STATE OF ILLINOIS
DEPARTMENT OF REVENUE
COMPLIANCE EXAMINATION

For the Year Ended June 30, 2008

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AGENCY OFFICIALS

DEPARTMENT OF REVENUE

Director	Brian A. Hamer
Assistant Director	Pat Welch
Associate Director	Jodie Winnett
Chief of Staff	Lainie Krozel (Acting 6/2/08 - Current)
	Lainie Krozel (10/1/07 – 6/1/08)
	Lainie Krozel (Acting 7/1/07 – 9/30/07)
Chief Fiscal Officer	Mark Lewis
Lottery	Jodie Winnett (Acting)
Liquor Control Commission	Lainie Krozel (6/2/08 – Current)
	Lainie Krozel (Acting 7/1/07 – 6/1/08)
Gaming Board	Mark Ostrowski
Racing Board	Marc Laino
Program Administrators:	
Administrative Services	Vacant (03/22/08-Current)
	Stephanie Arkin (07/01/07-03/21/08)
Account Processing	Carol Davlin
Information Services	Curt Smith
Tax Enforcement	Pat Welch (Acting)
Policy and Communications Office	Mike Klemens
Managers:	
Financial Control Bureau	Larry Lascody, Jr.
Returns and Deposits	Patti Walbaum
General Counsel	John McCaffrey
Administrative and Regulatory Shared Services Center:	
Director	Dave Hunt
Chief Fiscal Officer	Travis March
Customer Service Liaison	Vacant (6/16/08 – Current)
	Carolyn White (7/1/07 – 6/16/08)
Human Services Director	Christy Shewmaker
Administrative Director	Vacant (6/1/08-8/20/08)
	Shelly Martin (7/1/07 – 5/30/08)

Agency offices are located at:

Willard Ice Building	James R. Thompson Center
101 West Jefferson	100 West Randolph, Suite 7-500
Springfield, Illinois 62702	Chicago, Illinois 60601-3274

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
101 WEST JEFFERSON STREET
SPRINGFIELD, ILLINOIS 62702
Springfield Office: 217 785-7570
Chicago Office: 312 814-3190

BRIAN HAMER
Director

PAT QUINN
Governor

June 23, 2009

Honorable William G. Holland
Auditor General
State of Illinois
Iles Park Plaza
740 East Ash
Springfield, IL 62703-3154

Dear Auditor General 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 Department of Revenue. 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 Department's compliance with the following assertions during the period ended June 30, 2008. Based on this evaluation, we assert that during the year ended June 30, 2008, the Department has materially complied with the assertions below.

A. The Department 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. Other than what has been previously disclosed, the Department 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. Other than what has been previously disclosed, the Department has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

D. Other than what has been previously disclosed, the Department State revenues and receipts collected by the Department are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.

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

Yours very truly,

Department of Revenue

Brian Hamer, Director of Revenue

Mark Lewis, Chief Fiscal Officer

John W. McCaffrey, General Counsel

COMPLIANCE REPORT

SUMMARY

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

ACCOUNTANTS' REPORTS

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

SUMMARY OF FINDINGS

Number of	Current Report	Prior Reports
Findings	18	9
Repeated findings	4	1
Prior recommendations implemented or not repeated	5	1

Details of findings are presented in the separately tabbed report section of this report.

SCHEDULE OF FINDINGS

Item No.	Page	Description	Finding Type
		CURRENT FINDINGS (STATE COMPLIANCE)	
08-1	10	The Department did not ensure revenue recognition relating to credit-carry forward amounts was proper	Material Weakness and Material Noncompliance
08-2	14	Inaccurate accounts receivable balances	Material Weakness and Material Noncompliance
08-3	18	The Department did not ensure GAAP packages and draft financial statements were complete and accurate	Material Weakness and Material Noncompliance
08-4	21	Taxpayer information that was material to the financial statements was not considered or processed timely	Material Weakness and Material Noncompliance
08-5	25	Inadequate controls over data reconciliations	Significant Deficiency and Noncompliance

08-6	27	Inaccurate penalties and interest reporting	Significant Deficiency and Noncompliance
08-7	30	Lack of supervisory approval of large adjustments and monitoring of tax accounts	Material Weakness and Material Noncompliance
08-8	34	Weaknesses in the development and change management of GenTax	Material Weakness and Material Noncompliance
08-9	37	Deficiencies in GenTax	Material Weakness and Material Noncompliance
08-10	40	Lack of adequate disaster contingency planning or testing to ensure recovery of applications and data	Significant Deficiency and Noncompliance
08-11	42	Inadequate controls over contractual agreements	Significant Deficiency and Noncompliance
08-12	44	Need to enhance controls over confidential information	Significant Deficiency and Noncompliance
08-13	47	Inadequate controls over personal services	Significant Deficiency and Noncompliance
08-14	49	Inadequate control over personal use of State vehicles	Significant Deficiency and Noncompliance
08-15	50	Noncompliance with the State Records Act	Significant Deficiency and Noncompliance
08-16	51	Lack of required Lottery Board members	Significant Deficiency and Noncompliance
08-17	52	Noncompliance with the Illinois Lottery Law	Significant Deficiency and Noncompliance
08-18	54	Noncompliance with Retailers' Occupation Tax Act	Significant Deficiency and Noncompliance

PRIOR FINDINGS NOT REPEATED

A.	59	Lack of control and monitoring over the tax allocation methodology utilized by the Department
B.	59	Inappropriate lapse period expenditures
C.	59	Payments for consolidated services
D.	60	Improper fiscal year expenditure
E.	60	Vouchers not processed timely from the Tax Increment Fund

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an exit conference on June 9, 2009. Attending were:

Department of Revenue

Brian A. Hamer	Director	Jodie Winnett	Assistant Director
Mark Lewis	Chief Fiscal Officer	John McCaffrey	Legal Counsel
Curt Smith	Chief Information Officer	Dan Hall	Audit Bureau
Larry Lascody	Financial Control Bureau	Wayne Richie	Account Processing
Jose Borjon	Audit Liaison	Marvin Becker	Shared Services
Norma Sutton	Administrative Services	Dave Hunt	Shared Services
Mike Klemens	Policy and Communications		

Office of the Auditor General		**McGladrey & Pullen, LLP**	
Candice Long	Audit Manager	Linda Abernethy	Partner
Kathy Lovejoy	Audit Manager	Joseph Evans	Partner
Alison Schertz	Audit Manager		
Jennifer Ballweg	State Auditor		
Daniel Nugent	State Auditor		

Responses to the recommendations were provided by Brian A. Hamer, Director, in a letter dated June 15, 2009.

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OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

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

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have examined the State of Illinois, Department of Revenue'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 year ended June 30, 2008. The management of the State of Illinois, Department of Revenue is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Department of Revenue's compliance based on our examination.

A. The State of Illinois, Department of Revenue has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.

B. The State of Illinois, Department of Revenue has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.

C. The State of Illinois, Department of Revenue 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, Department of Revenue are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.

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

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the

Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the State of Illinois, Department of Revenue'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, Department of Revenue's compliance with specified requirements.

As described in findings 08-1 through 08-4 and 08-7 through 08-9 in the accompanying schedule of findings, the State of Illinois, Department of Revenue did not comply with requirements regarding the limitations, restrictions, conditions or mandatory directions imposed by law upon the obligation, expenditure, receipt or use of public funds of the State; with requirements regarding laws and regulations, including the State uniform accounting system, in its financial and fiscal operations; and with requirements regarding laws and regulations and the accounting and recordkeeping of State revenues and receipts collected by the Department. Compliance with such requirements is necessary, in our opinion, for the State of Illinois, Department of Revenue 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, Department of Revenue complied, in all material respects, with the requirements listed in the first paragraph of this report during the year ended June 30, 2008. However, the results of our procedures disclosed other instances of noncompliance, 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 findings 08-5, 08-6 and 08-10 through 08-18.

Internal Control

The management of the State of Illinois, Department of Revenue 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, Department of Revenue's internal control over compliance with the requirements listed in the first paragraph of this report in order to determine our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois, Department of Revenue's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Department of Revenue's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with the requirements listed in the first paragraph of this report on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to comply with the requirements listed in the first paragraph of this report such that there is more than a remote likelihood that noncompliance with a requirement that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance as described in the accompanying schedule of findings as findings 08-1 through 08-18 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings, we consider items 08-1 through 08-4 and 08-7 through 08-9 to be material weaknesses.

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

The State of Illinois, Department of Revenue'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, Department of Revenue's responses and, accordingly, we express no opinion on them.

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information as listed in the table of contents as Supplementary Information for State Compliance Purposes is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the 2008 Supplementary Information for State Compliance Purposes, except for the Illinois Gaming Board Statistics, the Audit Collections Statistics and the Service Efforts and Accomplishments on which we did not perform any procedures. However, we do not express an opinion on the supplementary information.

We have not applied procedures to the 2007 Supplementary Information for State Compliance Purposes, and accordingly, we do not express an opinion thereon.

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

Bruce L. Bullard

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

June 23, 2009

08-1. **FINDING** (The Department did not ensure revenue recognition relating to credit-carry forward amounts was proper)

The Department of Revenue (Department) does not have sufficient processes and controls in place to ensure revenue recognition related to the credit-carry forward is proper.

- During our audit of Individual Income Tax (IIT) and Business Income Tax (BIT) returns for taxpayers with credit-carry forward amounts, we noted deferred revenues were not properly accrued. A credit-carry forward occurs when a business or individual taxpayer has a tax overpayment which they elect to apply to a subsequent tax period (as opposed to requesting a refund). The Department's procedure for income tax related liabilities was to accrue the lapse period refunds for business and individual income taxes. This method resulted in revenue recognition during the current period for all overpayments that were not refunded. When a credit was requested to be carried to the next tax year by a taxpayer, the taxpayer intended that it be applied to a subsequent reporting period and used to offset tax liabilities of the subsequent period.

  This situation resulted in the overstatement of revenue and understatement of deferred revenue for four governmental funds as well as governmental activities, in the draft financial statements. Because the Department had not previously adjusted its financial statements for the effects of credit-carry forward balances, a prior period adjustment was necessary to restate beginning fund balances and net assets for the impact from previous years.

  In the draft financial statements provided to the auditors, income tax revenues were understated by approximately $71 million at June 30, 2008 for governmental funds and governmental activities. Deferred (unearned) revenues were understated by approximately $433 million for governmental funds and governmental activities. Also, beginning of the year fund balances/net assets were overstated by approximately $344 million for governmental funds and governmental activities. Adjustments to record these credit-carry forward amounts were recorded in the final financial statements.

- During our audit of sales tax, and the related revenue and deferred revenue, we noted credits totaling $11.8 million from the legacy tax system had not been recorded as a liability at June 30, 2008 in the financial statements. Although the amount of credits related to the sales tax types were converted to the new enterprise-wide tax system (GenTax) and were recorded, the adjustment was understated by approximately $1 million. In total, credits of approximately $13 million related to sales tax (Department – wide total) were not recorded in the financial statements. These amounts were deemed immaterial and were not recorded in the final financial statements.

In accordance with Generally Accepted Accounting Principles (GAAP), all assets, liabilities, revenues and expenses should be recorded. Specifically, GASB Statement No. 33 *Accounting and Financial Reporting for Nonexchange Transactions* requires "Governments should recognize assets from derived tax revenue transactions in the period when the exchange transaction on which the tax is imposed occurs or when the resources are received, whichever occurs first. Revenues should be recognized, net of estimated refunds and estimated uncollectible amounts, in the same period that the assets are recognized, provided that the underlying exchange transaction has occurred. Resources received in advance should be reported as deferred revenues (liabilities) until the period of the exchange." Credit-carry forward amounts represent resources received in advance and should be deferred.

In accordance with the Fiscal Control and Internal Auditing Act, 30 ILCS 10/3001 "All State agencies shall establish and maintain a system, or systems, of internal fiscal and administrative controls, which shall provide assurance that: … 4) revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources." All relevant data should be reviewed on an ongoing basis in connection with GAAP reporting to ensure the data and assumptions used to recognize revenue are current, reasonable and accurate.

The Department stated this occurred because it had, since 1980, interpreted GAAP to mean that carry forwards should not be accrued because the amounts were not reasonably estimable.

Since credit-carry forwards are a significant accounting estimate for the Department, the lack of an appropriate method for accruing this unearned revenue resulted in material misstatements in the draft financial statements and delayed issuance of audited financial statements. (Finding Code No. 08-1)

RECOMMENDATION

We recommend the Department strengthen its processes and procedures over financial reporting of credit-carry forward amounts. The preparation of accounting estimates requires management to obtain sufficient data, make reasonable assumptions and continuously examine the appropriateness of amounts recorded. The Department should analyze historical data used, assess whether the data is comparative and consistent with data of the current period and consider if it can be relied upon in formulating a current estimate. Relevant information such as the taxpayer's estimated income tax liability, income tax refunds and credits to be applied to future periods should all be considered in determining earned and unearned revenue.

We further recommend Revenue Accounting personnel be responsible for developing the income tax deferrals and revenues related to credit-carry forwards and ensure the methodology used to estimate the unearned revenue be re-examined annually.

DEPARTMENT RESPONSE

The Department has accepted the recommendation and has changed the way it accounts for credit-carry forwards on year-end financial statements, a change that, it is important to note, will have no impact on budgetary cash flows or revenues, which are accounted for on a cash basis, but will better estimate the fiscal year to which revenue should be credited.

After discussions with the Governmental Accounting Standards Board (GASB), the Illinois Office of the Comptroller (IOC) and others, the Department agrees to change the accounting treatment to estimate and record credit-carry forward amounts as deferred revenue for the current and subsequent years. The estimates include significant methodology assumptions that will vary based on analysis of historical data because of the variables and complexity discussed in 1-6 below. The Department follows the IOC Statewide Accounting Management System (SAMS) Manual and revenue accrual instructions. Strengthening of our processes and procedures would not have changed our accounting treatment for credit-carry forwards since it was a long-standing interpretation of GAAP. We will ask the IOC to revise the SAMS Manual and revenue accrual instructions accounting treatment for income tax credit-carry forwards.

The Department posts sales and excise tax credit-carry forward adjustments in accordance with IOC revenue accrual instructions and SAMS Manual form SCO-541, "Refunds and Credit Memoranda". For income taxes, credits or credit memoranda are not issued, they are elected by taxpayers in lieu of refunds in accordance with the Illinois Income Tax Act.

An income tax deferred revenue liability was not accrued in prior years because the Department considered the amounts not measureable (reasonably estimable) for the following reasons:

(1) Taxpayers 'self assess' taxes and decide, sometimes on extended filings as late as October 15 (for December fiscal year end filers), to take a carry forward credit rather than a refund. Eighty percent of credit carry forward filers are extension filers, thus at June 30, the amounts are very difficult to measure.
(2) Often, large corporate credit-carry forwards are reduced or eliminated by subsequent audits.
(3) Many credit-carry forwards are never used because taxpayers go out of business or file bankruptcy, etc.
(4) Corporations in Illinois have fiscal years ending in every month of the year, making any methodology to measure deferred revenue difficult. Also, corporate earnings are often seasonal.

(5) Significant amounts of carry forwards are "earned" by fiscal year end. For example, for calendar year end corporations and individuals, 50% of any credit-carry forward deferred revenue is earned by June 30 (although sometimes this is not known until the extended filing date (October).

(6) Originally, carry forwards were not material to the State's financial statements. However, elections by taxpayers to carry forward overpayments have increased. One taxpayer currently has a credit of $183 million (over 40%) of the total credit-carry forwards.

08-2. **FINDING** (Inaccurate accounts receivable balances)

The Department of Revenue's (Department) Withholding Income Tax (WIT), Business Income Tax (BIT) and Individual Income Tax (IIT) accounts included in the Department's accounts receivable calculation at June 30, 2008 were not accurate. As a result of the inaccuracies found, accounts receivable was adjusted by $87,556,887 for the financial statements.

In testing the accounts receivable, the auditors and the Department agreed upon the following assumptions that would make an account an **invalid** accounts receivable. Invalid receivables are described as an account where no cash will be collected in the future based on the following reasons:

a. Receivables were recorded as the result of a payment(s) being posted to the wrong account number (FEIN) or account period (APE);
b. Receivables were recorded as the result of a return being posted to the wrong FEIN or APE;
c. Receivables were recorded as the result of data entry errors;
d. Receivables for which correspondence had been received prior to June 30 that after being processed after June 30 the receivable was eliminated; or
e. Receivables for which a taxpayer initiated amended return had been received prior to June 30 that after being processed after June 30 the receivable was eliminated.

During our testing, we originally reviewed two samples of BIT and WIT account detail to ensure the accuracy and existence of the Department's June 30, 2008 accounts receivable information. During the course of our review, we tested 25 of the highest dollar accounts receivable balances and a statistically selected sample of receivable account balances for both BIT and WIT data from the financial reporting accounts receivable data file. The results of this testing are detailed below:

	WIT		BIT	
Top 25 Amounts				
Valid	4%	$ 1,040,059	89%	$ 245,732,359
Invalid	96%	22,717,208	11%	30,636,732
Total Sample	100%	$ 23,757,267	100%	$ 276,369,091
Top 25 number statistics				
Valid	8%	2	80%	20
Invalid	92%	23	20%	5
Total Sample	100%	25	100%	25
Statistical Sample $				
Valid	85%	$ 258,299	51%	$ 13,350,319
Invalid	15%	45,642	49%	12,893,815
Total Sample	100%	$ 303,941	100%	$ 26,244,134
Statistical Sample #				
Valid	67%	6	67%	30
Invalid	33%	3	33%	15
Total Sample	100%	9	100%	45

*Note – Prior to the top 25 WIT test, the Department excluded two accounts, totaling $9,471,302, deeming them invalid in financial statement reporting. Prior to the top 25 BIT test, the Department excluded 17 accounts, totaling $162,510,437, deeming them invalid in financial statement reporting.

After our initial testing revealed a high percentage of invalid accounts, the auditors requested a listing of all cash payments received on the accounts receivable accounts from July 1, 2008 through December 31, 2008 from the Department. During the Department's **own** review of the December 2008 payments received on the receivable balances, the Department noted a high percentage of the total payments received on various tax accounts were actually misapplied payments that had been received by the Department prior to June 30, 2008. These payments were not applied to the correct accounts for various reasons, including taxpayer error.

Department of Revenue review of December 2008 receipts on June 30, 2008 accounts receivable				
Payments	WIT		BIT	
Misapplied	82%	$ 1,730,938	62%	$ 6,500,727
Accurate receipts on receivables received after 6/30/08	18%	383,322	38%	4,003,519
Total Receipts	100%	$ 2,114,260	100%	$ 10,504,246

The Department then tested the top 100 tax accounts for WIT, BIT, and IIT and the auditors tested a statistical sample of accounts below the top 100 accounts for each tax type. The results of this testing are detailed below as either a valid receivable or invalid receivable:

	WIT		BIT		IIT	
Top 100 Amounts						
Valid balance	8%	$ 2,601,250	65%	$ 95,117,704	87%	$ 20,114,715
Invalid balance	92%	29,294,478	35%	52,164,698	13%	3,128,902
Total Sample	100%	$ 31,895,728	100%	$ 147,282,402	100%	$ 23,243,617
Top 100 number statistics						
Valid balance	16%	16	56%	56	81%	81
Invalid balance	84%	84	44%	44	19%	19
Total Sample	100%	100	100%	100	100%	100
Statistical Sample $						
Valid balance	60%	$ 282,381	40%	$ 1,240,003	94%	$ 222,614
Invalid balance	40%	187,095	60%	1,852,838	6%	14,978
Total Sample	100%	$ 469,476	100%	$ 3,092,841	100%	$ 237,592
Statistical Sample #						
Valid balance	75%	24	50%	11	92%	22
Invalid balance	25%	8	50%	11	8%	2
Total Sample	100%	32	100%	22	100%	24

The outcome of the testing related to each tax type detailed above, resulted in adjustments to the financial statements. Department officials agreed to the adjustments as follows:

	WIT	BIT	IIT
Financial Statement Adjustment	($17,793,709)	($52,750,320)	($17,012,858)

The valid/invalid amounts above do not include any billable interest differences noted in finding 08-6.

Additionally, we also compared the Business Income Tax accounts, which were "excluded and not billed," to the accounts receivable database, noting:

- 70 accounts, totaling $118.6 million, were not included in the accounts receivable; however, the Department had deducted them from the gross accounts receivable.
- 22 accounts were included in the accounts receivable database; however, the amounts the Department excluded did not agree to the accounts receivable amount, for a difference of $22.4 million.
- As a result, an adjustment was made to the financial statements totaling $26.1 million, net of an allowance of $70.7 million.

Department personnel stated the causes related to receivables were primarily, (1) taxpayer misapplied payments were unknown as of the reporting date, (2) taxpayer and department data entry errors not corrected as of the reporting date, and (3) account processing backlog.

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

In accordance with Generally Accepted Accounting Principles, receivables, net of an allowance for uncollectible accounts, should be recorded in the financial statements. Governments should recognize assets (cash or receivables) from derived tax revenue transactions in the period when the exchange transaction on which the tax is imposed occurs or when the resources are received, whichever occurs first. Revenues should be recognized, net of estimated refunds and estimated uncollectible amounts, in the same period that the assets are recognized, provided that the underlying exchange transaction has occurred. Resources received in advance should be reported as deferred revenues (liabilities) until the period of the exchange.

Without reliable, accurate data, the accounts receivable amounts will be materially misstated in the financial statements. (Finding Code No. 08-2)

RECOMMENDATION

We recommend the Department evaluate the controls over taxes receivable and implement the necessary edits and controls to better identify valid accounts receivables to report in the financial statements.

DEPARTMENT RESPONSE

The Department has agreed to the recommendation and has changed the way it makes estimates of accounts receivable on year-end financial statements, a change that it is important to note will have no impact on budgetary cash flows or revenues. The Department has made the accounting change (reducing its gross receivables 4.9 percent on the FY 08 financial statement) and will take steps to more expeditiously identify "invalid" accounts receivable, thereby also improving estimates of accounts receivable in the future.

We plan to manually review the accuracy of the highest dollar receivables, increase systemic and manual edits and prioritize the Department's review of high dollar inventory. By doing so, the Department's estimate of accounts receivable will be more accurate.

It is also important to note that the over reporting of accounts receivable identified as a result of the audit did not overstate revenues or fund balance in the fund financial statements. That is because in accordance with GAAP a corresponding credit to 'deferred revenue-unavailable' is recorded in the fund financial statements. Therefore, only the revenues and net assets in the entity-wide statements of activities and statement of net assets, respectively, were overstated.

08-3. **FINDING** (The Department did not ensure GAAP packages and draft financial statements were complete and accurate)

There were numerous errors in accounting reports (Generally Accepted Accounting Principles (GAAP) package forms) and draft financial statements that were given to the auditors.

During our audit, we noted several errors that were made in compiling the GAAP package forms. The GAAP package forms are required accounting reports that are submitted to the Office of the State Comptroller for State-wide reporting. These GAAP package forms are also provided to the auditors where they function as a trial balance for the financial statement audit portion of the engagement.

Based on our audit of amounts reported in the GAAP package forms and draft financial statements, we noted the following errors:

- Nine cash accounts, totaling approximately $17 million, were not recorded as of June 30, 2008. The unrecorded cash accounts ranged from ($80,000) to $13.6 million. These amounts were deemed immaterial and were not recorded.

- The Department of Revenue (Department) used inaccurate reports to accrue Motor Fuel Tax credits. This resulted in the overstatement of Motor Fuel Tax Fund liabilities by approximately $9.7 million and corresponding revenue was understated by $9.7 million. This error was corrected for the final financial statements.

- Taxes receivable and revenue were overstated in the General Fund by approximately $14.9 million due to an allocation error between taxes recorded in the General Fund and taxes recorded in Fund 719 - the Municipal Telecommunications Fund. These amounts were deemed immaterial and were not recorded.

- During our audit of income taxes and the related revenue and deferred revenue, we noted that a duplicate entry was made in the amount of $2.2 million to record accounts receivable for amounts "in protest". Amounts "in protest" are the tax assessments, penalties and interest where the taxpayer is disputing the amount. Also, additional amounts for allocated and unallocated Business Income Tax were not correct and resulted in an understatement of receivables and revenues totaling approximately $1 million.

  The net effect of these errors was an overstatement of $1.2 million for taxes receivable and income tax revenue (Department-wide). These amounts were deemed immaterial and were not recorded.

In accordance with GAAP, all assets, liabilities, revenues and expenditures/expenses should be recorded in the Department's financial statements. Also, a good system of internal control ensures an adequate segregation of duties exists so that those individuals initiating journal entries are segregated from individuals approving and posting journal entries.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/30010) states, "All State agencies shall establish and maintain a system, or systems, of internal fiscal and administrative controls, which shall provide assurance that: … 4) revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources."

Per Department management, there were insufficient procedures in place at year-end to ensure all entries recorded in the GAAP package forms were reviewed by a supervisor prior to submission to the Office of the State Comptroller. Fiscal year 2008 was also unique because certain source revenue and receivables supporting reports were provided from both the legacy tax systems and the Gen Tax System, and the content of some reports changed as they moved from the legacy systems. Additionally, there were oversight and responsibility uncertainties as the result of the implementation of Shared Services.

Due to the inadequate review procedures for GAAP reporting, there were errors in the amounts reported in the GAAP package forms as detailed in items 1 through 4 above. In addition, under the present system, additional errors could be made in preparing the GAAP package forms and financial statements of future periods and not be detected by Department employees in the course of performing their assigned duties. (Finding Code No. 08-3)

RECOMMENDATION

We recommend the following:

- The Department should institute new procedures for preparing the GAAP package forms which includes supervisory review of all supporting schedules and reports used in the formation of accruals and adjustments, as well as supervisory review of the completed GAAP packages, prior to submitting them to the Office of the State Comptroller.
- All cash accounts should be reviewed to ensure they are properly recorded in the GAAP package forms.
- Reports used for recording Motor Fuel Tax liabilities should be reviewed to ensure the reports are complete and accurate.
- Entries to adjust allocations between the General Fund and the Telecommunications Tax Fund should be made to both funds.

- The process for determining taxes receivable, tax revenue, and deferred revenue for the governmental funds should be re-evaluated. The current process is primarily manual and complex and involves several electronic spreadsheets. As such it is highly susceptible to errors. At a minimum, the spreadsheets used to calculate these amounts should be reviewed by a supervisor and all amounts should be compared to the underlying documentation used in its preparation.

