track wagering location admission fees imposed by local governments earned prior to June 30 and received in July.

Note: The auditors were unable to determine the amount of receivables owed due to the Board not maintaining or properly reporting all accounts receivable to the Office of the State Comptroller (see Finding 12-3 for more information).

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ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2012

(NOT EXAMINED)

Board Functions

The Illinois Racing Board (Board) is a regulatory agency charged by the General Assembly with ensuring “public confidence and trust in the credibility and integrity of racing operations and the regulatory process.” The jurisdiction, supervision, powers, and duties of the Board are enumerated in the Illinois Horse Racing Act of 1975 (230 ILCS 5).

The primary duties of the Board include:

- verifying the accuracy of taxes paid by licensees to the Department of Revenue;
- collecting and processing the inter-track wagering location admission fees on behalf of local governments and the \$0.15 State admission tax from a ticket of admission;
- issuing occupation, organization, advance deposit wagering, inter-track wagering, and inter-track wagering location licenses to conduct horse race meetings and wagering in the State;
- promulgating reasonable rules and regulations to govern meetings and wagering in the State;
- entering the places of business of licensees to determine compliance with the Illinois Horse Racing Act of 1975 and the Board’s Administrative Rules;
- enforcing the Illinois Horse Racing Act of 1975 and the Board’s Administrative Rules through disciplinary action, imposing civil penalties, and/or initiating legal action;
- ejecting or excluding from a horse race meeting or licensee’s facilities persons whose conduct or reputation may call into question the integrity of wagers;
- operating laboratory testing facilities to prevent illegal drug use in horse racing; and,
- investigating allegations of animal abuse.

Currently, the Board oversees live racing at five racetracks, the Illinois State Fair, the DuQuoin State Fair, and the Brown County Fair. The Board is responsible for regulation of 25 inter-track wagering facilities and four advance deposit wagering licensees.

In addition, the Board is responsible for administrating the Horse Racing Equity Trust Fund and the Horse Racing Equity Fund. The Horse Racing Equity Trust Fund receives funding from a 3% fee assessed on the daily adjusted gross receipts of riverboat casino licensees who recorded total adjusted gross receipts of \$200 million or more during 2004. After being tied up in litigation, the Board was able to distribute the money in the Horse Racing Equity Trust Fund to purses and the organization licensees starting in 2009; however, litigation still prevented the racetracks from using the moneys paid to them until released by federal court order from their escrow accounts in August 2011. The Horse Racing Equity Fund was to receive 15% of tax collections from the tenth license reissued on January 14, 2009 when the Rivers Casino began operations on July 18, 2011. Since then, the State Gaming Fund has been collecting the 15% money, which has not been transferred to the Horse Racing Equity Fund due to the lack of an appropriation from the General Assembly.

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ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2012

(NOT EXAMINED)

Planning Program

The Board conducts biannual planning in anticipation of publishing the Board's January and July Regulatory Agendas. The Board reviews changes within the horse racing industry, particularly in the area of performance enhancing drugs, to have the Board's Administrative Rules align with current industry practices and best practices. In addition to regulatory planning, the Board and staff work to develop plans to identify and reduce incidents of noncompliance among licensees.

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 ILLINOIS RACING BOARD
 COMPLIANCE EXAMINATION
ANALYSIS OF OPERATIONS
 For the Two Years Ended June 30, 2012

(NOT EXAMINED)

Average Number of Employees

The following table, prepared from the Board's records, presents the average number of employees, by function, for the Fiscal Year Ended June 30,

<u>Division</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Full-Time, Central Office	14	13	15
Part-Time, Central Office	2	3	1
Per Diem, Upstate Racetracks	28	28	32
Per Diem, Downstate Racetrack	7	10	11
Total Board Employees	<u><u>51</u></u>	<u><u>54</u></u>	<u><u>59</u></u>

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2012

(NOT EXAMINED)

Horse Racing Statistics

Calendar Year 2002 – 2011 Purses, Commissions, and State Revenue

	<u>HARNESS PURSES DISTRIBUTED</u>	<u>THOROUGHBRED PURSES DISTRIBUTED</u>	<u>TOTAL PURSES DISTRIBUTED</u>	<u>TRACK/OTB COMMISSIONS FROM TAKEOUT</u>
2002	\$ 40,177,699	\$ 79,233,651	\$ 119,411,350	\$ 103,066,740
2003	\$ 32,900,951	\$ 60,224,987	\$ 93,125,938	\$ 95,597,139
2004	\$ 40,178,599	\$ 57,231,170	\$ 97,409,769	\$ 95,847,940
2005	\$ 34,906,211	\$ 57,250,778	\$ 92,156,989	\$ 90,580,281
2006	\$ 31,810,706	\$ 57,314,077	\$ 89,124,783	\$ 84,895,542
2007	\$ 31,307,830	\$ 54,064,946	\$ 85,372,776	\$ 83,365,559
2008	\$ 29,256,533	\$ 50,490,454	\$ 79,746,987	\$ 73,222,359
2009	\$ 23,857,985	\$ 48,949,553	\$ 72,807,538	\$ 64,263,913
2010	\$ 15,598,812	\$ 38,792,651	\$ 54,391,463	\$ 58,298,618
2011	\$ 18,990,581	\$ 44,263,896	\$ 63,254,477	\$ 53,951,487

	<u>% OF HANDLE ON IL. RACES</u>	<u>ILLINOIS HANDLE</u>	<u>STATE REVENUE</u>	<u>PAYOUT TO THE PUBLIC</u>
2002	34%	\$ 1,131,874,324	\$ 12,839,705	\$ 880,017,501
2003	29%	\$ 1,067,918,400	\$ 12,783,565	\$ 828,298,451
2004	31%	\$ 1,059,383,287	\$ 12,757,741	\$ 821,615,350
2005	30%	\$ 1,002,819,877	\$ 11,794,271	\$ 777,582,763
2006	27%	\$ 952,119,485	\$ 10,347,144	\$ 736,885,775
2007	27%	\$ 928,898,436	\$ 8,939,122	\$ 720,155,792
2008	27%	\$ 818,655,036	\$ 7,950,361	\$ 634,543,073
2009	26%	\$ 736,740,493	\$ 7,138,525	\$ 570,551,890
2010	22%	\$ 725,792,958	\$ 7,440,095	\$ 562,772,095
2011	23%	\$ 687,899,890	\$ 7,819,520	\$ 533,744,072

Note 1: In 2002, thoroughbred purses include \$14,280,000 paid at the Arlington Park Breeders' Cup. In 2003, there was a harness labor dispute totaling 86 days.