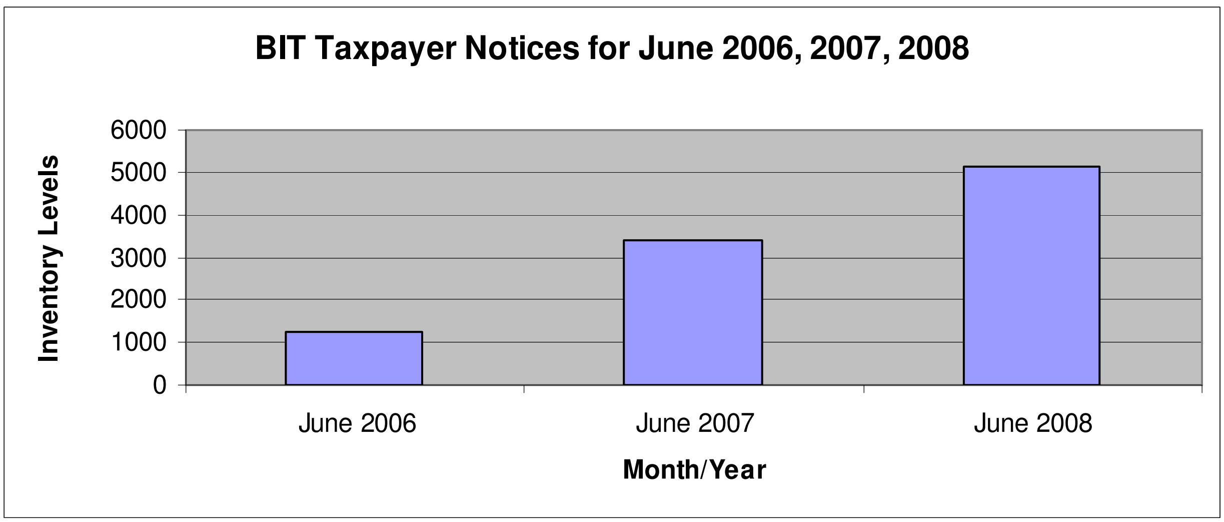
DEPARTMENT RESPONSE

The Department agrees with the recommendation. The Department will more closely review financial reports before they are transmitted to the comptroller and reviewed by auditors so that adjustments are correct and revenues are recognized in the appropriate fiscal year for year-end financial reporting.

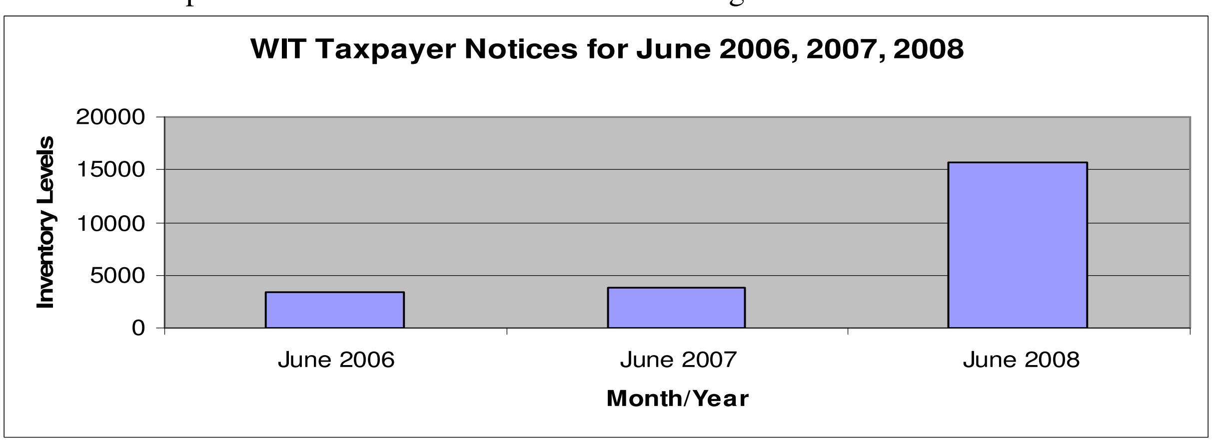
08-4. **FINDING** (Taxpayer information that was material to the financial statements was not considered or processed timely)

The Department of Revenue (Department) did not consider or process taxpayer information received by the Department by June 30, 2008 that resulted in auditor adjustments to the financial statements. Due to the Department's conversion to a new enterprise-wide tax system (GenTax), which went into production December 2007, the Department had experienced a significant increase in the backlog of processing Business Income Tax (BIT) and Withholding Income Tax (WIT) information.

At June 30, 2008, the Department had incurred a significant backlog of taxpayer information relating to BIT accounts and WIT accounts. The Department provided the following charts to document the inventory levels for the past few years at June 30th of each year. The increase in unprocessed taxpayer information prior to fiscal year-end increases the likelihood the information utilized for financial statement preparation could be misstated. As indicated, the backlog was significantly higher at June 30, 2008 than the previous years.



Source: Department of Revenue – Business Processing Division



Source: Department of Revenue – Business Processing Division

In addition, during our detailed testing of accounts receivable, we noted several accounts where the taxpayer had provided the Department additional or corrected information; however, the information had not been processed by the Department as of June 30, 2008. The Department tested the top 100 tax accounts receivable for WIT, BIT, and Individual Income Tax (IIT) and the auditors tested a statistical sample of accounts below the top 100 accounts for each tax type. The auditors reviewed the accounts to determine if the accounts would be resolved once the information was processed by the Department, resulting in no cash being received and therefore, an invalid accounts receivable at June 30, 2008. The results of this testing are detailed below:

	WIT		BIT		IIT	
Top 100 Amounts						
Invalid due to backlog	**78%**	**$ 24,797,146**	**28%**	**$ 41,653,750**	**5%**	**$ 1,267,542**
Remaining accounts	22%	7,098,582	72%	105,628,652	95%	21,976,075
Total Sample	100%	$ 31,895,728	100%	$ 147,282,402	100%	$23,243,617
Top 100 number statistics						
Invalid due to backlog	**70%**	**70**	**32%**	**32**	**6%**	**6**
Remaining accounts	30%	30	68%	68	94%	94
Total Sample	100%	100	100%	100	100%	100
Statistical Sample $						
Invalid due to backlog	**14%**	**$ 65,615**	**41%**	**$ 1,270,637**	**6%**	**$ 14,978**
Remaining accounts	86%	403,861	59%	1,822,205	94%	222,614
Total Sample	100%	$ 469,476	100%	$ 3,092,842	100%	$ 237,592
Statistical Sample #						
Invalid due to backlog	**3%**	**1**	**45%**	**10**	**8%**	**2**
Remaining accounts	97%	31	55%	12	92%	22
Total Sample	100%	32	100%	22	100%	24

Of the accounts receivable identified as **invalid due to backlog** for the top 100 sample and the statistical samples identified above, we noted the time to process the accounts was significant. The following chart depicts the number of days to process the **invalid due to backlog** accounts in our samples:

Days to Process	**WIT Invalid due to backlog**	**BIT Invalid due to backlog**	**IIT Invalid due to backlog**
0-30 days	1	0	0
31-90 days	2	0	3
91-180 days	24	6	4
181 days and over	44	36	1
Total Invalid due to backlog	71	42	8
Total samples tested	132	122	124

As a result, the reports of taxpayer accounts generated for the period ending June 30, 2008 to support the accounts receivable for financial reporting did not accurately reflect information received by the Department because the Department did not consider the information received prior to June 30, 2008 that would be material to the financial statements, but was not processed as of fiscal year-end. (See Finding 08-2)

In accordance with Generally Accepted Accounting Principles (GAAP) and as stated in GASB Statement No. 33 *Accounting and Financial Reporting for Nonexchange Transactions*, "Governments should recognize assets from derived tax revenue transactions in the period when the exchange transaction on which the tax is imposed occurs or when the resources are received, whichever occurs first." There is no provision in the standard to delay recognition of these types of transactions until the accounts are fully processed.

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

The Department stated that in planning for the installation of a new tax system to handle Business Income Tax and Withholding Income Tax, the Business Processing Division anticipated and planned for growth in inventories while staff concentrated on conversion, purification, development and testing responsibilities.

Without important taxpayer information regarding payments, returns or corrections posted to taxpayer accounts in a timely manner, the accounts receivable amounts due to the State and recorded in the financial statements will be misstated and inaccurate. (Finding Code No. 08-4)

RECOMMENDATION

We recommend the Department take action to ensure taxpayer information is timely considered or processed to ensure taxpayer's records and financial statement information reflects accurate information. Further, we recommend that material account balances be up to date, including the review of all received information for possible adjustments to accounts.

DEPARTMENT RESPONSE

The Department agrees with the recommendation. We made a business decision which we believe was compelling to accept a temporary increase in some inventories in order to bring on line a new tax system which will substantially increase the quality of tax administration and enforcement.

The personnel who would have worked on these accounts were involved in data conversion, purification, development, and testing. The increases in these inventories were anticipated, planned for, and have since been resolved and inventories have returned to pre-implementation levels.

Although the Department cannot eliminate inventories, the Department will take steps to reflect the cases in inventory in our estimates of receivables for our year-end financial statements.

08-5. **FINDING** (Inadequate controls over data reconciliations)

The Department of Revenue (Department) had not developed, implemented, or documented procedures to reconcile records to the source data.

During our review of the new enterprise-wide tax system (GenTax), we noted the Department did not have adequate controls in place to ensure the reconciliation of information. Specifically, we noted GenTax receives and sends data to several of the Department's other systems; however, there was not a procedure in place to ensure the data reconciled between each system.

As a result of the lack of reconciliations, we noted the amount collected and the amount posted to the taxpayer accounts for February 1, 2008 differed by approximately $27 million. However, the Department indicated on May 19, 2009 that the data provided to the auditors was in error. Regular and timely reconciliations of the data were not performed.

Additionally, during our review, we noted the GenTax extract file did not contain a complete and accurate population of data, specifically missing several transactions. These missing transactions resulted in the Department over-allocating approximately $5.5 million to the State and local governments. Although the Department determined the inaccuracy of the allocation on June 30, 2008, the allocations were not corrected until January 2009.

Department personnel stated a location code was inadvertently left off some taxpayer accounts in the new system, a problem that was identified by the Department's review of monies allocated to local governments.

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

Failure to extract complete and accurate data from GenTax resulted in an over-allocation of approximately $5.5 million among various tax types. Further, the over-allocation in funds has resulted in the Department reducing current tax allocations to compensate for the over-allocation. In addition, failure to perform data reconciliations did not allow the Department to immediately identify and correct any errors. (Finding Code No. 08-5)

RECOMMENDATION

We recommend the Department conduct a review and identify appropriate reconciliation methods throughout GenTax to ensure the accuracy and completeness of extracted data.

DEPARTMENT RESPONSE

The Department agrees with the recommendation and has recently put in place a system to make the necessary reconciliations before allocations are made to local governments.

The $27 million difference was a communications error. The auditors asked the Department's Financial Control Bureau how much money was deposited on February 1, 2008. They asked the same question of the Department's staff of the integrated tax project. The number provided by the Financial Control Bureau was correct; but the information provided by the integrated tax project staff was incorrect. The differences in the figures have been explained.

The $5.5 million misallocation was identified by Department personnel in making a manual review conducted to make sure that under the new system allocations to local governments were accurate. The Department found the cause of the problem, a missing code, and identified all other accounts that had missing codes and corrected them. And the Department corrected the funds that had been misallocated.

The Department further put in place a system to reconcile funds between its processing and its accounting system.

08-6. **FINDING** (Inaccurate penalties and interest reporting)

The Department of Revenue (Department) migrated from legacy tax systems for Business Income Tax (BIT), Withholding Income Tax (WIT) and some Sales Taxes in December 2007 to a new enterprise-wide tax system (GenTax). As a result of the migration, several accounts were noted in the detailed testing which revealed penalties and interest were not calculated correctly. Specifically, we noted:

- Taxpayers were not charged interest and penalty assessments from November 2, 2007 to December 9, 2007. (These dates correspond to the date the legacy system was stopped for data conversion and the start date of GenTax). No assessment was performed by the Department to determine the financial impact. However, the Department's Board of Appeals issued a General Order, dated April 15, 2008, three months **after** the transition to GenTax and titled GenTax Transition Issues. The General Order finds, "that to bill and try to collect penalties and interest under circumstances where billings were interrupted for a period of time because of transition issues, and taxpayers had paid all tax, would be confusing to taxpayers and cause substantial work for both the Accounts Processing Bureau and the Collections Bureau." The Order also authorized the Department to waive the interest and penalties when a circumstance caused by the transition of the Department's legacy systems to the GenTax system arises that supports penalty and/or interest relief.

  At the auditors' request, the Department estimated the impact of foregoing interest for this time period to be $105,696 for BIT and $16,669 for WIT. No estimation was made for Sales Tax interest and no estimation was made for penalties not assessed. These amounts were deemed immaterial by the Department and were not adjusted in the financial statements.

- Interest accrued for January through June 2008, was based on 365 days instead of 366 days (due to leap year) as required in the Department's Publication 103. The Department deemed this issue immaterial and no adjustments were made to the financial statements.

  The Department's Publication 103, Penalties and Interest for Illinois Taxes, states, "Interest begins to accrue the day after the date the payment is due through the date you pay the tax." Additionally, interest is to be calculated daily, using 366 days during leap year.

- The auditors notified the Department that GenTax did not post interest charges to taxpayer accounts for the month of June 2008 (period of June 1 through June 30) until July 2008. The accounts receivable reports were ran as of June 30, 2008 and did not include the interest charges posted in July. Therefore, the interest charges were not posted to accounts receivable reports for the year end financial reporting. The Department estimated charges for the June interest charges for BIT to be $693,754 and the WIT interest charges to be $136,921. The Department did not estimate the interest related to Sales Tax. As a result of auditors' testing, an adjustment for interest charges related to BIT and WIT was included in an adjustment to the Net Taxes Receivable detailed in Finding 08-2.

The Department stated that: it made a business decision not to manually calculate penalty and interest on a small number of accounts during the conversion process because of the resources it would have taken to do so; the leap year interest calculation is insignificant; and the Department believes that a hardware failure on June 30 caused penalty and interest to be updated late and cross fiscal years.

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

Without accurate posting of interest and penalties, the account balances will be misstated and taxpayer information inaccurate. (Finding Code No. 08-6)

<u>RECOMMENDATION</u>

We recommend the Department implement procedures and controls to identify problems with penalties and interest calculations in a timely manner.

<u>DEPARTMENT RESPONSE</u>

The Department agrees with the recommendation and acknowledges that in these instances penalty and interest was not properly reported on the financial statements. It is critical to note that taxpayers were still charged the proper amount of penalty and interest.

These cases represent exceptions for the following reasons:

- A business decision not to manually calculate penalty and interest for 38 days while the legacy tax system was being replaced by the new tax system.

- An immaterial difference in daily rates due to leap year; that issue is being addressed by programmers.

- An interruption in an overnight monthly interest update on June 30, 2008 that prevented interest from being updated until July (in the FY 09 fiscal year). Interest was understated on the financial statement. However, all interest was updated on the next run and taxpayers who were billed after July 1 were charged the correct interest. No one paid incorrect penalty and interest. The software has been modified to now restart interrupted jobs.

08-7. **FINDING** (Lack of supervisory approval of large adjustments and monitoring of tax accounts)

The Department of Revenue (Department) lacked adequate supervisory approval of large adjustments and did not have an adequate procedure in place to monitor and investigate unusual balances. Material adjustments and issues were not effectively communicated between the Business Processing Division and the Financial Control Bureau.

During our testing of Withholding Income Tax (WIT) accounts, we found the following deficiencies in the Department's controls and processing:

- 8 of 66 (12%) receivable accounts tested, totaling $4,109,359, were the result of data entry errors made by the Department in entering taxpayer information. All of these accounts were originally included in the accounts receivable calculation for the financial statements. For example, one taxpayer's tax liability was entered at $1,109,643 when it should have been entered as $109,643. No procedures were in place to monitor unusual account balances or discrepancies between payments claimed to payments received.

  Upon inquiry, the Department stated there were no edits to suspend unusual balances for review at the time these accounts were entered.

- 3 of 66 (5%) accounts tested had payments that were received by the Department, but were held in pending due to an error in the tax liability period by the taxpayer. These pending payments were not reflected in the taxpayers' account balances in GenTax since they were not associated with the right tax liability. Any payment received by the Department that is not associated with a tax return gets suspended until it is manually posted or a return is filed. All three accounts receivable balances were resolved once the payments were manually posted.

  For two of these accounts, the taxpayer erroneously applied the payments to a future quarter of withholding income tax where a return was not yet posted. There is not an edit in place to prevent taxpayers from applying payments to future quarters for withholding income tax.

Upon further investigation of pending payments at June 30, 2008, the auditors discovered the following payments that were in excess of one tax liability period into the future:

	BIT		WIT	
	Number of payments	Total payments	Number of payments	Total payments
December 31, 2008			1,092	$ 19,224,386
August 31, 2009	2	$ 455		
September 30, 2009	2	$ 3,100		
December 31, 2009	4	$ 55,280		
January 31, 2012	1	$ 262		
January 31, 2020	1	$ 610		
October 31, 2028	1	$ 1,000		
December 31, 2031	1	$ 5,500		
June 30, 2036			1	$ 694

Department personnel stated accounts with pending payments are initially reviewed within 100 days – at which time, if proper support is received, the account is adjusted.

Applicable edits to prevent posting to tax periods in excess of one tax period into the future would reduce the risk of taxpayers entering the wrong tax liability period. Monitoring of payments applied to future tax periods would also increase the likelihood that misapplied payments could be resolved in a timely manner. Pending payments should be reviewed and any impact on financial reporting considered.

- 1 of 66 (2%) receivable accounts tested, totaling $1,755, was an invalid accounts receivable account created as a result of a user error combined with an erroneous non-filer notice being sent to a taxpayer. The erroneous notices were the result of the GenTax conversion problem with purged 2002 and 2003 Withholding Income Tax (WIT) data. The 2002 and 2003 tax data was purged if the tax liability equaled the tax payments in the legacy system. The legacy file used for conversion by-passed purged information and no information was converted for the purged 2002 and 2003 WIT filing periods. GenTax recognized these periods as non-filers and sent out non-filer notices.

  In following up on this exception, the auditors determined the accounts receivable data contained 58 additional withholding receivables that were erroneously included, totaling $291,772.

> The Department stated the error occurred when taxpayers responded to non-filer notices that were sent out by the Department after conversion. When the taxpayers re-filed their returns in response to the non-filer notices, tax liabilities were created in GenTax; however, the taxpayers' previous payments were not recognized and pulled from the legacy tax system.

In addition to the deficiencies noted above, the Department does not have adequate controls over account adjustments and changes. In testing WIT and Business Income Tax (BIT), the auditors noted that high dollar adjustments were made to various accounts with no review or supervisory approval noted. Due to taxpayer accounts potentially being a receivable or liability for the State of Illinois, supervisory approval for material adjustments to taxpayer accounts would assist the Department in identifying potential problems with the reporting functions. The material adjustments made by the Business Processing Division should also be communicated to the Financial Control Bureau of the Department for evaluation and financial statement impact.

- 9 of 25 (36%) of the top 25 WIT accounts receivable were adjusted by amounts ranging from $326,623 to $1,741,101 with no evidence of supervisory review or approval.

- 6 of 25 (24%) of the top 25 BIT accounts receivable were adjusted by amounts ranging from $2,911,425 to $13,428,965 with no evidence of supervisory review or approval.

The Department stated they do not have a dollar threshold for approving adjustments, but the Department performs quality review on randomly selected accounts.

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

Without reliable and accurate taxpayer accounts, the accounts receivable and accounts payable information for the Department could be materially misstated in the financial statements. Without proper supervisory review, monitoring and control over adjustments made to taxpayer accounts, the Department increases the risk that errors or irregularities would not be found or corrected in a timely manner. (Finding Code No. 08-7)

RECOMMENDATION

We recommend the Department evaluate the controls over WIT accounts and implement necessary edits and controls to identify the processing problems in a timely manner. We further recommend the Department implement a supervisory authorization and review for material adjustments to taxpayer accounts. Additionally, we recommend that all material adjustments be communicated between the Business Processing Division and the Financial Control Bureau for consideration in the financial statement reporting process.

DEPARTMENT RESPONSE

The Department agrees with the recommendation, again noting that the impact is on year-end financial statements, not on budgetary revenues or cash flows. The Business Processing Division (BPD) is in the process of implementing necessary edits and controls to assist in the identification of problems in a timely manner and ensuring material adjustments are reviewed. To further ensure that the account information is reliable and accurate, BPD is in the process of reworking the way Withholding Tax returns are handled. Business Processing will also work with Revenue Accounting to develop a means to effectively communicate when material adjustments are made which may impact the accounts receivable.

08-8. **FINDING** (Weaknesses in the development and change management of GenTax)

The Department of Revenue (Department) had not ensured the development process and change management process for GenTax was properly controlled and documented. In addition, the Department had not utilized its historic practice of following its Project Control Methodology to promote effective and controlled development of GenTax.

After a competitive procurement process, the Department entered into a contract with a vendor for the development of an integrated tax system named GenTax. The contract was signed in October 2006 and continues through June 2012. The contract maximum is approximately $49.2 million and through fiscal year 2008, the Department had paid approximately $13.2 million.

In December of 2007, the Business Income Tax, Withholding Income Tax, and Sales Tax systems went into production and replaced the applicable legacy systems. For the fiscal year ended June 30, 2008, GenTax processed over $15 billion of tax collections, as well as other transactions.

During our review, we identified the following significant weakness:

- Development Methodology - The vendor supplied its own development methodology; however, our review of the documentation found that it was not generally followed. In particular, required reviews and approvals of deliverables by Department staff were not obtained.
- Data Conversion – Documentation to support the accuracy of converting data from the legacy system to GenTax was not provided.
- Parallel System Tests - A standard systems development practice is to run parallel (process transactions on the new and old system to verify the accuracy of results) for a period of time. The Department did not run GenTax parallel with the legacy system prior to the cutover to certain GenTax modules on December 7, 2007.
- User Testing Documentation – Documentation to adequately support the adequacy and completion of user testing was not provided.
- Vendor Testing – A system test approach was developed by the vendor; however, documentation to support the completion of the testing was not provided.
- System and User Documentation – There was a general lack of documentation in all phases and areas to support the development, maintenance, and use of the system.
- Reliance on Vendor – The transfer of knowledge from the vendor to the Department had not been effectively accomplished, even though major portions of the system had been in production since December 7, 2007.

These weaknesses contributed to the issues outlined in Finding 08-5 and 08-6.

In addition, rather than using the Department's established standard, a less rigid change management process was utilized for GenTax.

Although portions of GenTax were in production, an effective change management process was not followed. The process to control changes to GenTax did not meet the requirements outlined in the Department's standard and was not always followed.

Generally accepted Information Technology (IT) guidance endorses the implementation of system development standards and change management standards that require new system developments and changes be properly approved, thoroughly tested, and consistently documented. The standards require systems have adequate written policies and procedures, adequate written system documentation, and adequate input, processing, and output controls. IT general and application controls are necessary to preserve the integrity of the system, to provide reliance on the results produced by the system, and to ensure that the processing of transactions is performed in accordance with laws and regulations and with management's design and intent.

Department personnel stated that in November of 2006, the Department of Revenue began a five-year effort to replace its antiquated tax processing computer systems, some of them nearly 40 years old. It selected a vendor that offered a "commercial-off-the-shelf" software package that had been implemented in several other tax departments. Along with the new system came the vendor's rapid development technology which has allowed the department to modernize its withholding income tax, business income tax, retailers' sales tax, and individual income tax systems in less than two years. The implementation has not followed the traditional model for large IT projects.

The lack of an effective and controlled system development process may lead to excessive expenditures, over-reliance on contractors, and a system that does not meet the needs of the Department. In addition, an inadequate development process increases the risk that the system will not have the required accuracy, integrity, availability, and security. (Finding Code No. 08-8)

<u>RECOMMENDATION</u>

The Department should ensure the development of the critically important GenTax is effectively controlled and documented. In particular, the Department should:

- Ensure all required steps in the development process are completed, reviewed, approved, and documented prior to system implementation.
- Ensure the accuracy of converting data from the legacy system to GenTax is monitored, reviewed, approved, and documented.
- Ensure appropriate system and user testing is conducted, reviewed, approved, and documented prior to system implementation.
- Ensure adequate system and user documentation is available to support the development, maintenance, and use of the system.

- Accelerate the transfer of knowledge from the vendor to the Department.
- Ensure all required steps in an effective change management process are utilized with GenTax.
- Ensure all changes are adequately reviewed, tested, approved, and documented prior to system implementation.

DEPARTMENT RESPONSE

The Department agrees that its tax system implementation should be effectively controlled and documented. The Department supplied a great deal of documentation, but it was found lacking. The Department committed 37 full-time staff to work with the vendor on development.

This implementation – the largest in the agency's experience – was accomplished with a "commercial-off-the-shelf" product that was developed specifically for tax administration. The Department adopted the vendor's rapid implementation methodology to maximize benefits and its return on investment. It replaced aging mainframe systems with modern technology in record time, without interrupting the flow of State revenues while remaining largely invisible to taxpayers.

We acknowledge that documentation on a project of this scale can always be improved, and over the last three years documentation has improved. We have incorporated the auditor's recommendations into the documentation process, knowledge transfer is progressing, full system documentation is in place and we continue to update operation procedures.

The implementation of a new tax system that positions the Department to move forward is a significant accomplishment that speaks for itself.

08-9. **FINDING** (Deficiencies in GenTax)

The Department of Revenue (Department) did not have sufficient internal control over the new enterprise-wide tax system (GenTax) functions, which affect the integrity of processing taxpayer information, financial data, and financial reporting.

After a competitive procurement process, the Department entered into a contract with a vendor for the development of an integrated tax system named GenTax. The contract was signed in October 2006 and continues through June 2012. The contract maximum is approximately $49.2 million and through fiscal year 2008, the Department had paid approximately $13.2 million.

In December of 2007, the Business Income Tax (BIT), Withholding Income Tax (WIT), and Sales Tax systems went into production and replaced the applicable legacy systems. For the fiscal year ended June 30, 2008, GenTax processed over $15 billion of tax collections, as well as other transactions.

During our review, we identified a myriad of deficiencies in the production modules of GenTax. Some deficiencies included:

- The capability to enter some return types was not available which led to the creation of backlog returns waiting for entry into GenTax. Per Department management, a decision was made to delay the implementation of the capability; however, documentation to support the decision was not provided to the auditors.
- Information on several screens was not accurate and staff was told not to provide the information to the taxpayer.
- The system did not allow a 10-year carry back period for net loss deduction, causing some taxpayer accounts to be inaccurate.
- Allocations for the disbursements of taxes to local governments were inaccurate. (See Finding 08-5)
- Numerous problems with system generated correspondence. Some problems included:
    - Inaccurate letters sent to taxpayers where the notice of tax amount in the letter did not equal the dollar amount in GenTax.
    - Over 3,200 taxpayers received conflicting letters as one letter stated the taxpayer had a credit while another letter stated the taxpayer owed the State.
    - In February and March of 2008, approximately 84,000 letters were generated from GenTax which contained erroneous information. The problem was identified from an independent manual review and letters correcting the error had to be generated. This error cost the State approximately $29,000 to correct.

Generally accepted Information Technology (IT) guidance requires systems have adequate written policies and procedures, adequate written system documentation, and adequate input, processing, and output controls. IT general and application controls are necessary to preserve the integrity of the system, to provide reliance on the results produced by the system, and to ensure the processing of transactions is performed in accordance with laws and regulations and with management's design and intent.

Department personnel stated the implementation of new tax processing systems for withholding income tax, business income tax, and sales tax – all on the same day – was transformational - the single largest implementation in the history of the Department. As with any project of this size there are problems that are discovered "in production," but because of planning and hard work the issues associated with this project have been relatively minor. Needed changes have been tracked in an on-line "Solution Request" or SQR system, in which users describe a problem, a programmer is assigned, and the user and programmer work together to develop, test and implement a fix.

The system deficiencies and lack of sufficient internal control over GenTax could affect the integrity of processing taxpayer information, financial data, and financial reporting. (Finding Code No. 08-9)

RECOMMENDATION

The Department should perform a thorough review of the modules of GenTax currently in production. From a general perspective, the Department must ensure the system provides the required functionality, integrity, and accuracy to support taxpayer information, financial data and reporting. Specifically, the Department should:

- Ensure the capability to enter all return types is implemented.
- Ensure the accuracy of all screens.
- Ensure the system allows the 10-year carry back period for net loss deductions.
- Ensure the accuracy of local government allocations.
- Ensure the accuracy of all system generated correspondence.

DEPARTMENT RESPONSE

The Department agrees with and has implemented the recommendation. The three taxes implemented on December 7, 2007 account for nearly half the Department's total collections. Despite over 1,000 test cases and the full- or part-time attention of over 70 Department personnel, a deployment of this magnitude invariably has some flaws. The Department has created processes to review work, identify issues and track solutions.

In fact, each deficiency cited in this finding had already been identified by the Department at the time of the audit and steps were being taken to resolve each. For example, the largest problem cited in this finding in terms of number of taxpayers affected involves 46,000 Withholding accounts that were assessed late payment penalties because the new system did not have a delay in place to account for the time it takes to get payments posted if a payment is sent on the due date. Payments that were posted on February 1 were actually sent one day earlier, on January 31, and were timely. When the problem was identified it was immediately addressed; taxpayers were promptly notified, and penalties were reversed.

It is important to note that a system transition of this magnitude was invisible to the vast majority of taxpayers and there was no interruption to State revenues.

08-10. **FINDING** (Lack of adequate disaster contingency planning or testing to ensure recovery of applications and data)

Although some progress had been made since the prior audit period (including a June 2008 mainframe recovery test), the Department of Revenue (Department) had not finalized planning efforts for the recovery of its applications and data. Additionally, recovery testing of the midrange environment had not been performed during the audit period.

The Department carries out its daily operations through the use of Information Technology (IT). The Department is reliant on a significant number of computer systems in order to support the Department's primary mission of serving as the tax collection agency for State government and for local governments.

The Department had established 24 individual contingency plans representing the major business functions and operational areas. However, the plans had not been updated within the last four to six years and did not depict the current environment. During our review of a sample of plans, we specifically noted the plans did not include sufficient details specific to applications and data.

For example, the plans did not:

- Provide procedures to recover applications and data lost/suspended, and
- Provide testing procedures and schedules associated with the recovery procedures for applications and data.

In December 2007, the Department implemented a new enterprise-wide tax system (GenTax). Although the Department classified GenTax as mission critical, the Department had not developed a disaster recovery plan for GenTax.

Although the Department shares some responsibility with the Department of Central Management Services (DCMS), the Department has the ultimate responsibility to ensure it has the capability to recover its applications and data. Since this issue was identified prior to physical consolidation, it was incumbent upon the Department to ensure corrective actions were implemented to ensure its applications and data could be recovered to meet business requirements.

Generally accepted Information Technology guidance (including the National Institute of Standards and Technology and Government Accountability Office) endorse the formal development and testing of disaster recovery plans. Tests of disaster recovery plans (and the associated documentation of the test results) verify that the plan, procedures, and resources provide the capability to recover critical systems within the required timeframe.

Department personnel stated that business continuity, disaster planning, and data recovery exercises are ongoing. The efforts are more complex with the implementation of GenTax and with the IT consolidation that will require collaboration with DCMS.

The lack of an adequate and tested disaster contingency plan leaves the Department exposed to the possibility of major disruptions of services. A comprehensive test of the plan across all platforms utilized will assist management in identifying weaknesses to ensure recovery procedures are adequate in the event of a disaster. Continuous reviews and tests of plans would help management ensure the plans are appropriately modified, as the Department's computing environment and disaster recovery needs change. (Finding Code No. 08-10, 07-4, 06-2)

RECOMMENDATION

The Department should formally communicate to DCMS its recovery requirements, and establish and document guidelines that outline both the Department's and DCMS responsibilities. Specifically, the Department should upgrade its contingency plans to include details specific to applications and data, and formally communicate its recovery requirements to DCMS. In addition, the contingency plans should be continuously updated to reflect environmental changes and improvements identified from tests.

Additionally, the Department should continue to work with DCMS to ensure adequate alternate recovery facilities are available and meet the Department's needs.

DEPARTMENT RESPONSE

The Department agrees with the recommendation. Disaster recovery requirements evolve and contingency plans need continuous updating. The Department has continued the project of re-engineering the business continuity plan and developing the recovery activation plan for the GenTax application. As part of the process, the Department has engaged Central Management Services (CMS) as the provider of critical data backup/restoration, infrastructure services, and overseer of the alternate recovery facility vendor contracts. The Department has proposed a collaborative effort with CMS to define responsibilities and requirements ensuring data files, programs, operating systems and infrastructure adversely impacted by error or disaster event are recoverable in a timely fashion that would meet the Department's needs. The Department intends to exercise the draft GenTax activation plan in part or in whole during the latter part of calendar year 2009. Completion of these objectives will rely heavily upon timely response from CMS in cooperating and contributing to the project tasks.

08-11. **FINDING** (Inadequate controls over contractual agreements)

The Department of Revenue (Department) did not have adequate controls over contractual agreements.

During testing, we noted:

- Twelve of 52 (23%) contractual agreements tested, totaling $717,358, were not signed by all necessary parties before the effective date. These agreements were signed 2 to 109 days late. Professional and artistic affidavits were filed when applicable.

- Nine of 13 (69%) interagency agreements tested, totaling $2,667,500, were not signed by all necessary parties before the effective date. These agreements were signed 10 to 242 days late. Of these agreements, two (22%) were professional and artistic services contracts for which no professional or artistic service affidavit was filed.

  Good internal controls require the approval of agreements prior to the effective date and proper documentation supporting the billing and payment of services. The Statewide Accounting Management System (SAMS) Manual (Procedure 15.20.30) indicates a contract is reduced to writing when the contract is signed by the vendor and then by more than one authorized agency representative at the earliest dated signature.

- Four of 13 (31%) interagency agreements tested did not include supporting documentation detailing the methodology used for determining the percent allocation to be paid by the Department for billing of shared services.

  In order to assess whether an interagency agreement is reasonable, appropriate, and sufficiently documents the responsibilities of the appropriate parties, the agreements need to include proper documentation supporting the percent allocation used for the billings.

In addition, during our review of the contract for the new enterprise-wide tax system (GenTax), we noted the following:

- On April 9, 2008, the Department amended the contract for the purchase of additional modules titled "ITP-IFTA and Audit Tools" for a cost of $4.2 million. The contract amendment was not filed with the Office of the Comptroller until July 16, 2008, 83 days late.

  The SAMS Manual (Procedure 15.20.80) requires all amendments be filed within 15 calendar days after execution.

Department personnel stated contractual agreements are not always returned to the Department timely for signatures. Often contracts or intergovernmental agreements are held by other agencies and returned to the Department for final approval after the effective date. Department personnel further stated when they receive intergovernmental agreements for routing there is no supporting documentation attached to show how allocable costs are calculated. The Department only receives a copy of the agreement or the renewal.

Failure to approve contractual agreements prior to the performance of services may result in a loss of State funds and subject the State to unnecessary legal risks. In order to assess whether the interagency agreements are reasonable, appropriate, and sufficiently document the responsibilities of the appropriate parties, the agreements need to be approved prior to the effective date and include sufficient documentation supporting the percent allocation used for billings. In addition, failure to file contract amendments in a timely manner is noncompliance with the SAMS Manual. (Finding Code No. 08-11, 07-6)

RECOMMENDATION

We recommend the Department ensure all contracts and interagency agreements are approved prior to the start of the contract period and filed with the Office of the Comptroller in a timely manner. In addition, we recommend the Department require interagency agreements to include a methodology supporting the percent allocation used for billing of shared services.

DEPARTMENT RESPONSE

The Department agrees with the recommendation. Although certain aspects of the recommendation are beyond the Department's control, we will use our best efforts to implement. It is important to note that the interagency agreements only reflected payment agreements between the Department and the Governor's Office and/or CMS.

08-12. **FINDING** (Need to enhance controls over confidential information)

The Department of Revenue (Department) failed to maintain adequate safeguards when handling confidential information.

As a result of the Department's mission, the Department regularly collects and maintains confidential and personally identifiable information. The Illinois Income Tax Act (35 ILCS 5/917) states, "All information received by the Department from returns filed under this Act … shall be confidential." In addition, 26 U.S.C. §6103(a) states, "Returns and return information shall be confidential...no officer or employee of any State … shall disclose any return or return information obtained by him in any manner in connection with his service as such an officer or an employee." 26 U.S.C. §6103(b)(6) specifies the confidentiality of return information extends to any combination of the taxpayer's name, mailing address, or identifying numbers. Additionally, the Department's *Employee Handbook* contains the following statements: "All information on any tax return, tax payment, or any document accompanying any tax return is confidential. …You may not publish, divulge, disclose, or make known in any manner any information contained in any report, tax payment, or record when such information discusses or potentially could identify a taxpayer unless it is already a matter of public record."

During testing, we noted the following:

- The Department transmitted taxpayer information electronically without properly securing or encrypting.

- The Department's taxpayer correspondence letters included personally identifiable taxpayer information, including social security numbers (SSNs).

  The transmittal of unsecured confidential information puts the information at the risk of unauthorized disclosure from malicious or inadvertent acts. Similarly, the inclusion of the complete SSN on correspondence exposes the information to unnecessary risk.

- Confidential paperwork was not secured. During a walkthrough of the Des Plaines regional office, we observed six unsealed banker's boxes marked "checkwriting" located within public access at the side of the Lottery's checkwriting counter. The Auditor opened the boxes and noted the boxes contained "Lottery Transmittal for Claim" Forms, including the names, addresses, and social security numbers of individuals who had won the lottery. Upon inquiry, the Lottery removed the boxes to a secure storeroom.

- Additionally, the Department had not completed a risk assessment of its computing resources to identify confidential or personal information to ensure such information was protected from unauthorized disclosure.

- The Department had not developed policies and procedures regarding the Department's responsibilities, as stated in the Personal Information Protection Act, in the event of a breach of personal information.

The Department stated that safeguarding confidential taxpayer information is its highest priority and that it will continue to review and update security procedures and technology in order to ensure the protection of confidential information.

Confidential, sensitive, and personally identifiable information collected and maintained by the Department should be adequately secured at all times. As such, it is the Department's responsibility to ensure procedures for safeguarding confidential information have been developed, effectively communicated to all personnel, and continually enforced.

Failure to establish and maintain adequate procedures to handle and protect confidential and personally identifiable information could result in taxpayer identity theft or other unintended use. (Finding Code No. 08-12)

RECOMMENDATION

We recommend the Department review the plan for protecting confidential information, focusing on security through proper storage, disclosure, redaction, and encryption procedures. Specifically, taxpayer information transmitted electronically should be encrypted, and if a SSN must be included on correspondence, it should be redacted. The Department should continue to periodically communicate the importance of safeguarding confidential information to all employees and locations.

Further, we recommend the Department complete the risk assessment to evaluate its computer environment and data maintained to ensure adequate security controls have been established. The Department should also develop comprehensive policies and procedures to ensure timely compliance with the requirements outlined in the Personal Information Protection Act (815 ILCS 530) in the event of a breach of confidential information.

DEPARTMENT RESPONSE

Subject to the results of the outside security review, the Department agrees with the recommendation but disagrees with any suggestion that it has not continually acted to safeguard confidential information. Indeed, the safeguarding of confidential information has been and continues to be our highest priority. There is no absolute guarantee – only recognizing the importance of confidentiality, enforcing with our employees a culture in which the protection of confidential information is of paramount importance, and installing appropriate controls. Recently, the Department has taken significant steps to reduce the possibility of identity theft from its data. In the new GenTax system, for the first time, the Department can use an identification number other than a social security number (SSN), allowing us to take SSNs off correspondence. We no longer include SSNs on income tax booklets, and redact the SSN on the 1099-G.

Because the world is ever changing, we are undertaking a review of our security policies – not because we have failed to maintain safeguards, but because we must continue to safeguard confidential information.

Efforts to maintain security of data continue. The Department recently completed the first phase of the Business Impact Analysis addressing the confidentiality risk by application and is moving forward. Security procedures regarding potential breaches are being reviewed and will be tested this month.

The Department is in the process of obtaining a consulting resource security expert that is well versed and experienced in the NIST (National Institute of Standards and Technology) standards to perform a Security Assessment of the IT environment including the physical and confidentiality aspects. This resource will also consider the benefits and costs of encryption of emails and the redaction of social security numbers. Deliverables expected from this effort include overall security recommendations and a Risk Assessment. The Department intends to institute change accordingly to ensure that our environment is as secure as possible.

08-13. **FINDING** (Inadequate controls over personal services)

The Department of Revenue (Department) did not have adequate controls over personal services. During testing, we noted the following:

- Twenty-three of 50 (46%) annual performance evaluations for employees tested were not completed timely by the Department. The employee evaluations were completed 6 to 135 days late.

- Three of 50 (6%) employees tested did not receive an annual evaluation during the examination period.

- Two of 50 (4%) employees tested who began employment during the examination period did not receive probationary evaluations timely. The probationary evaluations were completed between 10 and 56 days late.

  The Department's Employee Handbook (Handbook) states initial probationary employees are evaluated twice during the six-month probationary period, with one evaluation at the midpoint of the period and one two weeks prior to the end of such probation. Certified employees are evaluated annually. In addition, good business practices require employee evaluations to be performed to communicate the employee's strengths and weaknesses in meeting their job responsibilities.

- Seven of 40 (18%) employees tested did not have complete support for time spent on "official State business." The Department of Central Management Services' (DCMS) reports from the Central Time and Attendance System (CTAS) were either missing or lacked the required signatures of the employee, timekeeper and/or division manager.

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

- Two of 15 (13%) employees tested had leave request slips that were not signed by the employee's supervisor as required by the Employee Handbook. In addition, one of these leave slips was not correctly deducted as time off on the Central Time and Attendance System.

  The Handbook states any time an employee is absent, the employee is required to complete form IDR-139, Request for Leave, which must be signed by the employee and their supervisor.

Department personnel stated currently reports are received from the Department of Central Management Services (CMS) sixty days in advance for Department employees who are due for annual increases. These reports are verified and notices are sent to Program Administrators. As time allows, reminder notices are sent out. There is currently no set time frame for this process; however, they are currently researching a plan to establish a database to assist in tracking and sending out notices. Department personnel further stated the missing CTAS forms and the lack of required signatures on the CTAS forms and leave slips were due to oversight.

Performance evaluations are a systematic and uniform approach used for the development of employees and communication of performance expectations to employees. Performance evaluations should serve as a foundation for salary adjustments, promotion, demotion, discharge, layoff, recall, and reinstatement decisions. By not maintaining appropriate time sheets, the Department is not in compliance with the State Officials and Employees Ethics Act. Allowing employees paid leave without providing the required pre-certifications could result in payments to individuals not entitled to the benefit and is noncompliance with Department policy. (Finding Code No. 08-13, 07-7)

RECOMMENDATION

We recommend:

- The Department take appropriate measures to ensure performance evaluations are conducted annually and on time as required by policy;
- The Department require all employees to maintain time sheets in compliance with the State Officials and Employees Ethics Act; and
- The Department maintain accurate accumulated leave records for all employees.

DEPARTMENT RESPONSE

The Department agrees with the recommendation. Department management will make timely completion of employee evaluations a priority with the assistance of a new monitoring/reporting process being administered by the Administrative and Regulatory Shared Services Center. This process will require evaluations due to be monitored and notifications sent to the human resources liaison 45 days in advance of due date. The program administrators and executive management will receive notification of late evaluations on a monthly basis.

The Department will require accurate accumulated leave records for all employees and require employees to maintain time sheets in compliance with the State Officials and Employee Ethics Act. The Department will continue to remind employees, timekeepers and supervisors of their role and responsibilities in reviewing and obtaining approvals for these records.

08-14. **FINDING** (Inadequate control over personal use of State vehicles)

The Department of Revenue (Department) did not have adequate controls over the personal use of State vehicles. During testing, we noted:

- Five of 20 (25%) employees tested with personal use of a State vehicle did not have the $33 per pay period fringe benefit included in their taxable income.

- Three of 20 (15%) employees tested with the personal use of a State vehicle were being incorrectly charged a fringe benefit for personal use of a vehicle included in their taxable income. Two of these employees had not had a vehicle assigned to them since Lottery merged with the Department in FY03. The Department charged these employees $32 a pay period as a fringe benefit, which resulted in these employees being taxed approximately $3,840 in fringe benefits not received. This amount increased to $33 a pay period during FY08 until being stopped on February 1, 2008. Although these charges were stopped February 1, 2008, employees were not notified about past incorrect charges and/or given the opportunity to amend past income tax statements until February 28, 2009.

The IRS Employers Tax Guide to Fringe Benefits (Publication 15-B) requires employers to determine the value of a vehicle they provide to an employee for commuting use by multiplying each one-way commute by $1.50. This multiplies out to $3 per day, or $33 per pay period. This amount must be included in the employee's wages or be reimbursed by the employee.

Department personnel stated policies are currently being initiated to control the processing of the taxable benefit for employees who operate State vehicles.

Failure to properly apply the fringe benefit for the personal use of a vehicle is noncompliance with tax guides regarding fringe benefits. (Finding Code No. 08-14, 07-8)

RECOMMENDATION

We recommend the Department review relevant authoritative guidance and its listing of employees assigned a State vehicle or charged the fringe benefit for personal use of a vehicle to ensure the fringe benefit is being applied properly.

DEPARTMENT RESPONSE

The Department agrees with the recommendation. The Department is working with the Governor's Office and CMS on a statewide policy and procedure with respect to the vehicle fringe benefit. In the meantime, the Department has established a procedure for the fleet coordinator and the payroll office to identify which employees are assigned vehicles and should be charged a fringe benefit.

08-15. **FINDING** (Noncompliance with the State Records Act)

The Department of Revenue (Department) did not maintain adequate supporting documentation in taxpayer files to protect the legal and financial rights of the State in accordance with the State Records Act (5 ILCS 160/8).

During our accounts receivable and credit balance account testing, we tested 439 Business Income Tax, Withholding Income Tax, and Individual Income Tax accounts for certain criteria. In 23 of 439 (5%) tested accounts, the Department was unable to locate and provide the original return filed by the taxpayer in a timely manner. The Department was able to eventually locate 15 of the original returns on June 10, 2009. The remaining 8 of 439 (2%) tested accounts were not located. Due to the inability to locate the original returns timely, the auditors were unable to complete their testing of these accounts.

The Department stated that the inability to locate a handful of records in the department occurred because of transition both within the area and to the new tax system.

The Act mandates, "the head of each agency shall cause to be made and preserved records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the state and of persons directly affected by the agency's activities."

Failure to be able to locate the entire case file, which includes the original return, could subject the State to a loss of revenue and unnecessary legal risks. (Finding Code No. 08-15)

RECOMMENDATION

We recommend the Department implement a more efficient document tracking policy that would allow timely location of the original returns requested for review.

DEPARTMENT RESPONSE

The Department agrees with the recommendation. The inability to locate 8 of the 439 requested accounts (1.8 percent) came in part because the Agency was transitioning from a manual tracking system to an automated one that will allow us to better track documents that are being used at various locations in the Department.

08-16. **FINDING** (Lack of required Lottery Board members)

The Lottery Control Board (Board) was not composed of five members as required by the Illinois Lottery Law.

During our testing, we noted the Board was composed of only four members.

The Illinois Lottery Law (20 ILCS 1605/6) requires the Board consist of five members appointed by the Governor with the advice and consent of the Senate. The Illinois Lottery Law further requires any vacancy in the Board, occurring for any other reason than the expiration of a Board member's term, shall be filled by the unexpired term in the same manner as the original appointments.

Department personnel stated the Board member resigned on February 11, 2006 and has remained vacant. The Department communicated the vacancy to the Office of the Governor beginning in March 2006.

Failure to fill all positions of the Lottery Board could impair the Board's ability to properly formulate the function of the Board as intended. A full Board is necessary to properly conduct meetings and operate effectively and efficiently. (Finding Code No. 08-16)

RECOMMENDATION

We recommend the Department continue to work with the Office of the Governor to ensure the Board vacancies are appointed in a timely manner.

DEPARTMENT RESPONSE

The Department agrees with the finding, but it is not clear to us why this finding was issued to the Department because the Department has no authority to act in this area. The Department will continue to work with the Governor's Office to seek the appointment of board members.

Further, a single Board vacancy is immaterial to the Board's function, which, it should be noted, is advisory in nature. With four of its five members in place, the Board was still able to assemble a quorum to conduct meetings.

08-17. **FINDING** (Noncompliance with the Illinois Lottery Law)

The Department of Revenue, Bureau of Collections (Department) and the Division of the Lottery (Lottery) failed to comply with the lottery retailer's license suspension and renewal provisions of the Illinois Lottery Law (Law) (20 ILCS 1605/10.1a). The Law requires the Lottery, "refuse to issue and suspend the license of any lottery sales agency who fails to file a return, or to pay any final assessment of tax, penalty or interest, as required by any tax Act administered by the Department, until such time as the requirements of any such tax Act are satisfied, unless the agency is contesting, in accordance with the procedures established by the appropriate revenue Act, its liability for the tax or the amount of tax." In addition, the Law requires the Lottery, "affirmatively verify the tax status of every sales agency before issuing or renewing a license." During our testing we noted the following:

- The Department did not automatically notify the Lottery to suspend a lottery retailer's license for noncompliance with tax laws, except during the lottery retailer license renewal process. The lottery retailer license renewal process occurs every two years.

- The Department did not notify the Lottery to hold the renewal of any lottery retailer licenses during January or June of 2008.

- Forty of 174 (23%) requests for the month of June by the Lottery to the Department for tax compliance inspections resulted in the Department issuing tax clearances for lottery retailers who were noncompliant with tax laws.

- Thirty-five of 174 (20%) lottery retailer license renewals tested during the month of June went to delinquent taxpayers, owing a combined total of $336,223 in back taxes as of the date of their license renewal.

Department personnel stated that in January the Collections Division was unable to complete the compliance check in a timely fashion due to heavy workloads in other areas. In June, the Department stated that Collections was transitioning to a new set of reports created for this purpose and the reports were not available in time for the renewal period.

Failure to suspend a lottery retailer's license during the two-year period between renewals increases the likelihood of the State utilizing other, potentially more costly, collection techniques. (Finding Code No. 08-17)

RECOMMENDATION

We recommend the Department implement controls to ensure lottery retailer licenses are suspended upon a retailer's noncompliance with any State tax law as required by statute.

DEPARTMENT RESPONSE

The Department agrees with the finding. The two instances were occurrences in which an automated process did not run. In June the Collections Bureau issued the letters manually. The tax system has automatically sent notices of non-renewal each month since.

The Department will further set up a process to suspend lottery retailers' licenses for non-compliance with tax laws. We note, however, that the Agency already pursues this debt with its existing tools. For example, a lottery retailer who holds a liquor license would have that license revoked for non-payment of state taxes. The threat of the loss of a liquor license could be more effective than the loss of its lottery license.

08-18. **FINDING** (Noncompliance with Retailers' Occupation Tax Act)

The Department of Revenue (Department) did not comply with the bonding requirements of Retailers' Occupation Tax (ROT) accounts as set forth in the Retailers' Occupation Tax Act (Act) (35 ILCS 120/2a).

The Act requires every applicant for a certificate of registration for any person in the business of selling tangible personal property at retail in this State, at the time of filing such application, to furnish either:

- a bond from a surety company authorized to do business in the State of Illinois,
- an irrevocable bank letter of credit or a bond signed by two personal sureties who have filed with the Department sworn statements disclosing net assets equal to at least three times the amount of the bond to be required of such applicant, or
- a bond secured by an assignment of a bank account or certificate of deposit, stocks or bonds, conditioned upon the applicant paying to the State of Illinois all moneys becoming due under this Act and under any other State tax law or municipal or county tax ordinance or resolution under which the certificate of registration that is issued to the applicant under this Act will permit the applicant to engage in business without registering separately under such other law, ordinance or resolution.

The Act requires the Department to fix the amount of such security in each case, taking into consideration the amount of money expected to become due from the applicant under this Act and under any other State tax law or municipal or county tax ordinance or resolution under which the certificate of registration that is issued to the applicant under this Act will permit the applicant to engage in business without registering separately under such other law, ordinance or resolution.

- The amount of security required by the Department is such as, in its opinion, will protect the State of Illinois against failure to pay the amount which may become due from the applicant under this Act and under any other State tax law or municipal or county tax ordinance or resolution under which the certificate of registration that is issued to the applicant under this Act will permit the applicant to engage in business without registering separately under such other law, ordinance or resolution,
- The amount of the security required by the Department does not exceed three times the amount of the applicant's average monthly tax liability, or $50,000, whichever amount is lower.

The Department provided a memo dated July 25, 1986 in which the Department eliminated the ROT bonding requirements. The memo was signed and approved by the Director at that time. The Department stated instead of seeking a statutory change in 1986 mandating bonds at zero, the Department exercised its administrative discretion to set bonds at zero, which the Department believes is consistent with the bonding authority granted in Section 2a of the Act.

Failure to follow the requirements concerning the ROT applicants is noncompliance with statute and lessens governmental oversight. (Finding Code No. 08-18)

RECOMMENDATION

We recommend the Department follow the requirements for ROT applications as set forth in 35 ILCS 120/2a or seek a legislative remedy.

DEPARTMENT RESPONSE

The Department disagrees with the finding. The Department's tax counsel have advised that, with respect to setting the level of surety bonds, the Department is in compliance with the Retailers' Occupation Tax Act.

The Auditor General has made a finding that the Department's policy of setting bonds under the Retailers' Occupation Tax Act ("ROT") at a zero dollar amount is not in compliance with the provisions of Section 2a of the ROT (35 ILCS 120/2a). You have requested a memorandum opinion defining the Department's legal authority for its zero dollar bond policy.

The Department established its zero bond policy in 1986. This policy was implemented as a result of a Department study concluding that the cost of administering the bond program (setting individual bonds, attempting to collect on the bonds of delinquent taxpayers, reestablishing new bonds for delinquent taxpayers) was not a cost-effective collection tool. As a result, all bonds were set at zero and other, more effective collection practices were pursued. A copy of a memorandum establishing this policy in 1986 was provided to the auditor. Without citing legal authority it remains the Auditor General's position that the zero bond policy is not authorized by statute.

The Department's bonding authority is set forth in Section 2a of the ROT, which provides that every applicant for a certificate of registration shall furnish a bond and that

> "[t]he Department shall fix the amount of such security in each case, taking into consideration the amount of money expected to become due from the applicant under this Act …. The amount of security required by the Department shall be such as, in its opinion, will protect the State of Illinois against failure to pay the amount which may become due from the applicant … but the amount of the security required by the Department shall not exceed three times the amount of the applicant's average monthly tax liability, or $50,000.00, whichever amount is lower." 35 ILCS 120/2a

Section 2a grants the Department broad discretionary authority in setting bonds. This broad discretion is reflected in provisions requiring that the Department fix bonds in an amount that, "in its opinion," will protect the State of Illinois against the applicant's failure to pay taxes. While the legislature has granted the Department broad discretion in fixing bonds, it has also articulated several standards, however, that must guide the Department in the exercise of its discretionary authority. As noted above, the bond must be fixed in an amount that, in the Department's opinion, will protect the State against an applicant's failure to pay taxes. In addition, the legislature required that the Department observe a ceiling when fixing bond amounts. Specifically, the bond cannot be greater than three times the amount of an applicant's average monthly tax liability, or $50,000.00, whichever is lower. The legislature, however, did not specify any minimum threshold for bond amounts.