Note 2: The total handle in 2009, 2010, and 2011 was increased by Advance Deposit Wagering amounts of \$20,111,582, \$97,803,750, and \$109,470,066, respectively.

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ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2012

(NOT EXAMINED)

Horse Racing Statistics
Calendar Year 2011 Comparison of Wagering Pools, Combined Live Racing, and Simulcasts

<u>%</u>	THOROUGHBRED MEETS	TOTAL HANDLE	ON TRACK	INTER TRACK	OFF TRACK	%
	Arlington International Racecourse					
37.1%	WIN, PLACE, SHOW	\$ 84,068,411	\$ 28,855,896	\$ 16,421,626	\$ 38,790,889	46.1%
28.5%	2-HORSE	\$ 64,486,820	\$ 16,751,633	\$ 13,526,376	\$ 34,208,811	53.0%
34.4%	3-HORSE	\$ 77,823,173	\$ 18,986,045	\$ 15,049,527	\$ 43,787,601	56.3%
	TOTAL HANDLE	\$ 226,378,404	\$ 64,593,574	\$ 44,997,529	\$ 116,787,301	51.6%
	Hawthorne Racecourse					
33.5%	WIN, PLACE, SHOW	\$ 61,073,830	\$ 11,717,745	\$ 15,770,951	\$ 33,585,134	55.0%
30.1%	2-HORSE	\$ 54,787,886	\$ 7,460,034	\$ 15,039,496	\$ 32,288,356	58.9%
36.4%	3-HORSE	\$ 66,429,490	\$ 7,225,270	\$ 18,167,130	\$ 41,037,090	61.8%
	TOTAL HANDLE	\$ 182,291,206	\$ 26,403,049	\$ 48,977,577	\$ 106,910,580	58.6%
	Fairmount Park					
46.9%	WIN, PLACE, SHOW	\$ 4,719,758	\$ 3,886,056	\$ 264,116	\$ 569,586	12.1%
25.8%	2-HORSE	\$ 2,595,492	\$ 1,886,633	\$ 199,078	\$ 509,781	19.6%
27.3%	3-HORSE	\$ 2,753,274	\$ 1,941,229	\$ 196,866	\$ 615,179	22.3%
	TOTAL HANDLE	\$ 10,068,524	\$ 7,713,918	\$ 660,060	\$ 1,694,546	16.8%
	THOROUGHBRED TOTAL					
35.8%	WIN, PLACE, SHOW	\$ 149,861,999	\$ 44,459,697	\$ 32,456,693	\$ 72,945,609	48.7%
29.1%	2-HORSE	\$ 121,870,198	\$ 26,098,300	\$ 28,764,950	\$ 67,006,948	55.0%
35.1%	3-HORSE	\$ 147,005,937	\$ 28,152,544	\$ 33,413,523	\$ 85,439,870	58.1%
	TOTAL HANDLE	\$ 418,738,134	\$ 98,710,541	\$ 94,635,166	\$ 225,392,427	53.8%

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ILLINOIS RACING BOARD
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ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2012

(NOT EXAMINED)

Horse Racing Statistics
Calendar Year 2011 Comparison of Wagering Pools, Combined Live Racing, and Simulcasts

<u>%</u>	<u>HARNESSE MEETS</u>	<u>TOTAL HANDLE</u>	<u>ON TRACK</u>	<u>INTER TRACK</u>	<u>OFF TRACK</u>	<u>%</u>
	Balmoral Racing Club					
30.2%	WIN, PLACE, SHOW	\$ 28,981,108	\$ 3,821,695	\$ 8,689,365	\$ 16,470,048	56.8%
25.9%	2-HORSE	\$ 24,894,301	\$ 2,673,485	\$ 7,475,672	\$ 14,745,144	59.2%
43.9%	3-HORSE	\$ 42,173,607	\$ 4,743,540	\$ 11,869,681	\$ 25,560,386	60.6%
	TOTAL HANDLE	\$ 96,049,016	\$ 11,238,720	\$ 28,034,718	\$ 56,775,578	59.1%
	Maywood Park Trotting Association					
30.6%	WIN, PLACE, SHOW	\$ 19,230,769	\$ 3,344,298	\$ 5,118,297	\$ 10,768,174	56.0%
26.3%	2-HORSE	\$ 16,555,587	\$ 2,368,622	\$ 4,072,455	\$ 10,114,510	61.1%
43.1%	3-HORSE	\$ 27,138,117	\$ 3,516,707	\$ 6,456,271	\$ 17,165,140	63.3%
	TOTAL HANDLE	\$ 62,924,473	\$ 9,229,627	\$ 15,647,023	\$ 38,047,824	60.5%
	Illinois State Fair (Springfield)					
39.2%	WIN, PLACE, SHOW	\$ 208,522	\$ 170,023	\$ 14,676	\$ 23,823	11.4%
28.0%	2-HORSE	\$ 149,007	\$ 106,318	\$ 14,264	\$ 28,425	19.1%
32.8%	3-HORSE	\$ 174,560	\$ 124,249	\$ 16,771	\$ 33,540	19.2%
	TOTAL HANDLE	\$ 532,089	\$ 400,590	\$ 45,711	\$ 85,788	16.1%
	DuQuoin State Fair					
39.6%	WIN, PLACE, SHOW	\$ 67,123	\$ 48,182	\$ 8,300	\$ 10,641	15.9%
30.6%	2-HORSE	\$ 51,840	\$ 33,078	\$ 7,409	\$ 11,353	21.9%
29.8%	3-HORSE	\$ 50,605	\$ 28,782	\$ 8,404	\$ 13,419	26.5%
	TOTAL HANDLE	\$ 169,568	\$ 110,042	\$ 24,113	\$ 35,413	20.9%

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Horse Racing Statistics
Calendar Year 2011 Comparison of Wagering Pools, Combined Live Racing, and Simulcasts