The standards set forth by the legislature for the Department's exercise of administrative discretion in fixing bond amounts are of particular importance in the discussion of authority for our zero bond policy. In particular, the legislature's lack of any minimum threshold for bond amounts is significant. It is a principle of statutory construction that *expressio unius est exclusio alterius*. By setting a bond ceiling, but no floor, the legislature clearly signaled its intent to authorize the Department to fix bonds at zero, provided that such a determination otherwise best protected the interests of the State. If the legislature had meant to preclude zero bonds, it could have specifically done so. In fact, Section 2a has been amended numerous times since the zero bond policy was established in 1986. At no time, however, in the ensuing 23 year period did the legislature amend Section 2a to prohibit the Department's zero bond policy. Its failure to do so evidences a clear and continuous legislative acquiescence to the zero bond policy. See, American Oil Co. v. Mahin, 49 Ill.2d 199, 273 N.E.2d 818 (1971) (court upheld Department's proposed regulation, finding that it represented a longstanding policy to which the legislature had acquiesced for over 35 years); see also People ex rel. Spiegel v. Lyons, 1 Ill. 2d 409, 115 N.E.2d 895 (1953) (court upheld Department rule exempting sale of seeds from Retailers' Occupation Tax, despite lack of any specific authority for the exemption in the statute, noting a "contemporary and continuous" legislative acquiescence to the Department's reasonable interpretation).

The Department's zero bond policy constitutes a proper exercise of the administrative discretion granted by Section 2a. As courts have repeatedly noted, it is impractical for the legislature to provide for every detail implementing its policies. The legislature empowers governmental agencies, boards and commission with ministerial discretion to implement the specifics of enacted law. See, Meadowlark Farms, Inc. v. Illinois Pollution Control Board, 17 Ill.Appl3d 851, 308 N.E.2d 829 (1974) ("Although the General Assembly cannot divest itself of its inherent function to decide what the law shall be, it may authorize others to do those things which it might properly but cannot understandingly or advantageously do itself"); See also People ex rel. Rice v. Wilson Oil Co., 364 Ill. 406, 4 N.E.2d 847 (1936) (case upheld the bonding authority of the Department of Revenue under the Motor Fuel Tax Law, stating that "[t]he General Assembly cannot deal with the details of each particular case that may arise in the administration of an act, but must necessarily leave such to the reasonable discretion of administrative officers …"). The cases cited immediately above clearly support the reasonable exercise of administrative discretion by public agencies. As they note, however, the exercise of such discretion must be accomplished within the framework of clearly articulated, intelligible standards. If such standards are not established, or if established, are ignored, the public agency is impermissibly exercising prohibited legislative powers.

In the present case, the Department's zero bond policy clearly observes the clearly articulated standards set out in Section 2a by the legislature. The zero bond policy does not contravene any specified bond minimum, since the legislature did not mandate a bond floor. Obviously, the policy observes the bond ceiling established by the legislature. It has been the Department's experience both before and after the 1986 decision, that bonds are not an essential or critical component of best protecting the interests of the State against an applicant's failure to pay taxes. Bonds are simply one tax enforcement mechanism; the ROT contains many other, more effective enforcement tools. In 1986, after much study, the Department adopted its zero bond policy. There has apparently been no evidence that this policy requires modification, and so it has been continued to the present time. While the Auditor General asserts that this policy exceeds the authority established in Section 2a, it has apparently not taken issue with this longstanding policy in prior audits. It suggests that the Department, as an alternative to discontinuing its zero bond policy, could amend Section 2a to provide specific authority for this policy. However, as noted above, it is the Department's position that Section 2a authorizes this policy already. It is likely that instead of seeking a statutory change in 1986 mandating bonds at zero, the Department exercised its administrative discretion to set bonds at zero. Then, as now, we believe that this determination was supported by the broad grant of authority conferred on the Department in Section 2a.

For these reasons, we respectfully disagree with the conclusions reached by the Auditor General regarding the Department's zero bond policy.

AUDITOR'S COMMENT

The statute requires every person engaged in the business of selling tangible personal property at retail to obtain a certificate of registration from the Department. At the time of filing an application for a certificate of registration, each person is required to provide some form of specified security. 35 ILCS 120/2a. Contrary to statute, the Department does not require any applicants to file any form of security.

The statute does accord the Department some discretion in determining the appropriate amount of the required security, provided it sets an amount "taking into consideration the amount of money expected to become due from the applicant" and that the amount set be sufficient to "protect the State of Illinois against [the applicant's] failure to pay" applicable taxes.

While the Department argues that its "zero bond' policy meets the statutory criteria, we would note that the statute gives the Department discretion in setting the amount of the security but not in determining whether security is to be filed at all. Further, the Department's discretion in setting the amount of the security is not unbridled; in fact, the Department must set an amount based on the estimated amount expected to be due from the applicant and necessary to protect the State against the applicant's failure to pay. The auditors would note that the Department's gross receivables for ROT at June 30, 2008 on the Quarterly Summary of Accounts Receivable submitted to the Office of the

Comptroller totaled approximately $311,536,000. Of this amount, approximately $249,079,000 is over 180 days past due and the likelihood of collection by the State is remote. If a bond or other form of security were held by the Department in these cases, the State would have some alternative recourse to pursue the satisfaction of the outstanding amount due.

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
PRIOR FINDINGS NOT REPEATED
June 30, 2008

A. **FINDING** (Lack of control and monitoring over the tax allocation methodology utilized by the Department)

During the prior engagement, we noted the Department did not adequately monitor and adjust the sales tax allocations to the Home Rule Municipal Retailers' Occupation Tax Fund, the Local Government Tax Fund and other funds in a timely manner. In addition, the Department had not updated its tax allocation methodology since 2003. In addition, the Department did not monitor and adjust the amount of telecommunications tax collected on behalf of various local governments. There were no compensating controls in place, such as the analysis of fund balances, to detect allocation errors.

During the current engagement, we noted the Department issued a policy to provide guidance on how to update the percentages used to allocate sales tax dollars to appropriate funds. The new policy requires the Department to review the allocations every 6 months, and requires supervisory review of this analysis. During our review, we examined the analysis prepared by the Department during the fiscal year and determined the Department is reviewing the allocations every 6 months and changing the allocations as warranted by this analysis. We were also provided an analysis of year end balances in each fund which supported the adequacy of amounts that were allocated to those funds. (Finding Code No. 07-1)

B. **FINDING** (Inappropriate lapse period expenditures)

During the prior engagement, the Department violated provisions of the State Finance Act by prepaying future fiscal years' expenses out of current year appropriated funds and created false and misleading billing invoices to support the payments.

During the current engagement, we did not note any instances of prepayments or false invoices during our testing. (Finding Code No. 07-2)

C. **FINDING** (Payments for consolidated services)

During the prior engagement, the Department made payments for Information Technology (IT) (consolidated services) to the Department of Central Management Services. The Department did not receive supporting documentation to ensure the charges were for services incurred on their behalf.

During the current engagement, the Department did receive supporting documentation for IT consolidated payments. (Finding Code No. 07-3)

PRIOR FINDINGS NOT REPEATED

June 30, 2008

D. **FINDING** (Improper fiscal year expenditure)

During the prior engagement, the Department of Revenue, Illinois Gaming Board, improperly expended a portion of its current year (FY07) appropriation for payments owed to local governments in the previous year (FY06).

During the current engagement, the General Assembly added language to the appropriation bill for the Illinois Gaming Board's appropriation line item for distributions to local governments for admissions and wager taxes. This additional language makes future expenditures for previous fiscal year payments in the current fiscal year permissible. (Finding Code No. 07-5)

E. **FINDING** (Vouchers not processed timely from the Tax Increment Fund)

During the prior engagement, the Department did not process vouchers for payment from the Illinois Tax Increment Fund (TIF) within the required time limits. Vouchers for the TIF must be processed and certified to the Treasurer and Comptroller by the end of October, January, April, and July following the end of each quarter.

During the current engagement and based on our sample tested, the Department processed these vouchers within the required time limits. (Finding Code No. 07-9)

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
COMPLIANCE EXAMINATION
For the Year Ended June 30, 2008

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

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

- Fiscal Schedules and Analysis:

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

- Analysis of Operations:

  Agency Functions and Planning Program
  Administrative and Regulatory Shared Services Center (ARSSC)
  Average Number of Employees
  Emergency Purchases
  Illinois Gaming Board Statistics (Not Examined)
  Audit Collections Statistics (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, except for information on the Illinois Gaming Board Statistics, the Audit Collections Statistics and the Service Efforts and Accomplishments on which they did not perform any procedures. However, the accountants do not express an opinion on the supplementary information.

STATE OF ILLINOIS
DEPARTMENT OF REVENUE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2008
(Expressed in Thousands)

	Federal CFDA Number	Project Number	Total Expenditures
U.S. Department of Justice			
Federal Equitable Sharing Agreement	16.XXX	IL 08484BI	$ 59
Total Expenditures of Federal Awards			$ 59

Note: The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2008

Note 1 – General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the State of Illinois, Department of Revenue that includes federal financial assistance received directly from federal agencies.

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

Note 2 – Basis of Presentation

The Schedule of Expenditures of Federal Awards is prepared on the cash basis of accounting.

Note 3 – Description of Programs

A. U.S. Department of Justice

Federal Equitable Sharing Agreement CFDA #16.XXX – This program sets forth the requirements for participation in the Federal Equitable Sharing Program and the restrictions upon use of federally forfeited cash, property, and proceeds which are equitably–shared with participating law enforcement agencies.

Note 4 – Non-cash Awards

The Department did not receive any non-cash awards.

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Year Ended June 30, 2008

P.A. 95-0348 & P.A. 95-0011 Fiscal Year 2008	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balance Reappropriated July 1, 2008	Balances Lapsed August 31
General Revenue Fund (001)						
Personal Services	$ 82,687,560	$ 78,506,096	$ 3,781,996	$ 82,288,092	$ -	$ 399,468
Extra Help	89,100	86,461	270	86,731	-	2,369
State Contributions to State Employees' Retirement System	13,726,160	13,026,586	627,788	13,654,374	-	71,786
State Contributions to Social Security	6,037,430	5,643,443	269,062	5,912,505	-	124,925
Contractual Services	8,934,700	6,559,459	2,025,342	8,584,801	-	349,899
Travel	1,258,300	1,067,026	137,985	1,205,011	-	53,289
Commodities	483,100	450,953	10,741	461,694	-	21,406
Printing	1,111,900	1,001,139	82,717	1,083,856	-	28,044
Equipment	64,000	5,698	44,969	50,667	-	13,333
Electronic Data Processing	4,922,600	2,018,021	2,546,754	4,564,775	-	357,825
Telecommunications	1,793,100	901,433	866,564	1,767,997	-	25,103
Operation of Automotive Equipment	16,500	15,819	92	15,911	-	589
Government Services Shared Services Center	6,307,500	5,631,301	669,807	6,301,108	-	6,392
Grants for Additional Compensation for Local Assessors (Section 2.7)	702,000	393,000	258,000	651,000	-	51,000
Grants for State's Share of County Supervisors of Assessments or County Assessors' Salaries	2,625,000	2,474,669	-	2,474,669	-	150,331
Grants for Additional Compensation for Local Assessors (Section 2.3 and 2.6)	500,000	270,000	13,500	283,500	-	216,500
Grants for Additional Compensation for County Treasurers Pursuant to P.A. 84-1432	663,000	663,000	-	663,000	-	-
Grants for the State's Share of State's Attorneys' and Assistant State's Attorneys' Salaries	12,905,000	12,894,293	-	12,894,293	-	10,707
Grants for the Annual Stipend for Sheriffs	663,000	663,000	-	663,000	-	-
Grants for the State's Share of County Public Defenders' Salaries	5,700,000	5,390,773	-	5,390,773	-	309,227
Grants for the Annual Stipend to County Coroners	663,000	656,500	-	656,500	-	6,500
Other Tax Refunds	6,576,500	6,561,497	7,080	6,568,577	-	7,923
Total General Revenue Fund	$ 158,429,450	$ 144,880,167	$ 11,342,667	$ 156,222,834	$ -	$ 2,206,616

Note: Amounts were obtained from Agency records and reconciled to Comptroller records.

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Year Ended June 30, 2008

P.A. 95-0348 & P.A. 95-0011 Fiscal Year 2008	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balance Reappropriated July 1, 2008	Balances Lapsed August 31
Motor Fuel Tax Fund (012)						
Personal Services	$ 13,145,600	$ 12,405,181	$ 540,205	$ 12,945,386	$ -	$ 200,214
State Contributions to State						
Employees' Retirement System	2,182,100	2,056,834	91,859	2,148,693	-	33,407
State Contributions to Social Security	976,700	918,910	41,179	960,089	-	16,611
Group Insurance	2,735,700	2,474,528	100,367	2,574,895	-	160,805
Contractual Services	2,088,200	1,803,375	219,582	2,022,957	-	65,243
Travel	1,433,200	1,340,518	87,894	1,428,412	-	4,788
Commodities	61,400	35,082	6,608	41,690	-	19,710
Printing	225,200	156,424	42,909	199,333	-	25,867
Equipment	25,000	2,558	20,000	22,558	-	2,442
Electronic Data Processing	9,123,000	1,726,722	7,384,387	9,111,109	-	11,891
Telecommunications	330,700	23,335	293,531	316,866	-	13,834
Operation of Automotive Equipment	50,400	44,448	5,656	50,104	-	296
Administration of Joint State/Federal Motor						
Fuel Tax Enforcement Program	71,000	27,203	15,445	42,648	-	28,352
Government Services Shared Services Center	652,900	614,629	23,930	638,559	-	14,341
Reimbursement to International Fuel						
Tax Agreement Member States	42,000,000	34,703,382	6,877,591	41,580,973	-	419,027
Administration of the Motor Fuel Tax Enforcement						
Grant from US Department of Transportation	159,400	53,025	63,669	116,694		42,706
Motor Fuel Tax Refunds	16,016,200	13,544,044	2,465,436	16,009,480	-	6,720
Total Motor Fuel Tax Fund	$ 91,276,700	$ 71,930,198	$ 18,280,248	$ 90,210,446	$ -	$ 1,066,254

Note: Amounts were obtained from Agency records and reconciled to Comptroller records.

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Year Ended June 30, 2008

P.A. 95-0348 & P.A. 95-0011 Fiscal Year 2008	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balance Reappropriated July 1, 2008	Balances Lapsed August 31
Underground Storage Tank Fund (072)						
Personal Services	$ 593,700	$ 565,924	$ 23,887	$ 589,811	$ -	$ 3,889
State Contributions to State Employees' Retirement System	98,400	93,782	3,961	97,743	-	657
State Contributions to Social Security	44,700	41,790	1,755	43,545	-	1,155
Group Insurance	177,600	147,155	6,059	153,214	-	24,386
Travel	30,200	30,108	-	30,108	-	92
Commodities	2,100	1,868	-	1,868	-	232
Printing	1,500	769	-	769	-	731
Electronic Data Processing	17,800	17,800		17,800		-
Telecommunications	34,000	34,000	-	34,000	-	-
Motor Fuel Tax Refunds	700	-	-	-	-	700
Total Underground Storage Tank Fund	$ 1,000,700	$ 933,196	$ 35,662	$ 968,858	$ -	$ 31,842
Illinois Gaming Law Enforcement Fund (085)						
Personal Services	$ 673,200	$ 428,917	$ 27,078	$ 455,995	$ -	$ 217,205
State Contributions to State Employees' Retirement System	111,700	71,051	4,486	75,537	-	36,163
State Contributions to Social Security	53,500	28,163	1,765	29,928	-	23,572
Group Insurance	177,600	111,546	7,053	118,599	-	59,001
Contractual Services	4,300	1,794	83	1,877	-	2,423
Travel	50,200	45,197	1,344	46,541	-	3,659
Commodities	2,900	1,974	69	2,043	-	857
Printing	1,500	766	-	766	-	734
Electronic Data Processing	392,400	392,400	-	392,400	-	-
Telecommunications	13,500	13,500	-	13,500	-	-
Operation of Automotive Equipment	28,600	28,600	-	28,600	-	-
Grant for Allocation to Local Law Enforcement Agencies	1,300,000	-	1,153,948	1,153,948	-	146,052
Total Illinois Gaming Law Enforcement Fund	$ 2,809,400	$ 1,123,908	$ 1,195,826	$ 2,319,734	$ -	$ 489,666

Note: Amounts were obtained from Agency records and reconciled to Comptroller records.

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Year Ended June 30, 2008

P.A. 95-0348 & P.A. 95-0011 Fiscal Year 2008	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balance Reappropriated July 1, 2008	Balances Lapsed August 31
State Gaming Fund (129)						
Personal Services	$ 6,088,300	$ 5,326,932	$ 284,041	$ 5,610,973	$ -	$ 477,327
State Contributions to State Employees' Retirement System	1,010,700	882,769	47,068	929,837	-	80,863
State Contributions to Social Security	315,800	208,221	10,691	218,912	-	96,888
Group Insurance	1,291,300	992,059	44,220	1,036,279	-	255,021
Contractual Services	1,002,400	374,083	378,852	752,935	-	249,465
Travel	93,300	83,362	4,270	87,632	-	5,668
Commodities	19,600	11,330	827	12,157	-	7,443
Printing	6,300	2,950	-	2,950	-	3,350
Equipment	135,900	7,252	-	7,252	-	128,648
Electronic Data Processing	57,900	15,070	5,505	20,575	-	37,325
Telecommunications	206,500	49,920	91,811	141,731	-	64,769
Operation of Automotive Equipment	50,000	25,780	10,577	36,357	-	13,643
Illinois State Police	8,300,000	8,258,677	39,373	8,298,050	-	1,950
Government Services Shared Services Center	153,800	142,313	6,793	149,106	-	4,694
Distributions to Local Governments for Admissions and Wagering Tax	120,000,000	96,206,899	10,284,566	106,491,465	-	13,508,535
Refunds	50,000	10,000	-	10,000	-	40,000
Total State Gaming Fund	$ 138,781,800	$ 112,597,617	$ 11,208,594	$ 123,806,211	$ -	$ 14,975,589
Home Rule Municipal ROT Fund (138)						
Personal Services	$ 195,800	$ 186,520	$ 8,263	$ 194,783	$ -	$ 1,017
State Contributions to State Employees' Retirement System	32,500	30,931	1,370	32,301	-	199
State Contributions to Social Security	14,900	13,930	617	14,547	-	353
Group Insurance	44,400	40,173	1,747	41,920	-	2,480
Travel	50,800	49,983	672	50,655	-	145
Electronic Data Processing	264,000	264,000	-	264,000		-
Telecommunications	3,000	2,976	24	3,000	-	-
Total Home Rule Municipal ROT Fund	$ 605,400	$ 588,513	$ 12,693	$ 601,206	$ -	$ 4,194

Note: Amounts were obtained from Agency records and reconciled to Comptroller records.

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Year Ended June 30, 2008

P.A. 95-0348 & P.A. 95-0011 Fiscal Year 2008	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balance Reappropriated July 1, 2008	Balances Lapsed August 31
Federal Trust Fund (140)						
Administrative Costs	$ 675,000	$ 42,198	$ 2,492	$ 44,690	$ -	$ 630,310
Rental Housing Support Program Fund (150)						
Administration of the Rental Housing Program	$ 1,100,000	$ 223,926	$ 95,685	$ 319,611	$ -	$ 780,389
Grants to Provide Rental Assistance to the Rental Housing Support Program	31,000,000	11,462,500	17,590,295	29,052,795	-	1,947,205
Total Rental Housing Support Program Fund	$ 32,100,000	$ 11,686,426	$ 17,685,980	$ 29,372,406	$ -	$ 2,727,594
State and Local Sales Tax Reform Fund (186)						
Grants to Allocate to Chicago for Additional 1.25% Use Tax Pursuant to P.A. 86-0928	$ 53,803,700	$ 50,433,190	$ 3,370,510	$ 53,803,700	$ -	$ -
RTA Occupation and Use Tax Replacement Fund (187)						
Grants to Allocate to RTA for 10% of the 1.25% Use Tax Pursuant to P.A. 86-0928	$ 26,901,200	$ 25,214,725	$ 1,686,475	$ 26,901,200	$ -	$ -
County Option Motor Fuel Tax Fund (190)						
Personal Services	$ 337,700	$ 305,544	$ 13,598	$ 319,142	$ -	$ 18,558
State Contributions to State Employees' Retirement System	56,200	50,626	2,253	52,879	-	3,321
State Contributions to Social Security	25,200	22,649	1,007	23,656	-	1,544
Group Insurance	103,600	94,970	4,161	99,131	-	4,469
Travel	30,300	30,283	-	30,283	-	17
Commodities	2,400	2,258	-	2,258	-	142
Electronic Data Processing	34,400	34,400		34,400		-
Telecommunications	14,400	13,989	11	14,000	-	400
Total County Option Motor Fuel Tax Fund	$ 604,200	$ 554,719	$ 21,030	$ 575,749	$ -	$ 28,451
Debt Collection Fund (279)						
Administration of Statewide Debt Collection	$ 10,000	$ 8,738	$ -	$ 8,738	$ -	$ 1,262

Note: Amounts were obtained from Agency records and reconciled to Comptroller records.

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Year Ended June 30, 2008

P.A. 95-0348 & P.A. 95-0011 Fiscal Year 2008	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balance Reappropriated July 1, 2008	Balances Lapsed August 31
Illinois Tax Increment Fund (281)						
Personal Services	$ 210,000	$ 199,082	$ 10,833	$ 209,915	$ -	$ 85
State Contributions to State Employees' Retirement System	34,800	32,984	1,795	34,779	-	21
State Contributions to Social Security	16,000	14,653	803	15,456	-	544
Group Insurance	60,400	50,151	2,218	52,369	-	8,031
Electronic Data Processing	135,000	135,000	-	135,000		-
Telecommunications	15,600	11,394	4,206	15,600	-	-
Grants for Distribution to Local Tax Increment Finance Districts	22,835,400	15,180,619	5,010,421	20,191,040	-	2,644,360
Total Illinois Tax Increment Fund	$ 23,307,200	$ 15,623,883	$ 5,030,276	$ 20,654,159	$ -	$ 2,653,041
Illinois Affordable Housing Trust Fund (286)						
Administration of the Illinois Affordable Housing Act	$ 2,500,000	$ 2,296,156	$ 156,755	$ 2,452,911	$ -	$ 47,089
Grants to Other State Agencies	6,300,000	2,300,000	-	2,300,000	-	4,000,000
Grants, Mortgages, Loans, or for the Purpose of Securing Bonds	46,302,000	27,917,857	6,325,789	34,243,646	-	12,058,354
Total Illinois Affordable Housing Trust Fund	$ 55,102,000	$ 32,514,013	$ 6,482,544	$ 38,996,557	$ -	$ 16,105,443
Federal HOME Investment Trust Fund (338)						
Illinois HOME Investment Partnerships Program	$ 54,379,700	$ 22,450,403	$ -	$ 22,450,403	$ 18,900,000	$ 13,029,297

Note: Amounts were obtained from Agency records and reconciled to Comptroller records.

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Year Ended June 30, 2008

P.A. 95-0348 & P.A. 95-0011 Fiscal Year 2008	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balance Reappropriated July 1, 2008	Balances Lapsed August 31
Tax Compliance and Administration Fund (384)						
Personal Services	$ 293,600	$ 271,218	$ 9,786	$ 281,004	$ -	$ 12,596
State Contributions to State Employees' Retirement System	48,700	44,917	1,621	46,538	-	2,162
State Contributions to Social Security	22,500	20,140	723	20,863	-	1,637
Group Insurance	88,800	71,815	2,740	74,555	-	14,245
Electronic Data Processing	105,000	329	100,068	100,397	-	4,603
Telecommunications	6,700	6,500	200	6,700	-	-
Administration of the Dyed Diesel Fuel Roadside Enforcement Plan Pursuant to P.A. 91-173	29,600	21,394	6,606	28,000	-	1,600
Administration of the Illinois Petroleum Education and Marketing Act	9,000	8,590	56	8,646	-	354
Administration of the Dry Cleaners Environmental Response Trust Fund Act	67,500	64,803	-	64,803	-	2,697
Administration of the Simplified Telecommunications Act	1,646,500	1,531,858	101,610	1,633,468	-	13,032
Administration of the Municipality Sales Tax Pursuant to P.A. 93-1053	88,700	81,908	3,749	85,657	-	3,043
Total Tax Compliance and Administration Fund	$ 2,406,600	$ 2,123,472	$ 227,159	$ 2,350,631	$ -	$ 55,969
Predatory Lending Database Program Fund (478)						
Grants for the Predatory Lending Database Program	$ 3,500,000	$ -	$ -	$ -	$ -	$ 3,500,000
Local Government Distributive Fund (515)						
Grants to Allocate to Local Governments for Additional 1.25% Use Tax Pursuant to P.A. 86-0928	$ 142,620,700	$ 130,924,807	$ 11,695,888	$ 142,620,695	$ -	$ 5

Note: Amounts were obtained from Agency records and reconciled to Comptroller records.

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Year Ended June 30, 2008

P.A. 95-0348 & P.A. 95-0011 Fiscal Year 2008	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balance Reappropriated July 1, 2008	Balances Lapsed August 31
Horse Racing Fund (632)						
Personal Services	$ 992,200	$ 938,413	$ 53,504	$ 991,917	$ -	$ 283
State Contributions to State						
Employees' Retirement System	165,200	155,707	8,876	164,583	-	617
State Contributions to Social Security	74,700	67,820	4,025	71,845	-	2,855
Group Insurance	251,600	194,922	9,120	204,042	-	47,558
Contractual Services	272,400	126,379	10,993	137,372	-	135,028
Travel	32,700	20,008	3,585	23,593	-	9,107
Commodities	7,500	2,275	271	2,546	-	4,954
Printing	10,700	76	115	191	-	10,509
Equipment	18,400	17,490	-	17,490	-	910
Electronic Data Processing	241,300	46,074	46,184	92,258	-	149,042
Telecommunications	90,600	55,218	20,167	75,385	-	15,215
Operation of Automotive Equipment	21,500	15,279	1,766	17,045	-	4,455
Laboratory Program	1,913,100	1,363,144	333,748	1,696,892	-	216,208
Regulation of Racing Program	3,935,100	3,307,143	350,342	3,657,485	-	277,615
Government Services Shared Services Center	69,200	54,502	2,903	57,405	-	11,795
Refunds	300	-	-	-	-	300
Total Horse Racing Fund	$ 8,096,500	$ 6,364,450	$ 845,599	$ 7,210,049	$ -	$ 886,451

Note: Amounts were obtained from Agency records and reconciled to Comptroller records.

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Year Ended June 30, 2008

P.A. 95-0348 & P.A. 95-0011 Fiscal Year 2008	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balance Reappropriated July 1, 2008	Balances Lapsed August 31
State Lottery Fund (711)						
Personal Services	$ 8,053,000	$ 7,619,279	$ 377,519	$ 7,996,798	$ -	$ 56,202
State Contributions to State Employees' Retirement System	1,336,800	1,263,365	62,316	1,325,681	-	11,119
State Contributions to Social Security	616,100	563,304	27,845	591,149	-	24,951
Group Insurance	2,152,400	1,953,975	84,832	2,038,807	-	113,593
Contractual Services	27,366,600	17,543,007	4,700,770	22,243,777	-	5,122,823
Travel	110,400	44,503	14,617	59,120	-	51,280
Commodities	58,600	3,846	1,136	4,982	-	53,618
Printing	29,800	15,540	155	15,695	-	14,105
Equipment	275,000	629	148,968	149,597	-	125,403
Electronic Data Processing	4,106,500	2,272,274	1,150,351	3,422,625	-	683,875
Telecommunications	8,930,100	3,675,979	3,466,508	7,142,487	-	1,787,613
Operation of Automotive Equipment	475,000	390,739	63,501	454,240	-	20,760
Developing and Promoting Lottery Games	7,533,200	991,218	2,869,041	3,860,259	-	3,672,941
Lottery Board	8,300	2,178	862	3,040	-	5,260
Government Services Shared Services Center	491,700	428,304	17,913	446,217	-	45,483
Payment of Prizes to Holders of Winning Lottery Tickets or Shares	315,050,000	280,735,536	14,370,483	295,106,019	-	19,943,981
Refunds	48,000	23,573	386	23,959	-	24,041
Total State Lottery Fund	$ 376,641,500	$ 317,527,249	$ 27,357,203	$ 344,884,452	$ -	$ 31,757,048
Municipal Telecommunications Fund (719)						
Simplified Municipal Telecommunications Tax Refunds	$ 12,000	$ -	$ -	$ -	$ -	$ 12,000
Tobacco Settlement Recovery Fund (733)						
Operation of the Local Government Tobacco Enforcement Grant Program	$ 3,579	$ 3,579	$ -	$ 3,579	$ -	$ -

Note: Amounts were obtained from Agency records and reconciled to Comptroller records.

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Year Ended June 30, 2008

P.A. 95-0348 & P.A. 95-0011 Fiscal Year 2008	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balance Reappropriated July 1, 2008	Balances Lapsed August 31
Child Support Administrative Fund (757)						
Personal Services	$ 342,442	$ 342,441	$ -	$ 342,441	$ -	$ 1
State Contributions to State						
Employees' Retirement System	56,725	56,724	-	56,724	-	1
State Contributions to Social Security	25,366	25,366	-	25,366	-	-
Group Insurance	91,759	91,758	-	91,758	-	1
Telecommunications	2,356	2,356	-	2,356	-	-
Total Child Support Administrative Fund	$ 518,648	$ 518,645	$ -	$ 518,645	$ -	$ 3
Personal Property Tax Replacement Fund (802)						
Personal Services	$ 5,581,200	$ 5,203,259	$ 241,285	$ 5,444,544	$ -	$ 136,656
State Contributions to State						
Employees' Retirement System	926,300	862,227	39,971	902,198	-	24,102
State Contributions to Social Security	425,700	385,541	17,954	403,495	-	22,205
Group Insurance	1,761,200	1,441,906	60,122	1,502,028	-	259,172
Contractual Services	427,300	313,610	5,016	318,626	-	108,674
Travel	243,900	241,719	-	241,719	-	2,181
Commodities	52,500	43,975	7,992	51,967	-	533
Printing	24,600	19,495	620	20,115	-	4,485
Equipment	29,400	7,707	13,754	21,461	-	7,939
Electronic Data Processing	5,724,000	5,716,506	445	5,716,951	-	7,049
Telecommunications	197,200	190,495	6,705	197,200	-	-
Operation of Automotive Equipment	16,000	15,776	-	15,776	-	224
Total Personal Property Tax Replacement Fund	$ 15,409,300	$ 14,442,216	$ 393,864	$ 14,836,080	$ -	$ 573,220

Note: Amounts were obtained from Agency records and reconciled to Comptroller records.

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Year Ended June 30, 2008

P.A. 95-0348 & P.A. 95-0011 Fiscal Year 2008	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balance Reappropriated July 1, 2008	Balances Lapsed August 31
Dram Shop Fund (821)						
Personal Services	$ 2,296,300	$ 2,130,440	$ 20,739	$ 2,151,179	$ -	$ 145,121
State Contributions to State						
Employees' Retirement System	381,200	352,276	3,435	355,711	-	25,489
State Contributions to Social Security	175,700	156,401	1,587	157,988	-	17,712
Group Insurance	550,000	542,041	1,181	543,222	-	6,778
Contractual Services	256,600	194,194	27,359	221,553	-	35,047
Travel	110,000	73,764	10,460	84,224	-	25,776
Commodities	11,000	4,338	527	4,865	-	6,135
Printing	5,000	4,211	-	4,211	-	789
Equipment	20,000	18,214	-	18,214	-	1,786
Electronic Data Processing	129,000	61,552	66,058	127,610	-	1,390
Telecommunications	45,000	5,729	39,132	44,861	-	139
Operation of Automotive Equipment	75,000	57,327	9,019	66,346	-	8,654
Government Services Shared Services Center	85,500	67,251	-	67,251	-	18,249
Tobacco Study	331,200	243,919	9,535	253,454	-	77,746
Retailer Education Program	194,600	135,625	20,270	155,895	-	38,705
Operation of the Beverage Alcohol Sellers and						
Servers Education and Training (BASSET) Program	242,100	133,667	15,743	149,410	-	92,690
Grants to Local Governmental Units to Establish						
Enforcement Programs	1,000,000	1,000,000	-	1,000,000		-
Refunds	5,000	500	500	1,000	-	4,000
Total Dram Shop Fund	$ 5,913,200	$ 5,181,449	$ 225,545	$ 5,406,994	$ -	$ 506,206
Senior Citizens' Real Estate Deferred Tax Revolving Fund (930)						
Payments to Counties	$ 5,900,000	$ 4,946,797	$ 276,146	$ 5,222,943	$ -	$ 677,057
SUBTOTAL - Appropriated Funds	**$ 1,200,808,477**	**$ 972,614,558**	**$ 117,376,401**	**$ 1,089,990,959**	**$ 18,900,000**	**$ 91,917,518**

Note: Amounts were obtained from Agency records and reconciled to Comptroller records.

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Year Ended June 30, 2008

P.A. 95-0348 & P.A. 95-0011 Fiscal Year 2008	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balance Reappropriated July 1, 2008	Balances Lapsed August 31
CONTINUING APPROPRIATIONS						
Income Tax Refund Fund (278)						
Income Tax Refunds	$ 1,395,699,142	$ 1,395,699,141	$ -	$ 1,395,699,141	$ -	$ 1
Local Government Distributive Fund (515)						
Grants to Local Governments	$ 1,207,299,308	$ 1,207,299,307	$ -	$ 1,207,299,307	$ -	$ 1
Personal Property Tax Replacement Fund (802)						
Shared Revenue Payments	$ 1,560,655,004	$ 1,560,655,004	$ -	$ 1,560,655,004	$ -	$ -
SUBTOTAL - Continuing Appropriated Funds	**$ 4,163,653,454**	**$ 4,163,653,452**	**$ -**	**$ 4,163,653,452**	**$ -**	**$ 2**
SUBTOTAL - All Appropriated Funds	**$ 5,364,461,931**	**$ 5,136,268,010**	**$ 117,376,401**	**$ 5,253,644,411**	**$ 18,900,000**	**$ 91,917,520**
NONAPPROPRIATED EXPENDITURES						
General Revenue Fund (001)						
Refunds		$ 7,680	$ -	$ 7,680		
County Water Commission Tax Fund (084)						
Shared Revenue Payments		$ 35,884,092	$ -	$ 35,884,092		
Non-Home Rule Municipal ROT Fund (088)						
Shared Revenue Payments		$ 79,709,545	$ -	$ 79,709,545		
Home Rule Municipal Soft Drink ROT Fund (097)						
Shared Revenue Payments		$ 8,507,674	$ -	$ 8,507,674		
Refunds		5,537	-	5,537		
Total Home Rule Municipal Soft Drink ROT Fund		$ 8,513,211	$ -	$ 8,513,211		

Note: Amounts were obtained from Agency records and reconciled to Comptroller records.

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Year Ended June 30, 2008

P.A. 95-0348 & P.A. 95-0011 Fiscal Year 2008	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balance Reappropriated July 1, 2008	Balances Lapsed August 31
Home Rule Municipal ROT Fund (138)						
Shared Revenue Payments		$ 738,352,994	$ -	$ 738,352,994		
Home Rule County ROT Fund (139)						
Shared Revenue Payments		$ 318,946,152	$ -	$ 318,946,152		
Business District Sales Tax Fund (160)						
Shared Revenue Payments		$ 2,450,235	$ -	$ 2,450,235		
County and Mass Transit District Fund (188)						
Shared Revenue Payments		$ 217,023,272	$ -	$ 217,023,272		
Local Government Tax Fund (189)						
Shared Revenue Payments		$ 1,643,535,149	$ -	$ 1,643,535,149		
County Option Motor Fuel Tax Fund (190)						
Shared Revenue Payments		$ 33,653,378	$ -	$ 33,653,378		
County Public Safety ROT Fund (219)						
Shared Revenue Payments		$ 77,412,415	$ -	$ 77,412,415		
Sports Facility Tax Trust Fund (229)						
Interfund Cash Transfers		$ 30,885,000	$ 108,133	$ 30,993,133		
Shared Revenue Payments		4,843,220	2,595,185	7,438,405		
Total Sports Facility Tax Trust Fund		$ 35,728,220	$ 2,703,318	$ 38,431,538		
Illinois Racing Board Fingerprint License Fund (248)						
Contractual Services		$ 78,298	$ 17,605	$ 95,903		
Illinois Racing Board Charity Fund (271)						
Grants to Non-Profit Organizations		$ 750,000	$ -	$ 750,000		

Note: Amounts were obtained from Agency records and reconciled to Comptroller records.

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Year Ended June 30, 2008

P.A. 95-0348 & P.A. 95-0011 Fiscal Year 2008	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balance Reappropriated July 1, 2008	Balances Lapsed August 31
Illinois Racing Board Grant Fund (280)						
Shared Revenue Payments		$ 844,334	$ 113,379	$ 957,713		
Illinois Tourism Tax Fund (452)						
Shared Revenue Payments		$ 16,592,057	$ 1,310,833	$ 17,902,890		
Tax Suspense Trust Fund (583)						
Refunds		$ 146,446	$ -	$ 146,446		
Metro East Park and Recreation Fund (717)						
Shared Revenue Payments		$ 4,287,968	$ -	$ 4,287,968		
Municipal Telecommunications Fund (719)						
Grants to Local Governments		$ 288,596,324	$ -	$ 288,596,324		
RTA Sales Tax Trust Fund (812)						
Shared Revenue Payments		$ 733,556,753	$ -	$ 733,556,753		
Metro East Mass Transit District Tax Fund (841)						
Shared Revenue Payments		$ 29,028,751	$ -	$ 29,028,751		
Tennessee Valley Authority Local Trust Fund (861)						
Shared Revenue Payments		$ 264,940	$ -	$ 264,940		
Municipal Automobile Renting Tax Fund (868)						
Shared Revenue Payments		$ 6,063,187	$ -	$ 6,063,187		
County Automobile Renting Tax Fund (869)						
Shared Revenue Payments		$ 52,966	$ -	$ 52,966		
Deferred Lottery Prize Winners Fund (978)						
Lottery Prizes - Monetary		$ 191,017,289	$ 624,000	$ 191,641,289		
SUBTOTAL - Nonappropriated Expenditures		**$ 4,462,495,656**	**$ 4,769,135**	**$ 4,467,264,791**		
DEPARTMENT TOTAL - ALL FUNDS		**$ 9,598,763,666**	**$ 122,145,536**	**$ 9,720,909,202**		

Note: Amounts were obtained from Agency records and reconciled to Comptroller records.

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Years Ended June 30,

	Fiscal Year 2008 P.A. 95-0348 & P.A. 95-0011	Fiscal Year 2007 P.A. 94-0798 & P.A. 95-0144
General Revenue Fund (001)		
Appropriations (Net of Transfers)	$ 158,429,450	$ 154,226,100
Expenditures		
Personal Services	$ 82,288,092	$ 75,838,547
Extra Help	86,731	82,655
State Contributions to State Employees' Retirement System	13,654,374	8,755,476
State Contributions to Social Security	5,912,505	5,452,370
Contractual Services	8,584,801	12,332,081
Travel	1,205,011	1,228,524
Commodities	461,694	474,253
Printing	1,083,856	1,129,281
Equipment	50,667	120,158
Electronic Data Processing	4,564,775	3,255,617
Telecommunications	1,767,997	2,324,956
Operation of Automotive Equipment	15,911	36,997
South Suburban Reactivation Project	-	1,500,000
Government Services Shared Services Center	6,301,108	5,925,933
Grants for Additional Compensation for Local Assessors (Section 2.7)	651,000	564,000
Grants for State's Share of County Supervisors of Assessments or County Assessors' Salaries	2,474,669	2,445,222
Grants for Additional Compensation for Local Assessors (Section 2.3 and 2.6)	283,500	314,500
Grants for Additional Compensation for County Treasurers Pursuant to P.A. 84-1432	663,000	663,000
Grants for the State's Share of State's Attorneys' and Assistant State's Attorneys' Salaries	12,894,293	12,368,886
Grants for the Annual Stipend for Sheriffs	663,000	663,000
Grants for the State's Share of County Public Defenders' Salaries	5,390,773	5,304,401
Grants for the Annual Stipend to County Coroners	656,500	656,500
Other Tax Refunds	6,568,577	6,576,099
Total General Revenue Fund	$ 156,222,834	$ 148,012,456
Lapsed Balances	$ 2,206,616	$ 6,213,644
Motor Fuel Tax Fund (012)		
Appropriations (Net of Transfers)	$ 91,276,700	$ 80,957,900
Expenditures		
Personal Services	$ 12,945,386	$ 12,368,346
State Contributions to State Employees' Retirement System	2,148,693	1,426,908
State Contributions to Social Security	960,089	918,724
Group Insurance	2,574,895	2,497,236
Contractual Services	2,022,957	1,474,521
Travel	1,428,412	1,031,465
Commodities	41,690	52,472

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Years Ended June 30,

	Fiscal Year 2008 P.A. 95-0348 & P.A. 95-0011	Fiscal Year 2007 P.A. 94-0798 & P.A. 95-0144
Motor Fuel Tax Fund (012) (continued)		
Expenditures		
Printing	$ 199,333	$ 152,832
Equipment	22,558	62,245
Electronic Data Processing	9,111,109	1,056,240
Telecommunications	316,866	235,099
Operation of Automotive Equipment	50,104	43,532
Administration of Joint State/Federal Motor Fuel Tax Enforcement Program	42,648	68,633
Government Services Shared Services Center	638,559	838,766
Reimbursement to International Fuel Tax Agreement Member States	41,580,973	40,265,125
Administration of the Motor Fuel Tax Enforcement Program From USDOT	116,694	-
Motor Fuel Tax Refunds	16,009,480	13,963,077
Total Motor Fuel Tax Fund	$ 90,210,446	$ 76,455,221
Lapsed Balances	$ 1,066,254	$ 4,502,679
Transportation Regulatory Fund (018)		
Appropriations (Net of Transfers)	$ -	$ 1,000
Expenditures		
Electronic Data Processing	$ -	$ 1,000
Lapsed Balances	$ -	$ -
Underground Storage Tank Fund (072)		
Appropriations (Net of Transfers)	$ 1,000,700	$ 893,900
Expenditures		
Personal Services	$ 589,811	$ 552,036
State Contributions to State Employees' Retirement System	97,743	63,651
State Contributions to Social Security	43,545	41,049
Group Insurance	153,214	130,704
Contractual Services	-	6,800
Travel	30,108	15,159
Commodities	1,868	1,704
Printing	769	1,386
Electronic Data Processing	17,800	-
Telecommunications	34,000	27,958
Total Underground Storage Tank Fund	$ 968,858	$ 840,447
Lapsed Balances	$ 31,842	$ 53,453

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Years Ended June 30,

	Fiscal Year 2008	Fiscal Year 2007
	P.A. 95-0348 & P.A. 95-0011	P.A. 94-0798 & P.A. 95-0144
Illinois Gaming Law Enforcement Fund (085)		
Appropriations (Net of Transfers)	$ 2,809,400	$ 2,502,900
Expenditures		
Personal Services	$ 455,995	$ 557,845
State Contributions to State Employees' Retirement System	75,537	64,330
State Contributions to Social Security	29,928	36,274
Group Insurance	118,599	144,511
Contractual Services	1,877	180,661
Travel	46,541	22,721
Commodities	2,043	2,868
Printing	766	529
Electronic Data Processing	392,400	54,619
Telecommunications	13,500	10,481
Operation of Automotive Equipment	28,600	18,134
Grant for Allocation to Local Law Enforcement Agencies	1,153,948	1,209,321
Total Illinois Gaming Law Enforcement Fund	$ 2,319,734	$ 2,302,294
Lapsed Balances	$ 489,666	$ 200,606
State Gaming Fund (129)		
Appropriations (Net of Transfers)	$ 138,781,800	$ 140,744,500
Expenditures		
Personal Services	$ 5,610,973	$ 4,878,492
State Contributions to State Employees' Retirement System	929,837	562,437
State Contributions to Social Security	218,912	173,783
Group Insurance	1,036,279	892,266
Contractual Services	752,935	839,482
Travel	87,632	76,890
Commodities	12,157	8,835
Printing	2,950	3,223
Equipment	7,252	284,047
Electronic Data Processing	20,575	39,624
Telecommunications	141,731	212,093
Operation of Automotive Equipment	36,357	50,475
Illinois State Police	8,298,050	8,297,754
Government Services Shared Services Center	149,106	471,105
Distributions to Local Governments for Admissions and Wagering Tax	106,491,465	119,124,088
Refunds	10,000	-
Total State Gaming Fund	$ 123,806,211	$ 135,914,594
Lapsed Balances	$ 14,975,589	$ 4,829,906

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Years Ended June 30,

	Fiscal Year 2008	Fiscal Year 2007
	P.A. 95-0348 & P.A. 95-0011	P.A. 94-0798 & P.A. 95-0144
Home Rule Municipal ROT Fund (138)		
Appropriations (Net of Transfers)	$ 605,400	$ 420,000
Expenditures		
Personal Services	$ 194,783	$ 178,414
State Contributions to State Employees' Retirement System	32,301	20,566
State Contributions to Social Security	14,547	13,256
Group Insurance	41,920	38,529
Contractual Services	-	132,300
Travel	50,655	25,796
Electronic Data Processing	264,000	-
Telecommunications	3,000	3,700
Total Home Rule Municipal ROT Fund	$ 601,206	$ 412,561
Lapsed Balances	$ 4,194	$ 7,439
Federal Trust Fund (140)		
Appropriations (Net of Transfers)	$ 675,000	$ 250,000
Expenditures		
Administrative Costs	$ 44,690	$ 42,562
Lapsed Balances	$ 630,310	$ 207,438
Rental Housing Support Program Fund (150)		
Appropriations (Net of Transfers)	$ 32,100,000	$ 26,750,000
Expenditures		
Administration of the Rental Housing Program	$ 319,611	$ 149,305
Grants to Provide Rental Assistance to the Rental Housing Support Program	29,052,795	11,462,500
Total Rental Housing Support Program Fund	$ 29,372,406	$ 11,611,805
Lapsed Balances	$ 2,727,594	$ 15,138,195
State and Local Sales Tax Reform Fund (186)		
Appropriations (Net of Transfers)	$ 53,803,700	$ 46,386,400
Expenditures		
Grants to Allocate to Chicago for Additional 1.25% Use Tax Pursuant to P.A. 86-0928	$ 53,803,700	$ 46,386,400
Lapsed Balances	$ -	$ -
RTA Occupation and Use Tax Replacement Fund (187)		
Appropriations (Net of Transfers)	$ 26,901,200	$ 23,193,200
Expenditures		
Grants to Allocate to RTA for 10% of the 1.25% Use Tax Pursuant to P.A. 86-0928	$ 26,901,200	$ 23,193,200
Lapsed Balances	$ -	$ -

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Years Ended June 30,

	Fiscal Year 2008 P.A. 95-0348 & P.A. 95-0011	Fiscal Year 2007 P.A. 94-0798 & P.A. 95-0144
County Option Motor Fuel Tax Fund (190)		
Appropriations (Net of Transfers)	$ 604,200	$ 531,400
Expenditures		
Personal Services	$ 319,142	$ 313,302
State Contributions to State Employees' Retirement System	52,879	36,122
State Contributions to Social Security	23,656	23,202
Group Insurance	99,131	89,699
Contractual Services	-	18,000
Travel	30,283	15,231
Commodities	2,258	2,356
Electronic Data Processing	34,400	-
Telecommunications	14,000	12,494
Total County Option Motor Fuel Tax Fund	$ 575,749	$ 510,406
Lapsed Balances	$ 28,451	$ 20,994
Debt Collection Fund (279)		
Appropriations (Net of Transfers)	$ 10,000	$ 10,000
Expenditures		
Administration of Statewide Debt Collection	$ 8,738	$ 4,967
Lapsed Balances	$ 1,262	$ 5,033
Illinois Tax Increment Fund (281)		
Appropriations (Net of Transfers)	$ 23,307,200	$ 21,652,600
Expenditures		
Personal Services	$ 209,915	$ 194,718
State Contributions to State Employees' Retirement System	34,779	22,445
State Contributions to Social Security	15,456	14,340
Group Insurance	52,369	52,980
Contractual Services	-	128,500
Electronic Data Processing	135,000	
Telecommunications	15,600	14,400
Grants for Distribution to Local Tax Increment Finance Districts	20,191,040	20,567,426
Total Illinois Tax Increment Fund	$ 20,654,159	$ 20,994,809
Lapsed Balances	$ 2,653,041	$ 657,791
Illinois Affordable Housing Trust Fund (286)		
Appropriations (Net of Transfers)	$ 55,102,000	$ 71,300,000
Expenditures		
Administration of the Illinois Affordable Housing Act	$ 2,452,911	$ 2,566,385
Grants to Other State Agencies	2,300,000	6,300,000
Grants, Mortgages, Loans, or for the Purpose of Securing Bonds	34,243,646	62,243,945
Total Illinois Affordable Housing Trust Fund	$ 38,996,557	$ 71,110,330
Lapsed Balances	$ 16,105,443	$ 189,670

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Years Ended June 30,

	Fiscal Year 2008 P.A. 95-0348 & P.A. 95-0011	Fiscal Year 2007 P.A. 94-0798 & P.A. 95-0144
Federal HOME Investment Trust Fund (338)		
Appropriations (Net of Transfers)	$ 54,379,700	$ 33,208,795
Expenditures		
Illinois HOME Investment Partnerships Program	$ 22,450,403	$ 27,729,096
Balances Reappropriated	$ 18,900,000	$ 5,479,699
Lapsed Balances	$ 13,029,297	$ -
Tax Compliance and Administration Fund (384)		
Appropriations (Net of Transfers)	$ 2,406,600	$ 2,294,000
Expenditures		
Personal Services	$ 281,004	$ 272,306
State Contributions to State Employees' Retirement System	46,538	31,384
State Contributions to Social Security	20,863	20,375
Group Insurance	74,555	67,155
Electronic Data Processing	100,397	105,000
Telecommunications	6,700	5,661
Administration of the Dyed Diesel Fuel Roadside Enforcement Plan Pursuant to P.A. 91-173	28,000	27,986
Government Services Shared Services Center	-	72,730
Administration of the Illinois Petroleum Education and Marketing Act	8,646	8,750
Administration of the Dry Cleaners Environmental Response Trust Fund Act	64,803	57,825
Administration of the Simplified Telecommunications Act	1,633,468	1,404,602
Administration of the Municipality Sales Tax Pursuant to P.A. 93-1053	85,657	80,792
Total Tax Compliance and Administration Fund	$ 2,350,631	$ 2,154,566
Lapsed Balances	$ 55,969	$ 139,434
Predatory Lending Database Program Fund (478)		
Appropriations (Net of Transfers)	$ 3,500,000	$ -
Lapsed Balances	$ 3,500,000	$ -

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Years Ended June 30,

	Fiscal Year 2008	Fiscal Year 2007
	P.A. 95-0348 & P.A. 95-0011	P.A. 94-0798 & P.A. 95-0144
Local Government Distributive Fund (515)		
Appropriations (Net of Transfers)	$ 142,620,700	$ 123,489,700
Expenditures		
Grants to Allocate to Local Governments for Additional 1.25% Use Tax Pursuant to P.A. 86-0928	$ 142,620,695	$ 123,489,695
Lapsed Balances	$ 5	$ 5
Horse Racing Fund (632)		
Appropriations (Net of Transfers)	$ 8,096,500	$ 7,965,200
Expenditures		
Personal Services	$ 991,917	$ 981,290
State Contributions to State Employees' Retirement System	164,583	113,225
State Contributions to Social Security	71,845	71,950
Group Insurance	204,042	180,358
Contractual Services	137,372	80,094
Travel	23,593	16,582
Commodities	2,546	5,572
Printing	191	2,068
Equipment	17,490	16,616
Electronic Data Processing	92,258	68,248
Telecommunications	75,385	80,128
Operation of Automotive Equipment	17,045	16,010
Laboratory Program	1,696,892	1,685,059
Regulation of Racing Program	3,657,485	3,556,748
Government Services Shared Services Center	57,405	14,108
Refunds	-	25
Total Horse Racing Fund	$ 7,210,049	$ 6,888,081
Lapsed Balances	$ 886,451	$ 1,077,119

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Years Ended June 30,

	Fiscal Year 2008	Fiscal Year 2007
	P.A. 95-0348 & P.A. 95-0011	P.A. 94-0798 & P.A. 95-0144
State Lottery Fund (711)		
Appropriations (Net of Transfers)	$ 376,641,500	$ 378,036,500
Expenditures		
Personal Services	$ 7,996,798	$ 7,176,011
State Contributions to State Employees' Retirement System	1,325,681	828,115
State Contributions to Social Security	591,149	533,050
Group Insurance	2,038,807	1,854,014
Contractual Services	22,243,777	29,109,872
Travel	59,120	26,275
Commodities	4,982	10,184
Printing	15,695	1,216
Equipment	149,597	179,606
Electronic Data Processing	3,422,625	2,040,525
Telecommunications	7,142,487	7,939,835
Operation of Automotive Equipment	454,240	406,632
Developing and Promoting Lottery Games	3,860,259	3,909,501
Lottery Board	3,040	1,967
Government Services Shared Services Center	446,217	777,156
Payment of Prizes to Holders of Winning Lottery Tickets or Shares	295,106,019	276,592,299
Refunds	23,959	41,126
Total State Lottery Fund	$ 344,884,452	$ 331,427,384
Lapsed Balances	$ 31,757,048	$ 46,609,116
Municipal Telecommunications Fund (719)		
Appropriations (Net of Transfers)	$ 12,000	$ 12,000
Lapsed Balances	$ 12,000	$ 12,000
Tobacco Settlement Recovery Fund (733)		
Appropriations (Net of Transfers)	$ 3,579	$ 1,165,500
Expenditures		
Operation of the Local Government Tobacco Enforcement Grant Program	$ 3,579	$ 93,494
Grants to Local Governmental Units to Establish Enforcement Programs	-	998,147
Total Tobacco Settlement Recovery Fund	$ 3,579	$ 1,091,641
Lapsed Balances	$ -	$ 73,859