<u>%</u>	<u>HARNESSE MEETS (continued)</u>	<u>TOTAL HANDLE</u>	<u>ON TRACK</u>	<u>%</u>	<u>INTER TRACK</u>	<u>%</u>	<u>OFF TRACK</u>	<u>%</u>
	Brown County Fair							
66.8%	WIN, PLACE, SHOW	\$ 11,057	\$ 11,057	100.0%	\$ -	0.0%	\$ -	0.0%
33.2%	2-HORSE	\$ 5,487	\$ 5,487	100.0%	\$ -	0.0%	\$ -	0.0%
0.0%	3-HORSE	\$ -	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
	TOTAL HANDLE	\$ 16,544	\$ 16,544	100.0%	\$ -	0.0%	\$ -	0.0%
	HARNESSE TOTAL							
30.4%	WIN, PLACE, SHOW	\$ 48,498,579	\$ 7,395,255	15.2%	\$ 13,830,638	28.5%	\$ 27,272,686	56.2%
26.1%	2-HORSE	\$ 41,656,222	\$ 5,186,990	12.5%	\$ 11,569,800	27.8%	\$ 24,899,432	59.8%
43.5%	3-HORSE	\$ 69,536,889	\$ 8,413,277	12.1%	\$ 18,351,126	26.4%	\$ 42,772,485	61.5%
	TOTAL HANDLE	\$ 159,691,690	\$ 20,995,522	13.1%	\$ 43,751,564	27.4%	\$ 94,944,603	59.5%
	TOTAL - ALL MEETS							
34.3%	WIN, PLACE, SHOW	\$ 198,360,578	\$ 51,854,952	26.1%	\$ 46,287,331	23.3%	\$ 100,218,295	50.5%
28.3%	2-HORSE	\$ 163,526,420	\$ 31,285,290	19.1%	\$ 40,334,750	24.7%	\$ 91,906,380	56.2%
37.4%	3-HORSE	\$ 216,542,826	\$ 36,565,822	16.9%	\$ 51,764,650	23.9%	\$ 128,212,355	59.2%
	TOTAL HANDLE	\$ 578,429,824	\$ 119,706,064	20.7%	\$ 138,386,731	23.9%	\$ 320,337,030	55.4%

Total Handle - All Meets (above)..... \$ 578,429,824
Total Handle - Advance Deposit Wagering..... \$ 109,470,066
TOTAL ILLINOIS HANDLE..... \$ 687,899,890

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Horse Racing Statistics

Calendar Year 2011 Comparison of Wagering Pools, Combined Live Racing, and Simulcasts

	<u>TOTAL HANDLE</u>	<u>ON TRACK</u>	<u>%</u>	<u>INTER TRACK</u>	<u>%</u>	<u>OFF TRACK</u>	<u>%</u>
LIVE ILLINOIS RACING							
38.3% WIN, PLACE, SHOW	\$ 54,472,974	\$ 30,589,041	56.2%	\$ 7,042,436	12.9%	\$ 16,841,497	30.9%
26.2% 2-HORSE	\$ 37,249,014	\$ 16,149,382	43.4%	\$ 6,296,585	16.9%	\$ 14,803,047	39.7%
35.5% 3-HORSE	\$ 50,459,891	\$ 18,758,898	37.2%	\$ 9,204,746	18.2%	\$ 22,496,246	44.6%
TOTAL HANDLE	\$ 142,181,879	\$ 65,497,321	46.1%	\$ 22,543,767	15.9%	\$ 54,140,790	38.1%
SIMULCAST RACES							
33.0% WIN, PLACE, SHOW	\$ 143,887,604	\$ 21,265,911	14.8%	\$ 39,244,895	27.3%	\$ 83,376,798	57.9%
28.9% 2-HORSE	\$ 126,277,406	\$ 15,135,908	12.0%	\$ 34,038,165	27.0%	\$ 77,103,333	61.1%
38.1% 3-HORSE	\$ 166,082,935	\$ 17,806,923	10.7%	\$ 42,559,903	25.6%	\$ 105,716,108	63.7%
TOTAL HANDLE	\$ 436,247,945	\$ 54,208,742	12.4%	\$ 115,842,963	26.6%	\$ 266,196,239	61.0%

AVERAGE TAKEOUT RATES WHEN SIMULCASTING OUT-OF-STATE RACES

(Based on actual Illinois Wagering Combinations on Out-of-State Races)

	<u>WIN, PLACE, SHOW</u>	<u>2- HORSE</u>	<u>3- HORSE</u>
ILLINOIS THOROUGHBRED MEETS	16.94%	20.46%	24.53%
ILLINOIS HARNESSE MEETS	17.36%	21.21%	24.17%
TOTAL ILLINOIS MEETS	17.05%	20.64%	24.43%

Note 1: In 2011, \$109,470,066 of handle from Advance Deposit Wagering is not included in the individual meet data above.

Note 2: Due to rounding, the amounts shown may not add precisely.

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Calendar Year 2011 Advance Deposit Wagering Statistics

Advance Deposit Wagering (ADW) officially began in Illinois on October 13, 2009. Five companies were licensed in 2011 as ADW providers. Illinois patrons place funds into an account and then wager on races using a telephone or internet device such as a computer or personal digital assistant. Each ADW provider must have a contract with an Illinois racetrack and their affiliated Illinois horsemen association.

<u>ADW Provider (Track)</u>	<u>Total Handle</u>	<u>Average Daily Handle</u>	<u>State Tax (1.75%)</u>	<u>Daily Tax Average</u>
Twin Spires (Arlington)	\$ 42,103,288	\$ 115,668	\$ 726,895	\$ 1,997
Youbet (Arlington)	21,401,696	58,796	370,404	1,018
TVG (Fairmount)	35,850,536	98,490	620,272	1,704
Xpressbet (Hawthorne)	9,718,613	26,699	167,751	461
Betzotic (Balmoral/Maywood)	395,933	1,088	6,668	18
TOTAL, ALL RACES:	\$ 109,470,066	\$ 300,742	\$ 1,891,990	\$ 5,198

<u>Illinois Races vs. Out-of-State Races</u>	<u>Total Handle</u>	<u>Percentage</u>
ADW Handle on Arlington Races	\$ 5,263,732	
ADW Handle on Hawthorne Races	3,912,831	
ADW Handle on Balmoral Races	3,323,952	
ADW Handle on Maywood Races	1,647,107	
ADW Handle on Fairmount Races	503,520	
TOTAL, ILLINOIS RACES:	14,651,140	13%
ADW Handle on Out-of-State Races:	94,818,926	87%
TOTAL, ALL RACES:	\$ 109,470,066	100%

<u>ADW Wagering Pools</u>	<u>Total Handle</u>	<u>Percentage of Total Handle</u>
Win, Place, Show	\$ 41,730,655	38.12%
2-Horse	28,095,708	25.67%
3-Horse	39,643,704	36.21%
	\$ 109,470,066	100.00%

Note 1: YouBet(Arlington) was acquired by Twin Spires (Arlington).

Note 2: Due to rounding, the amounts shown may not add precisely.

Note 3: The additional .25% tax for the Quarter Horse Purse Fund was capped at \$250,000 on November 27, 2011.