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Years Ended June 30,

	Fiscal Year 2008 P.A. 95-0348 & P.A. 95-0011	Fiscal Year 2007 P.A. 94-0798 & P.A. 95-0144
Child Support Administrative Fund (757)		
Appropriations (Net of Transfers)	$ 518,648	$ 2,191,100
Expenditures		
Personal Services	$ 342,441	$ 1,118,898
State Contributions to State Employees' Retirement System	56,724	128,983
State Contributions to Social Security	25,366	82,783
Group Insurance	91,758	260,695
Contractual Services	-	6,800
Electronic Data Processing	-	869
Telecommunications	2,356	10,497
Total Child Support Administrative Fund	$ 518,645	$ 1,609,525
Lapsed Balances	$ 3	$ 581,575
Personal Property Tax Replacement Fund (802)		
Appropriations (Net of Transfers)	$ 15,409,300	$ 12,723,300
Expenditures		
Personal Services	$ 5,444,544	$ 5,120,134
State Contributions to State Employees' Retirement System	902,198	590,632
State Contributions to Social Security	403,495	379,629
Group Insurance	1,502,028	1,432,734
Contractual Services	318,626	1,222,506
Travel	241,719	157,825
Commodities	51,967	48,693
Printing	20,115	23,078
Equipment	21,461	26,765
Electronic Data Processing	5,716,951	2,942,009
Telecommunications	197,200	147,187
Operation of Automotive Equipment	15,776	16,000
Total Personal Property Tax Replacement Fund	$ 14,836,080	$ 12,107,192
Lapsed Balances	$ 573,220	$ 616,108

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Years Ended June 30,

	Fiscal Year 2008 P.A. 95-0348 & P.A. 95-0011	Fiscal Year 2007 P.A. 94-0798 & P.A. 95-0144
Dram Shop Fund (821)		
Appropriations (Net of Transfers)	$ 5,913,200	$ 4,783,800
Expenditures		
Personal Services	$ 2,151,179	$ 2,115,795
State Contributions to State Employees' Retirement System	355,711	244,403
State Contributions to Social Security	157,988	156,805
Group Insurance	543,222	489,562
Contractual Services	221,553	148,702
Travel	84,224	105,996
Commodities	4,865	6,141
Printing	4,211	1,068
Equipment	18,214	435
Electronic Data Processing	127,610	44,206
Telecommunications	44,861	54,056
Operation of Automotive Equipment	66,346	66,667
Government Services Shared Services Center	67,251	88,030
Tobacco Study	253,454	143,054
Retailer Education Program	155,895	150,171
Operation of the Beverage Alcohol Sellers and Servers Education and Training (BASSET) Program	149,410	144,444
Grants to Local Governmental Units to Establish Enforcement Programs	1,000,000	-
Refunds	1,000	2,650
Total Dram Shop Fund	$ 5,406,994	$ 3,962,185
Lapsed Balances	$ 506,206	$ 821,615
Senior Citizens' Real Estate Deferred Tax Revolving Fund (930)		
Appropriations (Net of Transfers)	$ 5,900,000	$ 5,900,000
Expenditures		
Payments to Counties	$ 5,222,943	$ 4,916,686
Lapsed Balances	$ 677,057	$ 983,314
TOTAL - APPROPRIATED FUNDS		
Total Appropriations (Net of Transfers)	$ 1,200,808,477	$ 1,141,589,795
Total Appropriated Expenditures	$ 1,089,990,959	$ 1,053,169,103
Balances Reappropriated July 1	$ 18,900,000	$ 5,479,699
Lapsed Balances	$ 91,917,518	$ 82,940,993

STATE OF ILLINOIS
DEPARTMENT OF REVENUE

COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES

For the Fiscal Years Ended June 30,

	Fiscal Year 2008	Fiscal Year 2007
	P.A. 95-0348 & P.A. 95-0011	P.A. 94-0798 & P.A. 95-0144
CONTINUING APPROPRIATED FUNDS		
Income Tax Refund Fund (278)		
Appropriations (Net of Transfers)	$ 1,395,699,142	$ 1,429,410,637
Expenditures		
Income Tax Refunds	$ 1,395,699,141	$ 1,429,410,637
Lapsed Balances	$ 1	$ -
Local Government Distributive Fund (515)		
Appropriations (Net of Transfers)	$ 1,207,299,308	$ 1,107,581,954
Expenditures		
Grants to Local Governments	$ 1,207,299,307	$ 1,107,581,954
Lapsed Balances	$ 1	$ -
Personal Property Tax Replacement Fund (802)		
Appropriations (Net of Transfers)	$ 1,560,655,004	$ 1,415,827,735
Expenditures		
Shared Revenue Payments	$ 1,560,655,004	$ 1,415,827,735
Lapsed Balances	$ -	$ -
TOTAL - CONTINUING APPROPRIATED FUNDS		
Total Continuing Appropriations (Net of Transfers)	$ 4,163,653,454	$ 3,952,820,326
Total Expenditures	$ 4,163,653,452	$ 3,952,820,326
Lapsed Balances	$ 2	$ -

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Years Ended June 30,

	Fiscal Year 2008 P.A. 95-0348 & P.A. 95-0011	Fiscal Year 2007 P.A. 94-0798 & P.A. 95-0144
NONAPPROPRIATED FUNDS		
General Revenue Fund (001)		
Refunds	$ 7,680	$ -
County Water Commission Tax Fund (084)		
Shared Revenue Payments	$ 35,884,092	$ 36,716,563
Non-Home Rule Municipal ROT Fund (088)		
Shared Revenue Payments	$ 79,709,545	$ 48,919,366
Home Rule Municipal Soft Drink ROT Fund (097)		
Shared Revenue Payments	$ 8,507,674	$ 8,370,576
Refunds	5,537	12,258
Total Home Rule Municipal Soft Drink ROT Fund	$ 8,513,211	$ 8,382,834
Home Rule Municipal ROT Fund (138)		
Shared Revenue Payments	$ 738,352,994	$ 719,692,117
Home Rule County ROT Fund (139)		
Shared Revenue Payments	$ 318,946,152	$ 321,053,502
Business District Sales Tax Fund (160)		
Shared Revenue Payments	$ 2,450,235	$ 476,834
County and Mass Transit District Fund (188)		
Shared Revenue Payments	$ 217,023,272	$ 214,385,220
Local Government Tax Fund (189)		
Shared Revenue Payments	$ 1,643,535,149	$ 1,625,075,981
County Option Motor Fuel Tax Fund (190)		
Shared Revenue Payments	$ 33,653,378	$ 29,743,676
County Public Safety ROT Fund (219)		
Shared Revenue Payments	$ 77,412,415	$ 72,588,438
Sports Facility Tax Trust Fund (229)		
Interfund Cash Transfers	$ 30,993,133	$ 27,914,131
Shared Revenue Payments	7,438,405	7,439,146
Total Sports Facility Tax Trust Fund	$ 38,431,538	$ 35,353,277
Illinois Racing Board Fingerprint License Fund (248)		
Contractual Services	$ 95,903	$ 99,932
Illinois Racing Board Charity Fund (271)		
Grants to Non-Profit Organizations	$ 750,000	$ 750,000

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Years Ended June 30,

	Fiscal Year 2008	Fiscal Year 2007
	P.A. 95-0348 & P.A. 95-0011	P.A. 94-0798 & P.A. 95-0144
Illinois Racing Board Grant Fund (280)		
Shared Revenue Payments	$ 957,713	$ 629,384
Illinois Tourism Tax Fund (452)		
Shared Revenue Payments	$ 17,902,890	$ 17,142,731
Tax Suspense Trust Fund (583)		
Refunds	$ 146,446	$ 196,265
Metro East Park and Recreation Fund (717)		
Shared Revenue Payments	$ 4,287,968	$ 4,275,483
Municipal Telecommunications Fund (719)		
Grants to Local Governments	$ 288,596,324	$ 272,295,836
RTA Sales Tax Trust Fund (812)		
Shared Revenue Payments	$ 733,556,753	$ 729,266,755
Metro East Mass Transit District Tax Fund (841)		
Shared Revenue Payments	$ 29,028,751	$ 28,680,821
Tennessee Valley Authority Local Trust Fund (861)		
Shared Revenue Payments	$ 264,940	$ 237,507
Municipal Automobile Renting Tax Fund (868)		
Shared Revenue Payments	$ 6,063,187	$ 5,824,087
County Automobile Renting Tax Fund (869)		
Shared Revenue Payments	$ 52,966	$ 47,364
Deferred Lottery Prize Winners Fund (978)		
Lottery Prizes - Monetary	$ 191,641,289	$ 146,634,261
TOTAL EXPENDITURES - NONAPPROPRIATED FUNDS	$ 4,467,264,791	$ 4,318,468,234
GRAND TOTAL EXPENDITURES - ALL FUNDS	$ 9,720,909,202	$ 9,324,457,663

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Years Ended June 30,

	Fiscal Year 2008 P.A. 95-0348 & P.A. 95-0011	Fiscal Year 2007 P.A. 94-0798 & P.A. 95-0144
State Officers' Salaries		
General Revenue Fund (001) State Comptroller		
Appropriations (Net of Transfers)	$ 579,400	$ 544,200
Expenditures		
Department of Revenue:		
Director	$ 137,128	$ 129,114
Assistant Director	116,580	107,719
Liquor Control Commission:		
Chairman	37,122	33,056
Members (6 total)	180,108	180,476
Secretary	34,667	33,442
Chairman and 2 members, per diem for work on License Appeal Commission	27,739	50,771
Total Expenditures	$ 533,344	$ 534,578
Lapsed Balances	$ 46,056	$ 9,622
Horse Racing Fund (632) State Comptroller		
Appropriations (Net of Transfers)	$ 132,800	$ 122,700
Illinois Racing Board:		
Members (11 total) per diem	$ 25,500	$ 30,600
Lapsed Balances	$ 107,300	$ 92,100

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE
(CASH BASIS) - LOCALLY-HELD FUNDS
For the Fiscal Year Ended June 30,

Fund Name/Fund Number		2008
Surety Bond (1151)		
Beginning Cash Balance 7/1/07	$	2,370,571
Receipts:		
Bond Operations		830,413
Disbursements:		
Refunds		353,069
Ending Cash Balance 6/30/08	$	2,847,915
Prize Payment Fund (1279)		
Beginning Cash Balance 7/1/07	$	1,826,971
Receipts:		
Fund Transfers-In		64,532,694
Investment Income		92,978
Disbursements:		
Awards or Grants		63,889,614
Fund Transfers-Out		96,068
Ending Cash Balance 6/30/08	$	2,466,961
Agent Security Deposit Fund (1309)		
Beginning Cash Balance 7/1/07	$	463,466
Receipts:		
Fund Transfers-In		140,340
Investment Income		17,017
Miscellaneous		117,132
Disbursements:		
Refunds		98,064
Ending Cash Balance 6/30/08	$	639,891

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE
(CASH BASIS) - LOCALLY-HELD FUNDS
For the Fiscal Year Ended June 30,

Fund Name/Fund Number		**2008**
Agent Sales Sweep Account (1373)		
Beginning Cash Balance 7/1/07	$	2,002,380
Receipts:		
Lottery Sales		1,041,143,829
Disbursements:		
Fund Transfers-Out		1,041,127,321
Ending Cash Balance 6/30/08	$	2,018,888
Agent Sales Concentration Account (1374)		
Beginning Cash Balance 7/1/07	$	34,514
Receipts:		
Fund Transfers-In		1,041,127,321
Lottery Sales		1,722,138
Disbursements:		
PY Correction		930
Contractual Services		57,967,645
Fund Transfers-Out		984,838,981
Ending Cash Balance 6/30/08	$	76,417
Evidence Fund (1369)		
Beginning Cash Balance 7/1/07	$	4,260
Receipts:		
Private Organizations or Individuals		2,478
Disbursements:		
Purchase of Evidence		2,217
Ending Cash Balance 6/30/08	$	4,521

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
SCHEDULE OF CHANGES IN STATE PROPERTY
For the Year Ending June 30, 2008

	Total	Financed Equipment	Buildings and Building Improvements	Equipment
Balance at July 1, 2007	$ 21,108,346	$ 730,210	$ 6,322	$ 20,371,814
Additions	605,692	-	-	605,692
Deletions	(62,284)	(4,910)	-	(57,374)
Net Transfers	(1,679,565)	(725,300)	-	(954,265)
Balance at June 30, 2008	$ 19,972,189	$ -	$ 6,322	$ 19,965,867

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

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
COMPARATIVE SCHEDULE OF CASH RECEIPTS
For the Fiscal Years Ending June 30,

FUND/TAX SOURCE	**FUND #**	**2008**	**2007**
Deposits into the State Treasury were designated as follows:			
General Funds:			
General Revenue Fund	1		
Income Tax		$ 11,290,854,767	$ 10,343,388,866
Retailers' Occupation (Sales) Tax		5,376,937,985	5,321,687,221
Public Utility Tax		1,036,250,498	1,007,314,939
Liquor Tax		158,066,128	155,680,406
Cigarette Tax		135,255,433	135,601,177
Hotel Operators' Occupation Tax		49,184,465	44,636,347
Cigarette Use Tax		43,448,567	43,106,835
Private Vehicle Use Tax		31,989,394	32,544,380
Auto Renting Tax		32,692,580	30,856,657
Liquor Control Commission		6,235,444	6,733,447
General Office		2,098,428	2,497,106
Coin Operators' Amusement Tax		2,328,593	2,348,931
IL Racing Board		510,723	545,996
Bingo License Fees		173,700	177,647
Tennessee Valley Authority		113,546	101,789
Charitable Games Act		19,000	19,610
Replacement Vehicle Tax		1,578	3,276
Total General Revenue Fund		$ 18,166,160,829	$ 17,127,244,630
Common School Fund	412		
Cigarette Tax		$ 129,951,299	$ 130,283,484
Public Utility Tax		110,168,870	108,910,353
Cigarette Use Tax		41,744,702	41,408,503
Pull Tabs & Jar Games Tax and License Fees		2,975,371	3,250,661
Bingo Tax		1,349,117	1,538,729
Interest Income (Lottery)		96,068	141,514
Riverboat Wagering Tax		-	-
Total Common School Fund		$ 286,285,427	$ 285,533,244
Common School Special Account Fund	5		
Retailers' Occupation (Sales) Tax		$ 1,805,075,875	$ 1,783,665,835
Education Assistance Fund	7		
Income Tax		$ 889,139,585	$ 814,527,921
Civil Penalties		1,025,250	778,250
Total Education Assistance Fund		$ 890,164,835	$ 815,306,171
Income Tax Refund Fund	278		
Income Tax		$ 1,438,513,368	$ 1,639,287,737
Special State Funds:			
Build Illinois Fund	960		
Retailers' Occupation (Sales) Tax		$ 425,490,385	$ 420,443,636
Hotel Operators' Occupation Tax		109,579,288	101,515,130
Private Vehicle Tax		5,000,000	5,000,000
Total Build Illinois Fund		$ 540,069,673	$ 526,958,766

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
COMPARATIVE SCHEDULE OF CASH RECEIPTS
For the Fiscal Years Ending June 30,

FUND/TAX SOURCE	FUND #	2008	2007
Business District Sales Tax Fund	160		
Retailers' Occupation (Sales) Tax		$ 2,686,549	$ 476,834
Coal Technology Development Assistance Fund	925		
Public Utility Tax		$ 5,290,745	$ 5,084,737
County and Mass Transit District Fund	188		
Retailers' Occupation (Sales) Tax		$ 356,289,339	$ 341,317,428
Debt Collection Fund	279		
General Office		$ 11,311	$ 27,083
Deferred Lottery Prize Winners Trust Fund	978		
Interest Income (Lottery)		$ 190,532,448	$ 149,675,249
Dram Shop Fund	821		
Liquor Control Commission		$ 6,203,233	$ 6,121,294
Drycleaner Environmental Response Trust Fund	548		
Retailers' Occupation (Sales) Tax		$ 3,256,422	$ 3,544,316
Emergency Public Health Fund	240		
Retailers' Occupation (Sales) Tax		$ 3,633,398	$ 3,425,773
Energy Efficiency Trust Fund	571		
Public Utility Tax		$ 3,856,722	$ 2,163,191
Horse Racing Fund	632		
Racing Privilege Tax		$ 8,338,786	$ 8,489,815
Illinois Affordable Housing Trust Fund	286		
Real Estate Transfer Tax		$ 38,419,932	$ 49,817,745
Illinois Gaming Law Enforcement Fund	85		
Pull Tabs & Jar Games Tax and License Fees		$ 2,975,371	$ 3,250,661
Charitable Games Tax and License Fees		486,480	366,091
Total Illinois Gaming Law Enforcement Fund		$ 3,461,851	$ 3,616,752
Illinois Racing Board Charity Fund	271		
Annual Charity Assessment		$ 750,000	$ 750,000
Illinois Racing Board Fingerprint License Fund	248		
IL Racing Board		$ 100,120	$ 107,055
Illinois Racing Board Grant Fund	280		
Admission Tax		$ 954,420	$ 620,426
Illinois Racing-Quarterhorse Fund	631		
Racing Privilege Tax		$ 21,674	$ 22,267

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
COMPARATIVE SCHEDULE OF CASH RECEIPTS
For the Fiscal Years Ending June 30,

FUND/TAX SOURCE	FUND #	2008	2007
Illinois Sports Facility Fund	225		
Hotel Operators Occupation Tax		$ 33,000,000	$ 31,500,000
Illinois Tax Increment Fund	281		
Retailers' Occupation (Sales) Tax		$ 20,699,533	$ 20,454,015
Illinois Veterans Assistance Fund	236		
Lottery Ticket Sales		$ 2,506,284	$ 2,149,903
International Tourism Fund	621		
Hotel Operators Occupation Tax		$ 9,862,136	$ 9,136,362
Local Government Tax Fund	189		
Retailers' Occupation (Sales) Tax		$ 1,707,811,815	$ 1,625,230,812
Local Tourism Fund	969		
Hotel Operators Occupation Tax		$ 17,532,686	$ 16,242,421
Long-Term Care Provider Fund	345		
Cigarette Tax		$ 160,051,352	$ 176,776,808
Cigarette Use Tax		21,954,247	30,683,445
Other Tobacco		21,244,849	20,935,604
Total Long-Term Care Provider Fund		$ 203,250,448	$ 228,395,857
Mental Health Fund	50		
Bingo Tax		$ 1,349,117	$ 1,538,729
Motor Fuel Tax Fund	12		
Motor Fuel Tax		$ 1,264,385,645	$ 1,376,280,591
General Office		-	-
Total Motor Fuel Fund		$ 1,264,385,645	$ 1,376,280,591
Municipal Economic Development Fund	650		
Solid Waste Facilities		$ 188,529	$ 260,225
Natural Areas Acquisition Fund	298		
Real Estate Transfer Tax		$ 11,525,980	$ 14,945,324
Open Space Lands Acquisition and Development Fund	299		
Real Estate Transfer Tax		$ 26,893,952	$ 34,872,422
Personal Property Tax Replacement Fund	802		
Income Tax		$ 1,255,849,414	$ 1,186,877,885
Public Utility Tax		206,852,937	212,097,335
Total Personal Property Replacement Tax Fund		$ 1,462,702,351	$ 1,398,975,220
Public Utility Fund	59		
Public Utility Tax		$ 12,734,199	$ 12,233,330
Quality of Life Endowment Fund	437		
Lottery Sales		$ 870,410	$ -

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
COMPARATIVE SCHEDULE OF CASH RECEIPTS
For the Fiscal Years Ending June 30,

FUND/TAX SOURCE	FUND #	2008	2007
Renewable Energy Resource Trust Fund	564		
Public Utility Tax		$ 5,290,745	$ 5,084,737
Rental Housing Support Program Fund	150		
Real Estate Transfer Tax		$ 21,823,695	$ 26,512,443
Revenue Federal Trust Fund	140		
From Federal Agencies		$ 44,504	$ 59,569
School Infrastructure Fund	568		
Public Utility Tax		$ 98,168,868	$ 96,910,352
Cigarette Tax		51,419,750	51,688,502
Cigarette Use Tax		8,580,250	8,311,498
Total School Infrastructure Fund		$ 158,168,868	$ 156,910,352
Senior Citizen Real Estate Deferred Tax Fund	930		
Senior Citizens Deferred Real Estate Tax Reimbursement		$ 3,624,440	$ 4,991,440
State Gaming Fund	129		
Riverboat Gambling Taxes and License Fees		$ 687,805,138	$ 812,593,574
State and Local Sales Tax Reform Fund	186		
Retailers' Occupation (Sales) Tax		$ 268,917,053	$ 241,728,098
State Lottery Fund	711		
Lottery Ticket Sales		$ 992,065,285	$ 955,942,679
General Office - Returned Petty Cash Fund		-	1,000
Total State Lottery Fund		$ 992,065,285	$ 955,943,679
Supplemental Low Income Energy Assistance Fund	550		
Public Utility Tax		$ 84,636,835	$ 81,306,062
Tax Compliance and Administration Fund	384		
Public Utility Tax		$ 1,450,183	$ 1,368,272
Motor Fuel Tax		375,548	275,383
Retailers' Occupation (Sales) Tax		185,688	157,411
Oil and Gas Assessment		-	5,250
Total Tax Compliance and Administration Fund		$ 2,011,419	$ 1,806,316
Ticket for the Cure Fund	208		
Lottery Ticket Sales		$ 1,210,018	$ 1,936,502
Underground Storage Tank Fund	72		
Motor Fuel Tax - Underground Storage		$ 71,080,677	$ 78,171,468
Used Tire Management Fund	294		
Retailers' Occupation (Sales) Tax - Sale of Tires		$ 13,806,911	$ 13,017,938
State Trust Funds:			
County Automobile Renting Tax Fund	869		
Auto Renting Tax		$ 20,809	$ -

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
COMPARATIVE SCHEDULE OF CASH RECEIPTS
For the Fiscal Years Ending June 30,

FUND/TAX SOURCE	FUND #	2008	2007
County Option Motor Fuel Tax Fund	190		
Retailers' Occupation (Sales) Tax		$ 34,103,383	$ 30,395,742
County Public Safety ROT Fund	219		
Retailers' Occupation (Sales) Tax		$ 82,088,181	$ 74,235,864
County Water Commission Tax Fund	84		
Retailers' Occupation (Sales) Tax		$ 36,787,938	$ 31,737,521
Home Rule County ROT Fund	139		
Retailers' Occupation (Sales) Tax		$ 323,705,574	$ 318,441,183
Home Rule Municipal ROT Fund	138		
Retailers' Occupation (Sales) Tax		$ 765,322,639	$ 754,686,540
Home Rule Municipal Soft Drink ROT Fund	97		
Retailers' Occupation (Sales) Tax		$ 8,860,138	$ 8,460,048
Illinois Tourism Tax Fund	452		
Hotel Operators Occupation Tax		$ 18,870,959	$ 17,952,896
McCormick Place Expansion Fund	377		
Retailers' Occupation (Sales) Tax		$ 38,404,357	$ 29,467,435
Metro East Mass Transit District Tax Fund	841		
Retailers' Occupation (Sales) Tax		$ 31,538,846	$ 28,021,690
Metro East Park and Recreation Fund	717		
Retailers' Occupation (Sales) Tax		$ 4,766,548	$ 4,262,453
Metropolitan Pier and Exposition Fund	337		
Hotel Operators Occupation Tax		$ 43,554,024	$ 41,453,453
Retailers' Occupation (Sales) Tax		36,248,275	31,767,780
Auto Renting Tax		30,876,353	30,913,489
Total Metropolitan Pier and Exposition Fund		$ 110,678,652	$ 104,134,722
Municipal Automobile Renting Tax Fund	868		
Auto Renting Tax		$ 6,185,049	$ 5,925,530
Municipal Telecommunications Fund	719		
Public Utility Tax		$ 288,231,998	$ 278,213,702
Non-Home Rule Municipal ROT Fund	88		
Retailers' Occupation (Sales) Tax		$ 88,402,199	$ 51,807,913
Petroleum Resources Revolving Fund	573		
Oil and Gas Assessment		$ -	$ 349,302
RTA Sales Tax Trust Fund	812		
Retailers' Occupation (Sales) Tax		$ 681,268,393	$ 599,849,709

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
COMPARATIVE SCHEDULE OF CASH RECEIPTS
For the Fiscal Years Ending June 30,

FUND/TAX SOURCE	FUND #	2008	2007
Sports Facility Tax Trust Fund	229		
Hotel Operators Occupation Tax		$ 37,359,349	$ 35,544,880
Tax Suspense Trust Fund	583		
Tax Suspense		$ 155,180	$ 192,361
Tennessee Valley Authority Local Trust Fund	861		
Tennessee Valley Authority		$ 264,940	$ 237,507
Monies Paid Under Protest Fund	401		
Income and Replacement Tax		$ 63,970,021	$ 62,561,113
Illinois Racing Board		34,241,987	39,552,069
Retailers' Occupation (Sales) Tax		956,593	1,308,597
Total Monies Paid Under Protest Fund		$ 99,168,601	$ 103,421,779
Total Receipts Collected by the Department		**$ 33,492,059,363**	**$ 32,382,872,514**
Items not considered collections by the Department:			
Federal Home Investment Trust Fund Receipts		$ 22,475,773	$ 27,630,552
Repayment from the Sports Facility Authority		29,516,533	26,500,000
Repayment from the Illinois Housing Development Authority (IHDA) Pursuant to Law		4,641,113	10,434,244
Loan Repayment from the IHDA - Principal		5,534,422	7,459,447
Transfer from the Local Government Distributive Fund		5,000,000	5,000,000
Prior Year Warrant Voids		4,576,157	3,151,909
Loan Repayment from the IHDA - Interest		1,676,872	2,063,746
Administrative Fee from the Sports Facility Authority		1,467,702	1,314,897
Prior Year Refunds		454,405	642,709
Private Organization or Individual		500,000	500,000
Unidentified Tax Source		54,849	77,350
Yearly Payment from Commonwealth Edison to IHDA		36,250	35,075
		$ 75,934,076	84,809,929
Total Deposits into the State Treasury		**$ 33,567,993,439**	**$ 32,467,682,443**

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
RECONCILIATION OF CASH RECEIPTS TO DEPOSITS
REMITTED TO THE STATE COMPTROLLER
For the Fiscal Years Ended June 30,

Receipts	2008	2007
Tax and fee collections, including assessments, penalties, and interest:		
Income: individual, corporate, and personal property replacement tax	$ 14,891,265,259	$ 14,132,824,600
Sales:		
State, municipal, county, county water commission, RTA, MED retailers' and service occupation tax	12,207,023,103	11,678,859,678
Public Utilities:		
Message, gas, electric	1,891,183,198	1,803,399,625
Motor Fuel Tax	1,361,741,936	1,378,004,677
Other:		
Underground Storage Tank	76,573,355	74,365,765
Cigarette, Cigarette Use, and Other Tobacco Products	615,934,273	624,925,601
Racing Privilege	8,440,474	8,496,816
Hotel Operator and Occupation	322,068,948	301,665,957
Liquor	158,047,240	155,822,148
Vehicle Use	36,406,867	37,379,845
Real Estate Transfer	98,526,068	124,456,496
Bingo	2,868,433	3,246,352
Coin Operated Amusement Device	2,352,913	2,219,491
Automobile Renting	69,773,771	67,713,699
Replacement Vehicle	1,603	2,462
Charitable Games	510,197	391,345
Pull Tabs and Jar Games	5,948,347	6,499,828
Riverboat Gambling	700,069,733	817,396,587
Petroleum Marketer's Assessment	-	330,656
Solid Waste	182,526	265,511
Lottery	1,227,778,316	1,110,856,697
Liquor Control Commission	12,498,183	12,846,932
Illinois Racing Board	35,710,217	41,267,318
Miscellaneous Collections	6,329,838	7,956,047
Total Receipts	$ 33,731,234,798	$ 32,391,194,133
Items not considered collections by the Department	75,934,076	84,809,929
Unallocated Collections:		
Beginning of year	(16,554,272)	(28,267,828)
End of year	27,920,663	16,554,272
Collections reported, but not yet deposited into clearing:		
Beginning of year	98,295,680	165,587,454
End of year	(169,828,128)	(98,295,680)
Balances in State Treasurer's clearing account:		
Beginning of year	210,460,406	146,560,569
End of year	(389,469,784)	(210,460,406)
Deposits into the State Treasury	$ 33,567,993,439	$ 32,467,682,443

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Year Ended June 30, 2008

General Revenue Fund (001)

State Contributions to State Employees' Retirement System
The increase in State contributions to State Employees' Retirement System expenditures was due to an increase in the employer contribution rate from 11.525% in FY07 to 16.561% in FY08.

Contractual Services
The decrease in contractual services expenditures during FY08 was due to IT rationalization payments being paid from contractual services in FY07 and paid from electronic data processing during FY08.

Equipment
The decrease in equipment expenditures during FY08 was due to the purchase of several postage meter bases and a vehicle during FY07.

Electronic Data Processing
The increase in electronic data processing expenditures during FY08 was due to IT rationalization payments being paid from contractual services in FY07 and paid from electronic data processing during FY08.

Telecommunications
The decrease in telecommunications expenditures during FY08 was due to the use of credits paid in FY07.

South Suburban Renovation Project
The decrease in South Suburban Renovation Project expenditures during FY08 was due to the full amount of the Grant for the project ($1,500,000) being expended during FY07.

Motor Fuel Tax Fund (012)

State Contributions to State Employees' Retirement System
The increase in State contributions to State Employees' Retirement System expenditures was due to an increase in the employer contribution rate from 11.525% in FY07 to 16.561% in FY08.

Contractual Services
The increase in contractual services expenditures during FY08 was due to an increase in postage and facilities management payments.

Motor Fuel Tax Fund (012) (cont.)

Travel
The increase in travel expenditures during FY08 was due to the payment of travel expenditures from the Motor Vehicle Fuel Tax Fund that were paid from the General Revenue Fund during FY07.

Printing
The increase in printing expenditures during FY08 was due to an increase in the amount of perforated paper and envelopes purchased.

Equipment
The decrease in equipment expenditures during FY08 was due to the purchase of a box truck in FY07.

Electronic Data Processing
The increase in electronic data processing expenditures during FY08 was due to the Department paying a large amount of DCMS IT rationalization. In addition, the Department made large payments for the new enterprise-wide tax system.

Telecommunications
The increase in telecommunications expenditures during FY08 was due to the payment of telecommunications expenditures from the Motor Vehicle Fuel Tax Fund that were paid from the General Revenue Fund during FY07.

Government Services Shared Services Center
The decrease in Government Services Shared Services Center expenditures during FY08 was due to the transfer of the budget staff out of shared services.

Administration of the Motor Fuel Tax Enforcement Grant from US Department of Transportation
The increase in administration of the Motor Vehicle Tax Enforcement Grant expenditures during FY08 was due to a new appropriation requested by the Department for lump sums to support the Federal Motor Fuel Tax Enforcement Grant.

Underground Storage Tank Fund (072)

State Contributions to State Employees' Retirement System
The increase in State contributions to State Employees' Retirement System expenditures was due to an increase in the employer contribution rate from 11.525% in FY07 to 16.561% in FY08.

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Year Ended June 30, 2008

Illinois Gaming Law Enforcement Fund (085)

Contractual Services
The decrease in contractual services expenditures during FY08 was due to IT rationalization payments being paid from contractual services in FY07 and paid from electronic data processing during FY08.

Electronic Data Processing
The increase in electronic data processing expenditures during FY08 was due to IT rationalization payments being paid from contractual services in FY07 and paid from electronic data processing during FY08.

Non-Home Rule Municipal ROT Fund (088)

Shared Revenue Payments
The increase in shared revenue payments during FY08 was due to the normal growth of sales, along with units of local governments adding or increasing tax rates.

State Gaming Fund (129)

State Contributions to State Employees' Retirement System
The increase in State contributions to State Employees' Retirement System expenditures was due to an increase in the employer contribution rate from 11.525% in FY07 to 16.561% in FY08.

State Contributions to Social Security
The increase in State contributions to Social Security expenditures during FY08 was due to an increase in headcount budgeted and paid from FY07 to FY08.

Equipment
The decrease in equipment expenditures during FY08 was due to the purchase of several vehicles in FY07.

Telecommunications
The decrease in telecommunications expenditures during FY08 was due to the use of credits paid in FY07.

Government Services Shared Service Center
The decrease in Government Services Shared Service Center expenditures during FY08 was due to a decrease in headcount budgeted and paid in FY08 from FY07.

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Year Ended June 30, 2008

Home Rule Municipal ROT Fund (138)

Contractual Services
The decrease in contractual services expenditures during FY08 was due to IT rationalization payments being paid from contractual services in FY07 and paid from electronic data processing during FY08.

Electronic Data Processing
The increase in electronic data processing expenditures during FY08 was due to IT rationalization payments being paid from contractual services in FY07 and paid from electronic data processing during FY08.

Rental Housing Support Program Fund (150)

Administration of the Rental Housing Program
The increase in administration of the Rental Housing Program expenditures during FY08 was due to an increase in program activities during FY08, the second year of the program.

Grants to Provide Rental Assistance to the Rental Housing Support Program
The increase in grants to provide rental assistance to the Rental Housing Support Program expenditures during FY08 was due to the increase in the number of grants authorized by the Illinois Housing Development Authority.

Business District Sales Tax Fund (160)

Shared Revenue Payments
The increase in shared revenue payments during FY08 was due to the normal growth of sales, along with the units of local government adding or increasing tax rates.

County Option Motor Fuel Tax Fund (190)

Electronic Data Processing
The increase in electronic data processing expenditures during FY08 was due to IT rationalization payments being paid from contractual services in FY07 and paid from electronic data processing during FY08.

Illinois Racing Board Grant Fund (280)

Shared Revenue Payments
The increase in shared revenue payments during FY08 was due to the increase in activity at the off-track betting parlors from FY07. In addition, more off-track betting parlors were operating in FY08 than in FY07.

Illinois Tax Increment Fund (281)

Contractual Services
The decrease in contractual services expenditures during FY08 was due to IT rationalization payments being paid from contractual services in FY07 and paid from electronic data processing during FY08.

Electronic Data Processing
The increase in electronic data processing expenditures during FY08 was due to IT rationalization payments being paid from contractual services in FY07 and paid from electronic data processing during FY08.

Illinois Affordable Housing Trust Fund (286)

Grants to Other State Agencies
The decrease in grants to other State agencies expenditures during FY08 was due to decreased revenues to the Illinois Affordable Housing Trust Fund.

Grants, Mortgages, Loans, or for the Purpose of Securing Bonds
The decrease in grants, mortgages, loans, or for the purpose of securing bonds expenditures during FY08 was due to decreased revenues to the Illinois Affordable Housing Trust Fund.

Tax Compliance and Administration Fund (384)

Government Services Shared Services Center
The decrease in Government Services Shared Service Center expenditures during FY08 was due to one employee being paid from the Tax Compliance and Administration Fund in FY07 compared to no employees during FY08.

Tax Suspense Trust Fund (583)

Refunds
The decrease in refund expenditures during FY08 was due to a decrease in the amount of refunds requested by taxpayers who made tax payments to the Illinois Department of Revenue in error.

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Year Ended June 30, 2008

Horse Racing Fund (632)

State Contributions to State Employees' Retirement System
The increase in State contributions to State Employees' Retirement System expenditures was due to an increase in the employer contribution rate from 11.525% in FY07 to 16.561% in FY08.

Contractual Services
The increase in contractual services expenditures during FY08 was due to the increase in billings of computer related services.

Government Services Shared Services Center
The increase in Government Services Shared Service Center expenditures in FY08 was due to an employee retiring early in FY07. The position was vacant until the beginning of FY08.

State Lottery Fund (711)

State Contributions to State Employees' Retirement System
The increase in State contributions to State Employees' Retirement System expenditures was due to an increase in the employer contribution rate from 11.525% in FY07 to 16.561% in FY08.

Contractual Services
The decrease in contractual services expenditures during FY08 was due to IT rationalization payments being paid from contractual services in FY07 and paid from electronic data processing during FY08. In addition, expenditures for lease payments, legal fees, and advertising decreased in FY08 from FY07.

Travel
The increase in travel expenditures during FY08 was due to increased travel by Lottery legal staff and senior staff members to attend Statewide sales meetings.

Electronic Data Processing
The increase in electronic data processing expenditures during FY08 was due to IT rationalization payments being paid from contractual services in FY07 and paid from electronic data processing during FY08.

Government Services Shared Service Center
The decrease in Government Services Shared Service Center expenditures during FY08 was due to a decrease in the headcount budgeted and paid in FY08 from FY07.

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Year Ended June 30, 2008

Tobacco Settlement Recovery Fund (733)

Operation of the Local Government Tobacco Enforcement Grant Program
The decrease in operation of the Local Government Tobacco Enforcement Grant Program expenditures during FY08 was due to the discontinuation of the program during FY08.

Grants to Local Governmental Units to Establish Enforcement Programs
The decrease in grants to local governments to establish enforcement programs expenditures during FY08 was due to the transferring of grant funding to the Dram Shop Fund in FY08.

Child Support Administrative Fund (757)

Personal Services
The decrease in personal services expenditures during FY08 was due to the transfer of the Child Support Collections Program to the Department of Healthcare and Family Services on November 1, 2007.

State Contributions to State Employees' Retirement System
The decrease in State contributions to State Employees' Retirement System expenditures during FY08 was due to the transfer of the Child Support Collections Program to the Department of Healthcare and Family Services on November 1, 2007.

State Contributions to Social Security
The decrease in State contributions to social security expenditures during FY08 was due to the transfer of the Child Support Collections Program to the Department of Healthcare and Family Services on November 1, 2007.

Group Insurance
The decrease in Group Insurance expenditures during FY08 was due to the transfer of the Child Support Collections Program to the Department of Healthcare and Family Services on November 1, 2007.

Personal Property Tax Replacement Fund (802)

State Contributions to State Employees' Retirement System
The increase in State contributions to State Employees' Retirement System expenditures was due to an increase in the employer contribution rate from 11.525% in FY07 to 16.561% in FY08.

Personal Property Tax Replacement Fund (802) (cont.)

Contractual Services
The decrease in contractual services expenditures during FY08 was due to IT rationalization payments being paid from contractual services in FY07 and paid from electronic data processing during FY08.

Travel
The increase in travel expenditures during FY08 was due to the payment of travel expenditures from the Personal Property Tax Replacement Fund that were paid from the General Revenue Fund during FY07.

Electronic Data Processing
The increase in electronic data processing expenditures during FY08 was due to IT rationalization payments being paid from contractual services in FY07 and paid from electronic data processing during FY08. The increase was also due to payments for the new integrated tax system.

Telecommunications
The increase in telecommunications expenditures during FY08 was due to the use of credits paid in FY07.

Dram Shop Fund (821)

State Contributions to State Employees' Retirement System
The increase in State contributions to State Employees' Retirement System expenditures was due to an increase in the employer contribution rate from 11.525% in FY07 to 16.561% in FY08.

Contractual Services
The increase in contractual services expenditures during FY08 was due to the increase in Department of Central Management Services' facilities management billings for additional State owned buildings.

Electronic Data Processing
The increase in electronic data processing expenditures during FY08 was due to IT rationalization payments being paid from contractual services in FY07 and paid from electronic data processing during FY08.

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES

For the Year Ended June 30, 2008

Dram Shop Fund (821) (cont.)

Tobacco Study

The increase in tobacco study expenditures during FY08 was due to an employee being paid from the Dram Shop Fund who was paid from the Tobacco Settlement Recovery Fund during FY07.

Grants to Local Governmental Units to Establish Enforcement Programs

The increase in grants to local governmental units to establish enforcement programs expenditures was due to grant funding being transferred from the Tobacco Settlement Recovery Fund to the Dram Shop Fund in FY08.

Deferred Lottery Prize Winners Fund (978)

Lottery Prizes – Monetary

The increase in lottery prizes-monetary expenditures during FY08 was due to the purchase of securities for the Mega-Millions grand prize winner. These securities are eventually sold and the proceeds are used to pay the winner.

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Year Ended June 30, 2008

County Water Commission Tax Fund (084)

The increase in receipts during FY08 was due to an increase in the deposit percentage from .0029% to .0032%.

Non-Home Rule Municipal ROT Fund (088)

The increase in receipts during FY08 was due to an increase in the deposit percentage from .0042% to .0065%.

State Gaming Fund (129)

The decrease in receipts during FY08 was due to riverboat gambling collections declining by 14.77%. The decline in riverboat gambling collections was due mainly to economic slowdown.

Rental Housing Support Program Fund (150)

The decrease in real estate transfer tax receipts during FY08 was due to a decrease in real estate collections. Receipts received into this fund are based on surcharges on real estate transactions.

Business District Sales Tax Fund (160)

The increase in sales tax receipts during FY08 was due to the fact that the Department began to deposit .0001% of sales tax collections into this fund based on an increase in the number of ordinances passed in FY08.

Ticket for the Cure Fund (208)

The decrease in lottery ticket sales receipts during FY08 was due to a decrease in lottery sales related to this special ticket where proceeds go to Susan K. Komen Cancer Research.

Illinois Veterans Assistance Fund (236)

The increase in lottery ticket sales receipts during FY08 was due to an increase in lottery sales related to this special ticket where proceeds go to the Illinois Veterans Assistance Fund.

Illinois Racing Board Grant Fund (280)

The increase in receipts during FY08 was due to the off-track betting tax increasing 52.09% in FY08. The Racing Board Grant Fund receives off-track betting admission tax.

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Year Ended June 30, 2008

Illinois Affordable Housing Trust Fund (286)

The decrease in real estate transfer tax receipts was due to a decline in real estate tax collections during FY08. This fund receives 50% of the real estate tax collected. This decline was attributable to a depressed housing market.

Natural Areas Acquisition Fund (298)

The decrease in real estate transfer tax receipts was due to a decline in real estate tax collections during FY08. This fund receives 15% of real estate tax collected. This decline was attributable to a depressed housing market.

Open Space Lands Fund (299)

The decrease in real estate transfer tax receipts was due to a decrease in real estate tax collections during FY08. This fund receives 35% of real estate tax collected. This decline was attributable to a depressed housing market.

McCormick Place Expansion Fund (377)

The increase in receipts during FY08 was due to deposits of sales taxes, hotel taxes and automobile renting taxes into the Metropolitan Pier and Exposition Fund (337) not being sufficient to meet Metropolitan Pier and Exposition Authority bond indebtedness. The shortage is deposited into the McCormick Place Expansion Fund (377) from State sales taxes and transferred to Fund 337 by the State Treasurer.

Monies Paid Under Protest Fund (401)

The decrease in receipts related to sales tax was due to a decrease in the number of taxpayers protesting their tax liability during FY08.

Quality of Life Endowment Fund (437)

The increase in lottery ticket sales receipts during FY08 was due to the introduction of a new lottery ticket in FY08 where proceeds go to the Quality of Life Endowment Fund to support the fight against HIV/AIDS.

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Year Ended June 30, 2008

Energy Efficiency Trust Fund (571)

The increase in receipts during FY08 was due to in transit receipts applicable to FY07 being deposited by the Department in FY08. The Energy Efficiency Program is designed to bring in $3 million per year from utility companies.

Petroleum Resources Revolving Fund (573)

The decrease in receipts during FY08 was due to the responsibility of oil and gas petroleum tax collections being assigned to the Illinois Marketing Board in January 2007.

RTA Sales Tax Trust Fund (812)

The increase in receipts during FY08 was due to an increase in the deposit percentage from .0512% to .0526%.

Senior Citizens' Real Estate Deferred Tax Revolving Fund (930)

The decrease in receipts was due to fewer people leaving the program during FY08. Revenues for this fund are received when participants leave the program.

Deferred Lottery Prize Winners Trust Fund (978)

The increase in receipts during FY08 was due to the Department selling $48 million of securities in March 2008 to pay a Mega-Millions lottery winner. The proceeds were deposited into this fund.

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Year Ended June 30, 2008

General Revenue Fund (001)

Contractual Services
The Department received and paid invoices during the lapse period for Department of Central Management Services (DCMS) facilities usage charges incurred during June. In addition, the Department paid a large amount for the Shared Services project and paid a large amount of legal fees.

Equipment
The Department received and paid invoices during the lapse period for several car payments and a forklift ordered and received prior to June 30.

Electronic Data Processing
The Department paid a large amount of DCMS IT rationalization charges during the lapse period due to a delay in the verifications of bills.

Telecommunications
The Department paid a large amount for the replacement of its call center as well as telecommunications services received prior to June 30.

Grants for Additional Compensation for Local Assessors
The Department received and processed a large number of applications at the end of the fiscal year that were processed and paid during lapse period.

Motor Fuel Tax Fund (012)

Printing
The Department received and paid invoices during the lapse period for tax forms, paper stock, and file folders ordered and received prior to June 30.

Equipment
The Department received and paid an invoice during the lapse period for a forklift ordered and received prior to June 30.

Electronic Data Processing
The Department paid a large amount of DCMS IT rationalization charges during the lapse period due to a delay in the verifications of bills. In addition, the Department made a payment of $5,235,000 for the new enterprise-wide tax system in the lapse period.

ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING

For the Year Ended June 30, 2008

Motor Fuel Tax Fund (012) (cont.)

Telecommunications
The Department received and paid invoices during the lapse period for telecommunications services received prior to June 30.

Administration of Joint State/Federal Motor Fuel Tax Enforcement Program
The Department received and paid invoices for the administration of the Joint State/Federal Motor Fuel Tax Enforcement Program received prior to June 30 and during lapse.

Administration of the Motor Fuel Tax Enforcement Grant from the US Department of Transportation
The Department received and paid an invoice during the lapse period for three vehicles. In addition, the Department paid overtime to employees incurred in the month of June and received and paid invoices for supplies ordered prior to June 30.

Illinois Gaming Law Enforcement Fund (085)

Grants for Allocation to Local Law Enforcement Agencies
The annual distributions to local governments for charitable gaming regulation purposes were paid during the lapse period.

State Gaming Fund (129)

Contractual Services
The Gaming Board (Board) paid an invoice to the Illinois State Police during the lapse period for unplanned expenses of the State Police.

Telecommunications
The Board received and paid invoices during the lapse period for telecommunications services received prior to June 30.

Operation of Automotive Equipment
The Board received and paid several invoices for gas purchases made prior to June 30.

Electronic Data Processing
The Board received and paid invoices during the lapse period for electronic data processing services and computer software received prior to June 30.

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Year Ended June 30, 2008

Rental Housing Support Program Fund (150)

Administration of the Rental Housing Program
The Department made the fourth quarter administrative expense payment to the Illinois Housing Development Authority (IHDA) during the lapse period.

Grants to Provide Rental Assistance to the Rental Housing Support Program
The Department processed nineteen grants issued by the Illinois Housing Development Authority during the lapse period.

Sports Facility Tax Trust Fund (229)

Shared Revenue Payments
The Department issued a voucher for the shared revenue payment in June, but it was not processed by the Comptroller until July.

Illinois Tax Increment Fund (281)

Grants for Distribution to Local Tax Increment Finance Districts
The Department processed the fourth quarter Tax Increment distribution during lapse period.

Telecommunications
The Department received and paid invoices during the lapse period for telecommunications services received prior to June 30.

Tax Compliance and Administration Fund (384)

Electronic Data Processing
The Department received and paid an invoice during the lapse period for imaging equipment ordered and received prior to June 30.

Administration of the Dyed Diesel Fuel Roadside Enforcement Plan
The Department received and paid invoices during the lapse period for gas purchases made prior to June 30.

ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING

For the Year Ended June 30, 2008

Horse Racing Fund (632)

Printing
The Department received and paid an invoice during the lapse period for printing services received prior to June 30.

Electronic Data Processing
The Department paid a large amount of DCMS IT rationalization services during the lapse period due to a delay in the verifications of bills.

Telecommunications
The Department received and paid invoices during the lapse period for telecommunications services received prior to June 30.

State Lottery Fund (711)

Contractual Services
The Department received and paid invoices for marketing fees during the lapse period for services that were rendered prior to June 30. In addition, the Department received and paid several DCMS facilities usage charges during the lapse period.

Travel
The Department received and paid travel vouchers during the lapse period for travel incurred by Lottery legal and promotional staff near the end of the fiscal year.

Commodities
The Department received and paid invoices during the lapse period for various commodities received prior to June 30.

Equipment
The Department received and paid invoices during the lapse period for two vans and a box truck received prior to June 30.

Electronic Data Processing
The Department paid a large amount of DCMS IT rationalization services during the lapse period due to a delay in the verifications of bills.

Telecommunications
The Department received and paid invoices during the lapse period for telecommunications services received prior to June 30.

State Lottery Fund (711) (cont.)

Developing and Promoting Lottery Games

The Department paid for a large amount of advertising expenses in lapse period due to a delay in finalization of the contract between the Lottery and the vendor. In addition, the Department received and paid invoices for promotional services that occurred prior to June 30.

Lottery Board

The Department made payments during the lapse period for per diem and travel expenses incurred by the Lottery Board during June.

Dram Shop Fund (821)

Electronic Data Processing

The Department paid a large amount of DCMS IT rationalization services during the lapse period due to a delay in the verifications of bills.

Telecommunications

The Department received and paid invoices during the lapse period for telecommunications services received prior to June 30.

Refunds

The Department paid an invoice during the lapse period for a refund requested in June. Only two refunds were paid during FY08, one of which during lapse.

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
ANALYSIS OF ACCOUNTS RECEIVABLE
For the Year Ended June 30, 2008

Taxes receivable (amounts expressed in thousands) at June 30, 2008 are as follows:

	General Fund	Nonmajor Governmental Funds	Fiduciary Funds
Taxes receivable:			
Income	$ 642,458	$ 105,511	$ -
Sales	621,984	187,127	115,749
Motor fuel tax	-	144,484	-
Public utility	11,399	12,852	24,780
Other	29,922	22,627	1,812
Total taxes receivable	$ 1,305,763	$ 472,601	$ 142,341
Less: allowance for Uncollectible taxes	466,691	125,584	-
Taxes receivable, net	$ 839,072	$ 347,017	$ 142,341

Collection Methods

The Department of Revenue (Department) utilizes two methods to collect past due receivables. The Department has offset procedures and they also utilize the services of an outside Collections Bureau. The Department has several different types of offsets which include: internal, Comptroller, federal, professional license revocation, certificate of registration revocation, liquor license revocation, liens, and assistance from the Attorney General's office. For small balanced and aged receivables, the Department utilizes the services of an outside Collections Bureau on a contingent fee basis.

Taxes Paid under Protest

Taxes paid under protest are received by the Department and are remitted to the State Treasurer, who holds such monies in a special fund known as the "Protest Fund." The taxpayer making a payment under protest has 30 days to file a complaint in chancery court and secure a temporary injunction. If an injunction is not secured within 30 days of deposit, the Treasurer transfers the money to the appropriate fund in the State Treasury.

Amounts paid under protest in any one fiscal period do not necessarily bear a direct relationship to such monies in another fiscal period, but depend on the frequency of challenges made by taxpayers to the various aspects of the multiple tax laws and regulations.

AGENCY FUNCTIONS AND PLANNING PROGRAM

General Operations

The Department of Revenue (Department) was established by the Civil Administrative Code of 1917 and is empowered to administer, collect, enforce and determine the distribution of the taxes imposed by the State's major tax acts. The Department collects approximately 67 percent of the receipts deposited into the General Revenue Fund.

A significant portion of the Department's total effort relates to the collection of the Retailers' Occupation and Related Taxes (ROT), income taxes, and personal property tax replacement taxes. The revenue collected from these sources approximates 80 percent of taxes collected by the Department. The remaining 20 percent of the Department's revenue is derived from the following taxes which the Department is empowered to collect:

Public Utilities:
- Electricity Excise Tax
- Telecommunications Excise Tax
- Telecommunications Infrastructure Maintenance Fee
- Energy Assistance and Renewable Energy
- Gas Tax Collections
- Invested Capital Tax and Electricity Distribution Tax

Hotel Operators' Occupation Tax (HOOT)
Motor Fuel Tax and Motor Fuel Use Taxes
Cigarette and Cigarette Use Taxes
Liquor Gallonage Tax
Racing Privilege Tax
Vehicle Use Tax
Bingo Tax and License Fees
Real Estate Transfer Tax
Coin-Operated Amusement Device Tax
Dry-Cleaning Solvent Tax and License Fees
Automobile Renting Occupation and Use Taxes
Replacement Vehicle Tax
Tire User Fee
Charitable Games Tax and License Fees
Pull Tabs and Jar Games Tax and License Fees
Underground Storage Tank Tax and Environmental Impact Fee
Tobacco Products Tax
Qualified Solid Waste Energy Facility Payments
Rental Housing Support Program Surcharge
Senior Citizens Real Estate Tax Deferral
Tennessee Valley Authority

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
ANALYSIS OF OPERATIONS
For the Year Ended June 30, 2008

General Operations – Continued

The Department administers and enforces the ordinances and resolutions of local governmental units that impose the following taxes:

Tax	Administrative Fee
Chicago Home Rule Use Tax	2 %
Chicago Soft Drink Tax	2 %
County Automobile Renting Tax	2 %
County Replacement Vehicle Tax	2 %
Municipal Automobile Renting Tax	1.6%
Municipal Replacement Vehicle Tax	1.6%
County Public Safety Tax	-
County School Facility Occupation Tax	2%
County Supplemental Tax	-
County Water Commission Tax	-
Home Rule County Option Motor Fuel Tax	2 %
Home Rule County Retailers' Occupation Tax	-
Home Rule Municipal Retailers' Occupation Tax	-
Illinois Sports Facilities Tax	4 %
Metro East Transit District ROT	-
Metropolitan Pier and Exposition Authority Tax	2 %
Municipal Hotel Operators' Occupation Tax (HOOT)	4 %
Regional Transportation Authority Public Transportation Tax (RTA)	½ %
Regional Transportation Authority ROT	-
Tennessee Valley Authority Tax	-

The administrative fee is withheld to cover the administrative costs in rendering the collection service for the local governmental units. The fee related to the RTA pertains to the RTA Motor Fuel Use Tax Act which was abolished on November 1, 1979.

In 1973, the Department was given the responsibility for administering and enforcing the "Senior Citizens' and Disabled Persons' Property Tax Relief Act" and the "Additional Tax Relief Act." These acts grant relief payments to senior citizens and disabled persons for real estate and other taxes. Contrary to the Department's primary mission of collecting taxes, its responsibility in this regard is to disburse funds.