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Horse Racing Statistics
Calendar Year 2011 Summary of Surcharges and Revenues to Local Governments from Off-Track Parlors

CITY	DATE OPENED	DATE CLOSED	COUNTY	HANDLE	SURCHARGE ON WINNINGS		TO COUNTY (1% OF HANDLE)	TO CITY (1% OF HANDLE)	OVER/ (UNDER) TO LICENSEE
					\$	\$			
Balmoral Park									
Crestwood	02/17/92		Cook	\$ 26,967,980	\$ 497,366	\$ 269,680	\$ 269,680	\$ (41,994)	
Normal	07/13/06		McLean	4,708,234	88,857	47,082	47,082	(5,308)	
Champaign	10/23/08		Champaign	4,528,979	83,340	45,290	45,290	(7,239)	
Maywood									
Oakbrook Terrace	09/04/92		DuPage	26,976,731	514,168	269,767	269,767	(25,367)	
Niles	04/24/06		Cook	26,340,325	492,505	263,403	263,403	(34,302)	
Elk Grove Village	10/19/07		Cook	7,696,057	147,858	76,961	76,961	(6,063)	
North Aurora	10/25/07		Kane	6,219,513	118,535	62,195	62,195	(5,856)	
Quad City Downs									
Rockford	11/18/87		Winnebago	9,906,667	185,282	99,067	99,067	(12,852)	
South Elgin	12/07/02		Kane	8,031,218	151,602	80,312	80,312	(9,022)	
South Beloit	02/17/04		Winnebago	5,144,474	99,734	51,445	51,445	(3,155)	
McHenry	12/08/05		McHenry	8,835,333	163,093	88,353	88,353	(13,614)	
Lockport	01/31/07		Will	6,191,975	116,898	61,920	61,920	(6,941)	
Fairmont Park									
Springfield	05/05/88		Sangamon	5,759,983	106,599	57,600	57,600	(8,601)	
Sauget	02/12/01		St. Clair	10,381,349	194,570	103,813	103,813	(13,057)	
Alton	10/03/02		Madison	5,061,894	93,556	50,619	50,619	(7,682)	

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Horse Racing Statistics
Calendar Year 2011 Summary of Surcharges and Revenues to Local Governments from Off-Track Parlors

CITY	DATE		COUNTY	HANDLE	SURCHARGE ON		TO CITY (1% OF HANDLE)	TO COUNTY (1% OF HANDLE)	OVER/ (UNDER) TO LICENSEE
	OPENED	CLOSED			WINNINGS	HANDLE			
Hawthorne									
Joliet	10/25/90		Will	12,668,721	240,712	126,687	126,687	126,687	(12,662)
Chicago, Corliss	04/18/91		Cook	25,865,234	477,741	258,652	258,652	258,652	(39,564)
Mokena	05/16/03		Will	12,598,441	234,937	125,984	125,984	125,984	(17,032)
Aurora	04/08/05		DuPage	7,247,765	137,384	72,478	72,478	72,478	(7,571)
Buffalo Grove	08/03/09		Lake	7,300,648	131,942	73,006	73,006	73,006	(14,071)
Yorkville	12/26/10		Kendall	2,038,714	38,587	20,387	20,387	20,387	(2,188)
Arlington International									
Waukegan	12/30/88		Lake	19,515,262	364,327	195,153	195,153	195,153	(25,978)
Chicago, Weed St.	06/04/93		Cook	42,213,150	802,991	422,132	422,132	422,132	(41,272)
Hodgkins	12/10/07		Cook	18,317,005	342,667	183,170	183,170	183,170	(23,673)
Waukegan, Sundance	06/05/10	09/30/11	Lake	4,340,834	83,561	43,408	43,408	43,408	(3,256)
Villa Park	07/12/11		DuPage	5,480,544	103,808	54,805	54,805	54,805	(5,803)

Note: Due to rounding, the amounts shown may not add precisely.

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Horse Racing Statistics
Calendar Year 2011 Activity from All Locations

	<u>THOROUGHBRED MEETS</u>	<u>HARNESS MEETS</u>	<u>ADVANCE DEPOSIT WAGERING</u>	<u>ALL MEETS</u>
Live Programs Raced.....	8,104	8,177		16,281
Total Live Programs Raced + Dark Days.....	432	371		803
Live Races Run.....	2,332	3,037		5,369
Attendance.....	1,377,630	424,155		1,801,785
Admission Tax.....	\$ 70,791	\$ 7,396		\$ 78,188
License Fee.....	\$ 32,810	\$ 30,160		\$ 62,970
License Fee - Daily Handle.....	\$ 4,700	-		\$ 4,700
Purses Distributed.....	\$ 44,263,896	\$ 18,990,581		\$ 63,254,477
Uncashed Tickets (2009).....	\$ 2,296,329	\$ 930,036		\$ 3,226,365
Combined Illinois Handle.....	\$ 418,738,134	\$ 159,691,690	\$ 109,470,066	\$ 687,899,890
Commission (Take Out).....	\$ 86,556,947	\$ 34,114,525	\$ 15,441,076	\$ 136,112,548
Track Commission.....	\$ 35,238,692	\$ 15,362,957	\$ 3,349,838	\$ 53,951,487
Purses Earned.....	\$ 32,609,906	\$ 13,046,128	\$ 3,311,658	\$ 48,967,693
Out-of-State Simulcast Fee.....	\$ 12,755,696	\$ 3,401,549	\$ 6,887,590	\$ 23,044,834
Pari-Mutuel Tax.....	\$ 5,952,653	\$ 2,303,891	\$ 1,891,990	\$ 10,148,534
Public Pool.....	\$ 332,181,187	\$ 125,577,165	\$ 87,156,224	\$ 544,914,576
Breakage.....	\$ 2,336,656	\$ 733,993	\$ 335,506	\$ 3,406,154
Surcharge.....	\$ 5,382,274	\$ 2,382,076	-	\$ 7,764,350
Payout to Public.....	\$ 324,462,257	\$ 122,461,096	\$ 86,820,719	\$ 533,744,072

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Calendar Year 2011 Activity from All Locations

	<u>THOROUGHBRED MEETS</u>	<u>HARNESS MEETS</u>	<u>ADVANCE DEPOSIT WAGERING</u>	<u>ALL MEETS</u>
LIVE RACING DAY HANDLE				
Illinois Handle on Illinois Races.....	\$ 95,587,472	\$ 46,594,407	\$	\$ 142,181,879
ADW Handle on Illinois Races.....	\$ 9,680,082	\$ 4,971,058	\$	\$ 14,651,140
Total Illinois Handle on Illinois Races.....	\$ 105,267,554	\$ 51,565,465	\$	\$ 156,833,019
Illinois Handle on Out-of-State Races.....	\$ 210,853,187	\$ 93,674,076	\$	\$ 304,527,263
Combined Illinois Handle.....	\$ 316,120,741	\$ 145,239,541	\$	\$ 461,360,282
Out-of-State Handle (Commingled) on Illinois Races.....	\$ 385,826,640	\$ 158,143,970	\$	\$ 543,970,610
Total Live Racing Day Handle.....	\$ 701,947,381	\$ 303,383,511	\$	\$ 1,005,330,892
Average Illinois Handle on Illinois Races.....	\$ 367,644	\$ 176,494	\$	\$ 271,339
Average ADW Handle on Illinois Races.....	\$ 37,231	\$ 18,830	\$	\$ 27,960
Average Total Illinois Handle on Illinois Races.....	\$ 404,875	\$ 195,324	\$	\$ 299,300
Average Illinois Handle on Out-of-State Races.....	\$ 810,974	\$ 354,826	\$	\$ 581,159
Average Combined Illinois Handle.....	\$ 1,215,849	\$ 550,150	\$	\$ 880,459
Average Out-of-State Handle (Commingled) on Illinois Races.....	\$ 1,483,949	\$ 599,030	\$	\$ 1,038,112
Average Total Live Racing Day Handle.....	\$ 2,699,798	\$ 1,149,180	\$	\$ 1,918,570

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	THOROUGHBRED <u>MEETS</u>	HARNESS <u>MEETS</u>	ADVANCE DEPOSIT <u>WAGERING</u>	ALL <u>MEETS</u>
DARK DAY HANDLE (Handle on Out of State Races)				
Total Dark Day Handle.....	\$ 112,297,475	\$ 19,423,207	\$ 109,470,066	\$ 131,720,682
Average Total Dark Day Handle.....	\$ 652,892	\$ 181,525	\$	\$ 472,117
ILLINOIS HANDLE FROM ILLINOIS FACILITIES.....	\$ 418,738,134	\$ 159,691,690	\$ 109,470,066	\$ 687,899,890
OUT OF STATE COMMINGLED HANDLE.....	\$ 385,826,640	\$ 158,143,970	\$	\$ 543,970,610
GRAND TOTAL MEET HANDLE.....	\$ 804,564,774	\$ 317,835,660	\$	\$ 1,231,870,500

Note: Due to rounding, the amounts shown may not add precisely.

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Horse Racing Statistics
Calendar Year 2010 Comparison of Wagering Pools, Combined Live Racing, and Simulcasts

<u>%</u>	THOROUGHBRED MEETS	TOTAL HANDLE	ON TRACK	INTER TRACK	OFF TRACK	%
	Arlington International Racecourse					
37.4%	WIN, PLACE, SHOW	\$ 93,747,838	\$ 33,694,267	\$ 17,778,414	\$ 42,275,157	45.1%
28.5%	2-HORSE	\$ 71,463,235	\$ 18,166,213	\$ 15,004,723	\$ 38,292,299	53.6%
34.0%	3-HORSE	\$ 85,267,492	\$ 20,847,859	\$ 16,759,814	\$ 47,659,819	55.9%
	TOTAL HANDLE	\$ 250,478,565	\$ 72,708,339	\$ 49,542,951	\$ 128,227,275	51.2%
	Hawthorne Racecourse					
33.3%	WIN, PLACE, SHOW	\$ 64,606,608	\$ 12,688,044	\$ 16,671,166	\$ 35,247,398	54.6%
30.2%	2-HORSE	\$ 58,614,016	\$ 8,200,578	\$ 15,845,518	\$ 34,567,920	59.0%
36.5%	3-HORSE	\$ 70,833,423	\$ 8,058,657	\$ 19,635,750	\$ 43,139,016	60.9%
	TOTAL HANDLE	\$ 194,054,047	\$ 28,947,279	\$ 52,152,434	\$ 112,954,334	58.2%
	Fairmount Park					
47.3%	WIN, PLACE, SHOW	\$ 3,778,995	\$ 3,126,816	\$ 202,448	\$ 449,731	11.9%
26.7%	2-HORSE	\$ 2,135,289	\$ 1,568,542	\$ 153,322	\$ 413,425	19.4%
26.0%	3-HORSE	\$ 2,075,369	\$ 1,482,728	\$ 144,954	\$ 447,688	21.6%
	TOTAL HANDLE	\$ 7,989,653	\$ 6,178,086	\$ 500,724	\$ 1,310,844	16.4%
	THOROUGHBRED TOTAL					
35.8%	WIN, PLACE, SHOW	\$ 162,133,441	\$ 49,509,127	\$ 34,652,028	\$ 77,972,286	48.1%
29.2%	2-HORSE	\$ 132,212,540	\$ 27,935,333	\$ 31,003,563	\$ 73,273,644	55.4%
35.0%	3-HORSE	\$ 158,176,285	\$ 30,389,244	\$ 36,540,519	\$ 91,246,523	57.7%
	TOTAL HANDLE	\$ 452,522,266	\$ 107,833,704	\$ 102,196,110	\$ 242,492,453	53.6%

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<u>%</u>	<u>HARNESSE MEETS</u>	<u>TOTAL HANDLE</u>	<u>ON TRACK</u>	<u>%</u>	<u>INTER TRACK</u>	<u>%</u>	<u>OFF TRACK</u>	<u>%</u>
	Balmoral Racing Club							
30.2%	WIN, PLACE, SHOW	\$ 32,494,764	\$ 3,967,929	12.2%	\$ 10,255,839	31.6%	\$ 18,270,996	56.2%
26.6%	2-HORSE	\$ 28,628,933	\$ 3,119,576	10.9%	\$ 8,504,712	29.7%	\$ 17,004,645	59.4%
43.3%	3-HORSE	\$ 46,610,795	\$ 5,144,687	11.0%	\$ 13,203,559	28.3%	\$ 28,262,549	60.6%
	TOTAL HANDLE	\$ 107,734,492	\$ 12,232,192	11.4%	\$ 31,964,110	29.7%	\$ 63,538,190	59.0%
	Maywood Park Trotting Association							
30.2%	WIN, PLACE, SHOW	\$ 20,280,563	\$ 3,281,069	16.2%	\$ 5,390,432	26.6%	\$ 11,609,062	57.2%
26.5%	2-HORSE	\$ 17,802,160	\$ 2,577,164	14.5%	\$ 4,365,114	24.5%	\$ 10,859,882	61.0%
43.2%	3-HORSE	\$ 28,971,789	\$ 3,660,191	12.6%	\$ 7,179,337	24.8%	\$ 18,132,261	62.6%
	TOTAL HANDLE	\$ 67,054,512	\$ 9,518,424	14.2%	\$ 16,934,883	25.3%	\$ 40,601,205	60.5%
	Illinois State Fair (Springfield)							
40.3%	WIN, PLACE, SHOW	\$ 62,361	\$ 45,721	73.3%	\$ 7,701	12.3%	\$ 8,939	14.3%
29.4%	2-HORSE	\$ 45,492	\$ 30,907	67.9%	\$ 5,920	13.0%	\$ 8,665	19.0%
30.2%	3-HORSE	\$ 46,728	\$ 27,955	59.8%	\$ 7,080	15.2%	\$ 11,693	25.0%
	TOTAL HANDLE	\$ 154,581	\$ 104,583	67.7%	\$ 20,701	13.4%	\$ 29,297	19.0%
	DuQuoin State Fair							
37.8%	WIN, PLACE, SHOW	\$ 191,513	\$ 144,520	75.5%	\$ 17,822	9.3%	\$ 29,171	15.2%
29.6%	2-HORSE	\$ 149,950	\$ 95,897	64.0%	\$ 19,059	12.7%	\$ 34,994	23.3%
32.6%	3-HORSE	\$ 165,414	\$ 107,068	64.7%	\$ 22,108	13.4%	\$ 36,238	21.9%
	TOTAL HANDLE	\$ 506,877	\$ 347,485	68.6%	\$ 58,989	11.6%	\$ 100,403	19.8%

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<u>%</u>	<u>HARNESSE MEETS (continued)</u>	<u>TOTAL HANDLE</u>	<u>ON TRACK</u>	<u>%</u>	<u>INTER TRACK</u>	<u>%</u>	<u>OFF TRACK</u>	<u>%</u>
	Brown County Fair							
68.3%	WIN, PLACE, SHOW	\$ 11,255	\$ 11,255	100.0%	\$ -	0.0%	\$ -	0.0%
24.1%	2-HORSE	\$ 3,966	\$ 3,966	100.0%	\$ -	0.0%	\$ -	0.0%
7.6%	3-HORSE	\$ 1,260	\$ 1,260	100.0%	\$ -	0.0%	\$ -	0.0%
	TOTAL HANDLE	\$ 16,481	\$ 16,481	100.0%	\$ -	0.0%	\$ -	0.0%
	HARNESSE TOTAL							
30.2%	WIN, PLACE, SHOW	\$ 53,040,456	\$ 7,450,494	14.0%	\$ 15,671,794	29.5%	\$ 29,918,168	56.4%
26.6%	2-HORSE	\$ 46,630,501	\$ 5,827,510	12.5%	\$ 12,894,805	27.7%	\$ 27,908,186	59.8%
43.2%	3-HORSE	\$ 75,795,986	\$ 8,941,161	11.8%	\$ 20,412,084	26.9%	\$ 46,442,741	61.3%
	TOTAL HANDLE	\$ 175,466,943	\$ 22,219,165	12.7%	\$ 48,978,683	27.9%	\$ 104,269,095	59.4%
	TOTAL - ALL MEETS							
34.3%	WIN, PLACE, SHOW	\$ 215,173,897	\$ 56,959,621	26.5%	\$ 50,323,822	23.4%	\$ 107,890,454	50.1%
28.5%	2-HORSE	\$ 178,843,041	\$ 33,762,843	18.9%	\$ 43,898,368	24.5%	\$ 101,181,830	56.6%
37.3%	3-HORSE	\$ 233,972,270	\$ 39,330,405	16.8%	\$ 56,952,602	24.3%	\$ 137,689,263	58.8%
	TOTAL HANDLE	\$ 627,989,208	\$ 130,052,869	20.7%	\$ 151,174,792	24.1%	\$ 346,761,547	55.2%

Total Handle - All Meets (above)..... \$ 627,989,208
Total Handle - Advance Deposit Wagering..... \$ 97,803,750
TOTAL ILLINOIS HANDLE..... \$ 725,792,958

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	<u>TOTAL HANDLE</u>	<u>ON TRACK</u>	<u>%</u>	<u>INTER TRACK</u>	<u>%</u>	<u>OFF TRACK</u>	<u>%</u>
LIVE ILLINOIS RACING							
38.2% WIN, PLACE, SHOW	\$ 56,817,988	\$ 31,933,025	56.2%	\$ 7,404,961	13.0%	\$ 17,480,002	30.8%
26.6% 2-HORSE	\$ 39,599,304	\$ 16,984,512	42.9%	\$ 6,897,189	17.4%	\$ 15,717,603	39.7%
35.1% 3-HORSE	\$ 52,183,206	\$ 19,504,045	37.4%	\$ 9,730,140	18.6%	\$ 22,949,022	44.0%
TOTAL HANDLE	\$ 148,600,498	\$ 68,421,582	46.0%	\$ 24,032,290	16.2%	\$ 56,146,627	37.8%
SIMULCAST RACES							
33.0% WIN, PLACE, SHOW	\$ 158,355,909	\$ 25,026,596	15.8%	\$ 42,918,861	27.1%	\$ 90,410,452	57.1%
29.0% 2-HORSE	\$ 139,243,737	\$ 16,778,331	12.0%	\$ 37,001,179	26.6%	\$ 85,464,227	61.4%
37.9% 3-HORSE	\$ 181,789,064	\$ 19,826,360	10.9%	\$ 47,222,462	26.0%	\$ 114,740,242	63.1%
TOTAL HANDLE	\$ 479,388,710	\$ 61,631,287	12.9%	\$ 127,142,502	26.5%	\$ 290,614,921	60.6%

AVERAGE TAKEOUT RATES WHEN SIMULCASTING OUT-OF-STATE RACES

(Based on actual Illinois Wagering Combinations on Out-of-State Races)

	<u>WIN, PLACE, SHOW</u>	<u>2- HORSE</u>	<u>3- HORSE</u>
ILLINOIS THOROUGHBRED MEETS	16.94%	20.27%	24.25%
ILLINOIS HARNESSE MEETS	17.25%	20.86%	24.01%
TOTAL ILLINOIS MEETS	17.02%	20.42%	24.18%

Note 1: In 2010, \$97,803,750 of handle from Advance Deposit Wagering is not included in the individual meet data above.

Note 2: Due to rounding, the amounts shown may not add precisely.

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Calendar Year 2010 Advance Deposit Wagering Statistics

Advance Deposit Wagering (ADW) officially began in Illinois on October 13, 2009. Four companies were licensed in 2010 as ADW providers. Illinois patrons place funds into an account and then wager on races using a telephone or internet device such as a computer or personal digital assistant. Each ADW provider must have a contract with an Illinois racetrack and their affiliated Illinois horsemen association.

<u>ADW Provider (Track)</u>	<u>Total Handle</u>	<u>Average Daily Handle</u>	<u>State Tax (1.75%)</u>	<u>Daily Tax Average</u>
Twin Spires (Arlington)	\$ 29,786,169	\$ 81,830	\$ 521,258	\$ 1,432
Yobet (Hawthorne/Balmoral/Maywood)	34,793,345	95,586	608,884	1,673
TVG (Fairmount)	27,316,785	75,046	478,044	1,313
Xpressbet (Arlington)	5,907,451	16,229	103,380	284
TOTAL, ALL RACES:	\$ 97,803,750	\$ 268,692	\$ 1,711,566	\$ 4,702

<u>Illinois Races vs. Out-of-State Races</u>	<u>Total Handle</u>	<u>Percentage</u>
ADW Handle on Arlington Races	\$ 5,159,595	
ADW Handle on Hawthorne Races	3,453,985	
ADW Handle on Balmoral Races	2,682,406	
ADW Handle on Maywood Races	1,321,432	
ADW Handle on Fairmount Races	265,346	
TOTAL, ILLINOIS RACES:	12,882,764	13%
ADW Handle on Out-of-State Races:	84,920,986	87%
TOTAL, ALL RACES:	\$ 97,803,750	

<u>ADW Wagering Pools</u>	<u>Total Handle</u>	<u>Percentage of Total Handle</u>
Win, Place, Show	\$ 34,147,351	34.91%
2-Horse	26,648,884	27.25%
3-Horse	37,007,515	37.84%
	\$ 97,803,750	100.00%

Note 1: Due to rounding, the amounts shown may not add precisely.

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Calendar Year 2010 Summary of Surcharges and Revenues to Local Governments from Off-Track Parlors

CITY	DATE OPENED	DATE CLOSED	COUNTY	HANDLE	SURCHARGE ON		TO COUNTY (1% OF HANDLE)	TO COUNTY (1% OF HANDLE)	OVER/ (UNDER) TO LICENSEE
					WINNINGS	HANDLE			
Balmoral Park									
Chicago, Corliss*	04/18/91		Cook	\$ 27,194,688	\$	502,202	\$ 271,947	\$ 271,947	\$ (41,692)
Buffalo Grove*	08/03/09		Lake	8,440,392		134,938	84,404	84,404	(33,870)
Normal	07/13/06		McLean	4,761,764		97,545	47,618	47,618	2,310
Champaign	10/23/08		Champaign	5,319,575		96,968	53,196	53,196	(9,424)
Maywood									
Niles	04/23/06		Cook	28,937,153		549,457	289,372	289,372	(29,286)
North Aurora	10/25/07		Kane	6,595,728		130,414	65,957	65,957	(1,501)
Mokena*	05/16/03		Will	12,458,127		231,710	124,581	124,581	(17,453)
Aurora*	04/08/05		DuPage	7,761,515		149,366	77,615	77,615	(5,865)
Quad City Downs									
Rockford	11/18/87		Winnebago	9,901,894		188,138	99,019	99,019	(9,900)
South Elgin	12/07/02		Kane	9,523,882		180,490	95,239	95,239	(9,987)
South Beloit	02/17/04		Winnebago	5,262,039		100,785	52,620	52,620	(4,456)
McHenry	12/08/05		McHenry	9,017,774		169,736	90,178	90,178	(10,620)
Lockport	01/31/07		Will	7,064,725		135,400	70,467	70,467	(5,534)

*These parlors were moved under the license of Hawthorne in 2011.

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CITY	DATE		COUNTY	HANDLE	SURCHARGE ON WINNINGS	TO CITY (1% OF HANDLE)	TO COUNTY (1% OF HANDLE)	OVER/ (UNDER) TO LICENSEE
	OPENED	CLOSED						
Hawthorne								
Joliet	10/25/90		Will	13,063,812	246,230	130,638	130,638	(15,046)
Peru	03/05/92	05/02/10	LaSalle	760,678	14,704	7,607	7,607	(510)
Chicago, LaSalle St.	11/19/07	09/05/10	Cook	16,607,118	317,807	166,071	166,071	(14,335)
Yorkville	12/26/10		Kendall	19,123	398	191	191	16
Oakbrook Terrace^	09/04/92		DuPage	33,441,848	634,584	334,418	334,418	(34,253)
Crestwood*	02/17/92		Cook	28,679,531	537,542	286,795	286,795	(36,049)
Elk Grove Village^	10/19/07		Cook	8,335,159	158,552	83,352	83,352	(8,151)
Fairmont Park								
Springfield	05/05/88		Sangamon	5,897,938	112,863	58,979	58,979	(5,096)
Sauget	02/12/01		St. Clair	11,602,616	219,345	116,026	116,026	(12,707)
Alton	10/03/02		Madison	5,759,468	108,211	57,595	57,595	(6,978)
Arlington International								
Waukegan	12/30/88		Lake	23,028,927	432,601	230,289	230,289	(27,978)
Chicago, Weed St.	06/04/93		Cook	36,771,048	700,045	367,710	367,710	(35,376)
Waukegan, Sundance	06/05/10		Lake	2,253,784	41,697	22,538	22,538	(3,379)
Hodgkins	12/10/07		Cook	18,319,240	347,516	183,192	183,192	(18,869)

^These parlors were moved under the license of Maywood in 2011.

*This parlor was moved under the license of Balmoral in 2011.

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Horse Racing Statistics
Calendar Year 2010 Activity from All Locations

	<u>THOROUGHBRED MEETS</u>	<u>HARNESS MEETS</u>	<u>ADVANCE DEPOSIT WAGERING</u>	<u>ALL MEETS</u>
Live Programs Raced.....	7,266	7,656		14,922
Total Live Programs Raced + Dark Days.....	415	372		787
Live Races Run.....	2,143	3,036		5,179
Attendance.....	1,452,806	468,796		1,921,602
Admission Tax.....	\$ 75,145	\$ 9,834		\$ 84,979
License Fee.....	\$ 33,250	\$ 28,510		\$ 61,760
License Fee - Daily Handle.....	\$ 5,400	-		\$ 5,400
Purses Distributed.....	\$ 38,792,651	\$ 15,598,812		\$ 54,391,463
Uncashed Tickets (2008).....	\$ 2,644,342	\$ 1,140,334		\$ 3,784,676
Combined Illinois Handle.....	\$ 452,522,266	\$ 175,466,943		\$ 627,989,209
Commission (Take Out).....	\$ 92,942,821	\$ 37,214,602		\$ 130,157,423
Track Commission.....	\$ 38,254,686	\$ 16,704,716		\$ 54,959,402
Purses Earned.....	\$ 35,491,058	\$ 14,352,681		\$ 49,843,739
Out-of-State Simulcast Fee.....	\$ 12,868,180	\$ 3,661,127		\$ 16,529,307
Pari-Mutuel Tax.....	\$ 6,328,897	\$ 2,496,077		\$ 8,824,974
Public Pool.....	\$ 359,579,445	\$ 138,252,340		\$ 497,831,785
Breakage.....	\$ 3,175,372	\$ 860,873		\$ 4,036,245
Surcharge.....	\$ 5,799,360	\$ 2,628,671		\$ 8,428,031
Payout to Public.....	\$ 350,604,713	\$ 134,762,797		\$ 485,367,510

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Calendar Year 2010 Activity from All Locations

	THOROUGHBRED <u>MEETS</u>	HARNESS <u>MEETS</u>	ADVANCE DEPOSIT <u>WAGERING</u>	ALL <u>MEETS</u>
LIVE RACING DAY HANDLE				
Illinois Handle on Illinois Races.....	\$ 100,782,212	\$ 47,818,287	\$	\$ 148,600,498
ADW Handle on Illinois Races.....	\$ -	\$ -	\$	\$ -
Total Illinois Handle on Illinois Races.....	\$ 100,782,212	\$ 47,818,287	\$	\$ 148,600,498
Illinois Handle on Out-of-State Races.....	\$ 224,843,978	\$ 99,865,461	\$	\$ 324,709,440
Combined Illinois Handle.....	\$ 325,626,190	\$ 147,683,748	\$	\$ 473,309,938
Out-of-State Handle (Commingled) on Illinois Races.....	\$ 406,528,152	\$ 159,622,393	\$	\$ 566,150,545
Total Live Racing Day Handle.....	\$ 732,154,342	\$ 307,306,140	\$	\$ 1,039,460,482
Average Illinois Handle on Illinois Races.....	\$ 378,880	\$ 151,324	\$	\$ 255,327
Average ADW Handle on Illinois Races.....	\$ -	\$ -	\$	\$ -
Average Total Illinois Handle on Illinois Races.....	\$ 378,880	\$ 151,324	\$	\$ 255,327
Average Illinois Handle on Out-of-State Races.....	\$ 845,278	\$ 316,030	\$	\$ 557,920
Average Combined Illinois Handle.....	\$ 1,224,159	\$ 467,354	\$	\$ 813,247
Average Out-of-State Handle (Commingled) on Illinois Races.....	\$ 1,528,301	\$ 505,134	\$	\$ 972,767
Average Total Live Racing Day Handle.....	\$ 2,752,460	\$ 972,488	\$	\$ 1,786,015

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	THOROUGHBRED <u>MEETS</u>	HARNESS <u>MEETS</u>	ADVANCE DEPOSIT <u>WAGERING</u>	ALL <u>MEETS</u>
DARK DAY HANDLE (Handle on Out of State Races)				
Total Dark Day Handle.....	\$ 126,896,076	\$ 27,783,195		\$ 154,679,271
Average Total Dark Day Handle.....	\$ 808,255	\$ 257,252		\$ 583,695
ILLINOIS HANDLE FROM ILLINOIS FACILITIES.....	\$ 452,522,266	\$ 175,466,943		\$ 627,989,208
OUT OF STATE COMMINGLED HANDLE.....	\$ 406,528,152	\$ 159,622,393		\$ 566,150,545
GRAND TOTAL MEET HANDLE.....	\$ 859,050,418	\$ 335,089,335		\$ 1,194,139,753

Note: Due to rounding, the amounts shown may not add precisely.

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Service Efforts and Accomplishments

Mission Statement:

To ensure the honesty and integrity of thoroughbred, standardbred, and quarter horse races and pari-mutuel wagering through the enforcement of the Illinois Horse Racing Act.

Program Goals:

Objectives:

- 1) Ensure that horse racing is conducted in a fair and competitive manner and is in strict compliance of all rules and regulations of the Board.
- 2) Enforce the Illinois Racing Boards' medication rules through drug testing to ensure races are conducted without the presence of prohibited substance and are within the limits of permissible race day medication.
- 3) Protect and maintain the integrity of the pari-mutuel wagering system.
- 4) Encourage, promote and stimulate growth within the horse racing industry.

Funds:

Horse Racing Fund

Statutory Authority:

Illinois Horse Racing Act of 1975 (230 ILCS 5)

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Service Efforts and Accomplishments

Fund: Horse Racing Fund	Fiscal Year					
	2011		2012		2013	
	2010 Actual	2011 Target/Projected	2011 Actual	2012 Target/Projected	2012 Actual	2013 Target/Projected
Input Indicators						
Total expenditures - State appropriated funds (in thousands)	\$ 6,990.3	\$ 9,134.1	\$ 6,237.8	\$ 8,611.6	\$ 6,750.0	\$ 8,579.2
Average monthly full-time equivalents	48.0	39.0	41.0	42.0	46.0	49.0

Output Indicators						
Total number of steward rulings issued	600	600	522	550	601	550
Total number of race lab samples sent for lab testing (a)(b)	N/A	N/A	14,890	15,671	15,260	14,900

Outcome Indicators						
Total number of administrative appeals of steward's rulings	9	12	15	15	8	10
Number of live races per steward rulings issued	8.0	7.5	10.1	8.0	9.1	8.0
Horse laboratory proficiency testing score (test sample accuracy)	100%	100%	100%	100%	100%	100%
Live race related rulings as a percent of total steward rulings (a)	N/A	N/A	33%	33%	33%	15%
Instances of performance enhancing substance found (a)(b)	N/A	N/A	39	0.0	11	36
Instances of non-performance enhancing substance exceeding allowable levels (a)(b)	N/A	N/A	12	0.0	36	25

(a) This indicator was introduced in Fiscal Year 2011; therefore, data is unavailable for Fiscal Year 2010.

(b) This is the total number of equine blood and urine samples sent and includes pre- and post-race samples and the number of resulting positive exceedances.