General Operations – Continued

Operating Expense Analysis

Operating expenses are not reduced for the fees collected by the Department for administering the Metropolitan Pier and Exposition Authority Taxes, County Water Commission Retailers' Occupation Taxes, Regional Transportation Authority Taxes, Municipal Hotel Operators' Occupation Tax, Illinois Sports Facilities, Municipal and County Automobile Renters' Occupation Use Tax and Municipal and County Replacement Vehicle Tax. The fees collected are as follows:

Years Ended June 30	Fees Deposited in General Revenue Fund	Fees Deposited in Tax Compliance and Administrative Fund
2008	$2,222,554	$843,521
2007	2,218,411	808,095
2006	2,479,685	756,540

Operating expenses, derived by using only operations spending, subtracting out the General Revenue Fund transfers into the Senior Citizens Tax Deferral Fund, the Nursing Home Fund, Illinois Affordable Housing Costs, and equipment purchases from appropriated expenditures for the 14 months ended August 31, 2008, 2007, and 2006 per $1,000 of tax collected is summarized below.

Years Ended June 30	Tax Collections (in thousands)	Operating Expenses (in thousands)	$1,000 of Tax Collection
2008	$36,332,411	$175,779	$4.84
2007	30,406,497	164,066	5.11
2006	28,580,584	147,669	5.17

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
ANALYSIS OF OPERATIONS
For the Year Ended June 30, 2008

Agency Functions and Planning Program

The mission statement of the Illinois Department of Revenue (Department) is to maximize collection of revenues for the State of Illinois; ensure the integrity of the State's wagering activities; and effectively regulate the manufacture, distribution and sale of alcoholic beverages; all in a manner that promotes fair and consistent enforcement of State laws.

The primary responsibility of the Department is to serve as the tax collection agency for state government and for local governments. The Department also regulates riverboat gaming and the State's horse racing industry, administers the State's lottery, and regulates the manufacture, distribution and sale of alcoholic beverages. The Department also oversees local property tax assessments and functions as the funding agent for the Illinois Housing Development Authority.

The current Director of the Department is Mr. Brian A. Hamer. The headquarters is located at 101 West Jefferson, Springfield, Illinois.

The Department's operations are divided into the following primary areas:

Account Processing

This area processes, controls, and stores Illinois State tax returns and associated documents. In addition, tax processing maintains taxpayer accounts.

Tax Enforcement/Bureau of Audits

Through field and in-house audit activities, Tax Enforcement promotes voluntary compliance with Illinois tax laws by review of tax records to ensure the establishment and payment of all taxes due. The collections function pursues the collection of delinquent taxes and assists taxpayers with the accurate completion of Illinois tax returns. This function also promotes voluntary compliance through determination of criminal noncompliance and recommendation for prosecution of criminal violations of Illinois tax law.

Taxpayer Services

This area includes the Customer Services Bureau and Problems Resolutions Office. It also has jurisdiction over the Central Registration Division.

Information Services

This area provides application development, oversees automation support and maintains daily computer operations.

Agency Functions and Planning Program - Continued

Administrative Services

This area includes major support functions for the Department including: Human Resource Management, Revenue Accounting, and Property Management. Human Resource Management is responsible for training, benefit coordination, Equal Employment Opportunity advocacy, labor relations and coordination of personnel and payroll. Administrative Services also coordinates the purchase and payment of items procured through a voucher processing system, as well as centralized printing, mail, and facility coordination services.

Other Divisions of the Department

Illinois Gaming Board

The Illinois Gaming Board regulates riverboat gambling in Illinois.

Liquor Control Commission

The Liquor Control Commission regulates the manufacture, distribution and sale of alcoholic beverages.

Lottery

The Lottery program administers lottery wagering activities in Illinois.

Racing Board

The Racing Board regulates horse racing activities in Illinois.

ADMINISTRATIVE AND REGULATORY SHARED SERVICES CENTER (ARSSC) - Located at the Department of Revenue

Executive Order 2006-6, issued March 31, 2006, ordered the creation of a Division of Shared Services within the Department of Revenue to serve designated "administrative" agencies. The Shared Services Division created at the Department of Revenue was called the Administrative and Regulatory Shared Services Center (ARSSC) and combined certain functions of three "administrative" agencies: the Department of Central Management Services (DCMS), Department of Financial and Professional Regulation (DFPR), and Department of Revenue (DOR).

The stated purpose of the Division of Shared Services was to consolidate certain common administrative functions, such as human resources, personnel, payroll, timekeeping, procurement, and financial processes, currently being performed by individual agencies, to improve the ability of all State agencies to share management knowledge and capitalize on synergies and economies of scale.

The first function consolidated in the ARSSC was the human resources operations, which began in October 2007 with the signing of an interagency agreement between DOR, DCMS, and DFPR. Fiscal accounting personnel were transferred from the user agencies on May 1, 2008 and the functions were transferred on August 15, 2008. The total budgeted headcount of the ARSSC at June 30, 2008 was 138 positions.

In Fiscal Year 2007, the three agencies were appropriated \$21.9 million for costs and expenses related to or in support of the ARSSC Shared Services Center; \$18.8 million was appropriated in Fiscal Year 2008. Exhibit 1 summarizes the appropriations and expenditures for the three agencies participating in the ARSSC Shared Services Center in Fiscal Years 2007 and 2008.

Exhibit 1
ARSSC SHARED SERVICES APPROPRIATIONS AND EXPENDITURES
Fiscal Years 2007 and 2008

	Fiscal Year 2007		**Fiscal Year 2008**	
	Appropriations	**Expenditures**	**Appropriations**	**Expenditures**
DOR	$8,508,600	$8,187,828	$7,757,543	$7,656,590
DCMS	$9,523,400	$7,990,639	$7,891,907	$3,911,794
DFPR	$3,855,600	$3,724,072	$3,152,500	$2,943,857
TOTALS	**$21,887,600**	**$19,902,539**	**$18,801,950**	**$14,512,241**

Source: OAG from Comptroller data

ADMINISTRATIVE AND REGULATORY SHARED SERVICES CENTER (ARSSC) - Located at the Department of Revenue – Continued

As part of the development of the Shared Services Program, the Governor's Office of Management and Budget entered into contracts with several firms to perform consulting and professional services to facilitate the reorganization of common functions into Shared Services Centers, as well as provide staffing and organizational analyses.

The amount paid out by the State for these contracts totaled over $9 million over Fiscal Years 2006, 2007 and 2008. Exhibit 2 summarizes the amounts paid to the contractors over this time period.

Exhibit 2
AMOUNTS PAID TO SHARED SERVICES CONTRACTORS
Fiscal Years 2006, 2007, and 2008

Contractor	FY 2006	FY 2007	FY 2008	TOTAL
Deloitte Consulting LLP	$900,000	$3,772,500	$2,166,972	**$6,839,472**
Diamond Cluster		$1,240,789		**$1,240,789**
Public Financial Management		$537,503		**$537,503**
Harvey M. Rose Associates		$392,836		**$392,836**
Sequoia Consulting	$13,500			**$13,500**
TOTAL	**$913,500**	**$5,943,628**	**$2,166,972**	**$9,024,100**
Source: OAG from Comptroller and/or Agency Data				

The costs of these contracts were allocated among many of the State agencies designated to participate in the various Shared Services Programs. For the three State agencies under the ARSSC, the following amounts were paid:

- DOR: $49,500 to Deloitte in FY06, $1,963,625 to Deloitte in FY07, and $2,001,972 to Deloitte in FY08;
- DCMS: $124,500 to Deloitte in FY06 and $389,917 to Diamond Cluster in FY07; and
- DFPR: $30,000 to Deloitte in FY06.

As part of our review of the Shared Services Program statewide, we sent a survey to all agencies that received an appropriation for Shared Services operations in fiscal years 2007 and/or 2008. We also surveyed the Shared Service Centers and asked similar questions of them.

ADMINISTRATIVE AND REGULATORY SHARED SERVICES CENTER (ARSSC) - Located at the Department of Revenue – Continued

One of the goals of the Shared Services Program was to realize cost savings through consolidation of common functions of several agencies into one location. In its response to our survey, the ARSSC reported savings of $258,197 in Fiscal Year 2008. These are unaudited figures. The ARSSC did not report any savings in Fiscal Years 2006 or 2007. The savings reported for Fiscal Year 2008 were attributed to the elimination of 6 staff positions and their associated support costs. The ARSSC detailed the savings by agency as follows: Revenue -- $25,165; DFPR -- $88,682; and CMS -- $144,350.

In response to the survey auditors sent to the user agencies, two of the three agencies included in the ARSSC reported savings; the third did not.

- DFPR reported savings of $324,328 in Fiscal Year 2007 and $112,261 in Fiscal Year 2008, due to turnover and hiring lags in 4 positions in Fiscal Years 2007 and 2008.
- DOR reported savings of $25,165 in Fiscal Year 2008.
- DCMS reported there were no documented savings in Fiscal Year 2008, but noted that the Center "had indicated that it intends to abolish a net of 2 vacant positions transferred from CMS. More detail on cost reductions can be obtained from the Center."

The savings reported by the ARSSC agencies, which are unaudited figures, totaled $461,754. The unaudited savings reported consisted mainly of personal services and related costs for positions that are now vacant as a result of the consolidation into the ARSSC.

Exhibit 3 provides a comparison of the implementation costs reported by the three agencies to the savings reported by either the individual agencies or the ARSSC. The implementation costs reported by individual agencies include payroll and related costs, travel, moving, equipment and furniture acquisitions, temporary employees, telecommunications, and contractual services.

ADMINISTRATIVE AND REGULATORY SHARED SERVICES CENTER (ARSSC) - Located at the Department of Revenue – Continued

Exhibit 3
COMPARISON OF IMPLEMENTATION COSTS AND SAVINGS REPORTED
Fiscal Years 2006, 2007, and 2008
(Unaudited)

Agency	Implementation Costs Reported by Individual Agency	Savings Reported by Individual Agency	Savings Reported by ARSSC
DOR	$5,246,695	$25,165	$25,165
DCMS	$301,054-709,404[1]	$0	$144,350
DFPR	$327,232	$436,589	$88,682
TOTALS	**$5,874,981-6,283,331**	**$461,754**	**$258,197**

[1] DCMS reported their implementation costs as a range, in the absence of a cost allocation methodology at the time their response to the survey was prepared.
Source: Responses received to auditors' surveys.

The ARSSC's response to the auditors' survey stated, "Through fiscal year 2009, initial up front costs will have exceeded savings from $5.8 to $6.4 million. However, as the program moves forward, savings achieved by the ARSSC will ultimately far exceed associated costs." The ARSSC then provided a range of projected savings. However, given the uncertainty as to what the costs to implement the program are, as well as the variations in the savings reported by the individual agencies and the ARSSC, we question whether future savings, if any, can accurately be projected.

The amounts reported by the agencies in Exhibit 3 illustrate how the implementation costs have **significantly exceeded** savings through Fiscal Year 2008 by $5.4 to $5.8 million. The majority of that deficit is attributed to DOR, whose implementation costs have exceeded savings by over $5.2 million in that same time period.

As part of our compliance examinations conducted on agencies for the period ending June 30, 2008, we reviewed expenditures paid from appropriations for Shared Services at selected agencies during Fiscal Year 2008. At each of the three agencies covered by the ARSSC, we sampled expenditure transactions paid from the agency's Shared Services appropriation to determine whether they were related to the Shared Services Program.

ADMINISTRATIVE AND REGULATORY SHARED SERVICES CENTER (ARSSC) - Located at the Department of Revenue – Continued

Our auditors at DOR performed detail testing of 20 payroll vouchers, totaling $416,054, and 50 expenditure vouchers, totaling $1,664,403, and noted no exceptions.

Our auditors at DCMS performed detail testing of 15 payroll vouchers, totaling $183,253, and 50 expenditure vouchers, totaling $499,724, and noted the following:

- Five travel vouchers in the sample were for employees who were not providing services within the scope of Shared Services;
- Two expenditure vouchers in the sample were for goods or services that were not within the scope of Shared Services; and
- Two travel vouchers and one payroll voucher paid to a part-time employee who was employed by DCMS and the Office of the Governor. The interagency agreement and supporting documentation for this employee indicated the employee works for CMS's legal staff, which is not within the scope of Shared Services.

Our auditors at DFPR performed detail testing of 10 payroll vouchers, totaling $451,654, and 20 expenditure vouchers, totaling $158,269, and noted DFPR entered into a contract with a vendor to develop a cost allocation methodology. The contract's total value was $19,975, and DFPR signed an interagency agreement with the Department of Corrections to each pay 50% of the contract amount. The objective of the contract was to assist in the development of an indirect cost methodology and the preparation of a cost allocation plan that was acceptable and consistent with the cost allocation principles contained in OMB Circular A-87.

Our review this year focused on expenditures from the Shared Services Program appropriations and the costs of program implementation to date. While some agencies surveyed reported savings, it was premature to examine asserted savings and programmatic goals achieved at this time.

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
AVERAGE NUMBER OF EMPLOYEES
For the Year Ended June 30, 2008

	FY08 Average Headcount	FY07 Average Headcount
Government Services		
General Revenue	50	49
Motor Fuel Tax	6	2
Personal Property Tax Replacement	18	17
Illinois Tax Increment	4	4
Total Government Services	**78**	**72**
Tax Enforcement		
General Revenue	677	652
Motor Fuel Tax	102	104
County Motor Fuel Tax	2	2
Illinois Gaming Law Enforcement	3	3
Personal Property Tax Replacement	22	22
Underground Storage Tank	3	3
Home Rule Municipal ROT	3	3
Child Support Enforcement Trust	7	21
Total Tax Enforcement	**819**	**810**
Tax Operations		
General Revenue	575	633
Motor Fuel Tax	70	82
County Motor Fuel Tax	5	5
Illinois Gaming Law Enforcement	6	7
Personal Property Tax Replacement	77	77
Underground Storage Tank	9	9
Tax Compliance and Administration	27	27
Total Tax Operations	**769**	**840**
Illinois Gaming Board		
State Gaming Fund	**75**	**74**
Liquor Control Commission		
Dram Shop	42	43
Tobacco Settlement Recovery	-	1
Total Liquor Control Commission	**42**	**44**
Illinois Racing Board		
Horse Racing	**66**	**70**
Illinois State Lottery		
State Lottery	**176**	**179**
Shared Services		
General Revenue	61	-
Motor Fuel Tax	5	-
Dram Shop	1	-
Horse Racing	1	-
State Gaming Fund	2	-
State Lottery	6	-
Total Share Services	**76**	-
TOTAL DEPARTMENT	**2,101**	**2,089**

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
EMERGENCY PURCHASES
For the Year Ended June 30, 2008

The Department reported the following emergency purchases to the Office of the Auditor General during fiscal year 2008 :

DESCRIPTION OF EMERGENCY PURCHASE	AMOUNT
The Department engaged a vendor to provide data entry services for key entry and verification of individual income tax returns.	$ 165,965
TOTAL COST	$ 165,965

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
GAMING BOARD STATISTICS
Five Year Gaming Tax History
(Not Examined)

Calendar Year Comparison	**2003**	**2004**	**2005**	**2006**	**2007**
Number of Licensees	10	10	10	10	10
Adjusted Gross Receipts (AGR)	$ 1,709,943,480	$ 1,717,991,115	$ 1,798,912,344	$ 1,923,528,409	$ 1,983,386,762
Table Games	$ 251,895,773	$ 236,157,413	$ 231,446,105	$ 233,322,595	$ 233,974,384
Electronic Gaming Devices (EGD)	$ 1,458,047,707	$ 1,481,833,702	$ 1,567,466,239	$ 1,690,205,814	$ 1,749,412,378
Number of Admissions	16,597,552	15,331,021	15,323,166	16,180,360	16,525,437
AGR Per Admission	$ 103	$ 112	$ 117	$ 119	$ 120
Total Tax	$ 719,858,219	$ 802,161,018	$ 749,745,417	$ 830,239,764	$ 833,884,371
Wagering Tax	$ 659,882,032	$ 736,786,218	$ 692,806,990	$ 782,391,975	$ 784,931,153
Admissions Tax	$ 59,976,187	$ 65,374,800	$ 56,938,427	$ 47,847,789	$ 48,953,218
State Share	$ 617,797,595	$ 700,930,079	$ 644,462,903	$ 717,881,351	$ 718,157,094
Local Share	$ 102,060,624	$ 101,230,939	$ 105,282,514	$ 112,358,413	$ 115,727,277

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
GAMING BOARD STATISTICS
Calender Year Comparison Statistics
(Not Examined)

	Totals 2006	Totals 2007	% Change
Adjusted Gross Receipts (AGR)	$ 1,923,528,409	$ 1,983,386,762	3.11 %
Taxable AGR (includes adjustments)	$ 1,923,561,074	$ 1,984,036,703	3.14 %
Number of Table Games	228	219	(3.95) %
Table Drop	$ 1,334,464,111	$ 1,334,069,385	(0.03) %
Table AGR	$ 233,322,595	$ 233,974,384	0.28 %
AGR/Table/Day	$ 2,804	$ 2,927	4.40 %
Table Game AGR to Drop %	17.5 %	17.5 %	0.00 %
Number of Electronic Gaming Devices (EGD)	9,888	9,946	0.59 %
EGD Handle	$ 24,101,839,242	$ 24,076,716,234	(0.10) %
EGD AGR	$ 1,690,205,814	$ 1,749,412,378	3.50 %
AGR/EGD/Day	$ 468	$ 482	2.90 %
EGD AGR to Handle %	7.0 %	7.3 %	4.29 %
Admissions	16,180,360	16,525,437	2.13 %
AGR Per Admission	$ 118.88	$ 120.02	0.96 %
Total Tax	$ 830,239,764	$ 833,884,371	0.44 %
Wagering Tax	$ 782,391,975	$ 784,931,153.00	0.32 %
Admission Tax	$ 47,847,789	$ 48,953,218.00	2.31 %
Other Revenues	$ 1,700,979	$ 1,060,457	(37.66) %

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
GAMING BOARD STATISTICS
2007 Calendar Year Sources of Revenue
(Not Examined)

Table Games and Electronic Gaming Devices

Docksite	Total AGR	Table Games	% of Total	Electronic Gaming Devices	% of Total
Alton	$ 125,701,589	$ 7,560,606	6.0 %	$ 118,140,983	94.0 %
East Peoria	132,757,395	13,097,120	9.9	119,660,275	90.1
Rock Island	35,755,392	2,297,193	6.4	33,458,199	93.6
Joliet-Empress	240,157,707	23,009,371	9.6	217,148,336	90.4
Metropolis	170,054,243	21,245,512	12.5	148,808,731	87.5
Joliet-Harrah's	381,092,808	36,996,308	9.7	344,096,500	90.3
Aurora	272,475,694	32,780,873	12.0	239,694,821	88.0
East St. Louis	188,624,732	27,568,847	14.6	161,055,885	85.4
Elgin	436,767,202	69,418,554	15.9	367,348,648	84.1
Total	$ 1,983,386,762	$ 233,974,384	11.8 %	$ 1,749,412,378	88.2 %

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
GAMING BOARD STATISTICS
Five Year History of Distribution of Gaming Taxes
(Not Examined)

Distribution to Local Governments

	2003	2004	2005	2006	2007	% Change 2006 to 2007
Alton	$ 6,915,011	$ 6,774,624	$ 7,097,896	$ 7,554,349	$ 7,724,803	2.26%
East Peoria	8,707,604	8,253,947	8,117,498	7,901,581	8,011,938	1.40%
Rock Island	2,755,559	2,670,644	2,714,536	2,649,411	2,411,087	-9.00%
Joliet	29,494,538	28,775,387	31,721,572	34,864,387	36,168,333	3.74%
Metropolis	8,163,312	8,469,446	8,413,434	9,330,506	9,921,866	6.34%
Aurora	14,253,797	12,923,396	13,606,013	15,105,581	15,449,378	2.28%
East St. Louis	9,926,617	10,483,145	10,545,446	10,820,363	11,738,204	8.48%
Elgin	21,844,186	22,880,350	23,066,119	24,132,235	24,301,668	0.70%
Total	$ 102,060,624	$ 101,230,939	$ 105,282,514	$ 112,358,413	$ 115,727,277	3.00%

State Share of Gaming Taxes

Distribution	Admission Tax	Wagering Tax	Total
2006	31,667,429	686,213,922	717,881,351
2007	32,427,781	685,729,313	718,157,094
% Change	**2.40%**	**-0.07%**	**0.04%**

Local Share of Gaming Taxes

Distribution	Admission Tax	Wagering Tax	Total
2006	16,180,360	96,178,053	112,358,413
2007	16,525,437	99,201,840	115,727,277
% Change	**2.13%**	**3.14%**	**3.00%**

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
GAMING BOARD STATISTICS
Summary of Illinois Riverboat Data
(Not Examined)

Month	Admission Total	AGR Total	Taxes Collected State	Taxes Collected Local	Net Proceeds Per Admission
1994 Total	**$ 20,367,119**	**$ 979,551,111**	**$ 167,299,786**	**$ 69,344,675**	**$ 48.09**
1995 Total	**24,835,833**	**1,178,311,827**	**201,582,607**	**83,751,424**	**47.44**
1996 Total	**25,211,329**	**1,131,491,531**	**194,935,059**	**81,785,905**	**44.88**
1997 Total	**24,972,139**	**1,054,573,793**	**183,158,208**	**77,700,829**	**42.23**
1998 Total	**24,813,818**	**1,106,751,600**	**256,782,080**	**80,117,488**	**44.60**
1999 Total	**21,991,689**	**1,362,931,231**	**328,665,137**	**90,132,196**	**61.97**
2000 Total	**19,014,939**	**1,658,004,361**	**410,328,901**	**101,884,222**	**87.19**
2001 Total	**18,808,281**	**1,783,958,166**	**447,228,898**	**107,975,415**	**94.85**
2002 Total	**18,821,582**	**1,831,550,836**	**555,702,432**	**110,399,391**	**97.31**
2003 Total	**16,597,552**	**1,709,943,480**	**617,797,595**	**102,060,624**	**103.02**
2004 Total	**15,331,021**	**1,717,991,115**	**700,930,079**	**101,230,939**	**112.06**
2005 Total	**15,323,166**	**1,798,912,344**	**644,462,903**	**105,282,514**	**117.40**
January	1,350,159	161,573,750	19,936,570	9,419,168	119.67
February	1,285,732	153,776,757	26,725,015	8,979,219	119.60
March	1,382,377	167,846,272	38,724,698	9,775,285	121.42
April	1,323,459	160,477,808	43,507,993	9,355,790	121.26
May	1,354,341	161,705,826	49,771,763	9,434,441	119.40
June	1,309,247	152,515,361	146,529,199	8,927,999	116.49
July	1,458,249	171,177,932	61,706,097	10,015,778	117.39
August	1,407,345	161,307,918	64,244,975	9,472,982	114.62
September	1,375,048	160,012,042	64,661,802	9,377,521	116.37
October	1,316,411	155,360,177	65,093,319	9,103,649	118.02
November	1,266,856	153,185,693	65,445,214	8,916,814	120.92
December	1,351,136	164,588,873	71,534,706	9,579,767	121.82
2006 Total	**16,180,360**	**1,923,528,409**	**717,881,351**	**112,358,413**	**118.88**
January	1,315,333	159,250,023	19,661,197	9,278,738	121.07
February	1,191,768	150,216,237	26,006,624	8,696,057	126.04
March	1,483,896	184,206,822	42,608,692	10,699,593	124.14
April	1,346,645	167,631,649	46,022,578	9,724,079	124.48
May	1,354,572	166,000,294	52,214,012	9,658,005	122.55
June	1,390,381	164,893,782	125,006,022	9,638,260	118.60
July	1,454,494	173,339,131	64,582,572	10,125,174	119.17
August	1,517,363	172,262,771	69,137,082	10,152,113	113.53
September	1,434,880	166,673,392	67,605,015	9,798,836	116.16
October	1,414,910	164,576,467	68,584,389	9,613,126	116.32
November	1,350,151	159,434,609	69,108,629	9,324,559	118.09
December	1,271,044	154,901,585	67,620,282	9,018,737	121.87
2007 Total	**$ 16,525,437**	**$ 1,983,386,762**	**$ 718,157,094**	**$ 115,727,277**	**$ 120.02**

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
AUDIT COLLECTIONS STATISTICS
(Not Examined)

The following tables provide an analysis of the revenue collected by audit staff of the Department compared to the costs associated with the audit:

Audit Collections per Audit Staff:

	Revenue Collections (Audits)	**Audit Staff (Average)**	**Revenue / Audit Staff**
FY05	$205,616,197	437	$470,518
FY06	$214,020,180	464	$461,250
FY07	$290,791,333	476	$610,906
FY08	$284,833,027	495	$575,420

Audit Collections per Audit Related Expenditures:

	Revenue Collections	**Audit Related Expenditures**	**Revenue / $ Spent**
FY05	$205,616,197	$37,131,256	$5.5
FY06	$214,020,180	$38,033,371	$5.6
FY07	$290,791,333	$41,707,747	$7.0
FY08	$284,833,027	$47,275,341	$6.0

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Year Ended June 30, 2008
(Not Examined)

Administer State and Local Tax Laws:

Mission Statement: To maximize collection of revenues for the State of Illinois.

Program Goals:

Objectives:

1. Enhance tax enforcement.
   a. Re-deploy resources to focus on enforcement.

2. Improve efficiency and effectiveness.
   a. Expand electronic filing and payment offerings.

3. Advocate sound tax policies.
   a. Close tax loopholes and eliminate unjustified tax avoidance schemes.
   b. Develop accurate revenue forecasts.

4. Improve the quality and accessibility of taxpayer education and information.
   a. Increase self-help and interactive tax assistance options.

Funds:

- General Revenue Fund
- Motor Fuel Tax – State Fund
- Transportation Regulatory Fund
- Underground Storage Tank Fund
- Home Rule Municipal Retailers' Occupation Tax Fund
- Illinois Department of Revenue Federal Trust Fund
- State and Local Sales Tax Reform Fund
- RTA Occupation and Use Tax Replacement Fund
- County Option Motor Fuel Tax Fund
- Income Tax Refund Fund
- Debt Collection Fund
- Illinois Tax Increment Fund
- Tax Compliance and Administration Fund
- Local Government Distributive Fund
- Municipal Telecommunications Fund
- Personal Property Tax Replacement Fund

Statutory Authority: 35 ILCS

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Year Ended June 30, 2008
(Not Examined)

Administer State and Local Tax Laws	Fiscal Year 2006 Actual	Fiscal Year 2007 Actual	Fiscal Year 2008 Target/ Projected	Fiscal Year 2008 Actual	Fiscal Year 2009 Target/ Projected
Input Indicators					
Total expenditures all sources (in thousands)	$ 4,125,824	$ 4,400,887	$ 5,512,638	$ 4,666,692	$ 5,859,988
Total expenditures - State appropriated funds (in thousands)	$ 414,253	$ 448,067	$ 509,608	$ 503,038	$ 530,488
Average monthly full-time equivalents	1,627	1,662	1,769	1,684	1,740
Total expenditures - operations (State appropriated funds - in thousands)	$ 134,676	$ 154,665	$ 179,006	$ 175,779	$ 203,256
Total expenditures - grants and refunds (State appropriated funds - in thousands)	$ 279,577	$ 293,402	$ 330,602	$ 327,259	$ 327,232
Output Indicators					
Number of State and local taxes administered	70	70	70	70	70
State and local tax and fee collections (in millions)	$ 28,580	$ 30,246	$ 31,800	$ 36,332	$ 37,500
Number of tax return documents processed- includes alternatively filed methods	17,002,025	17,177,634	17,200,000	17,210,322	17,250,000
Number of individual income tax returns processed	5,712,563	5,963,636	5,800,000	6,119,040	6,000,000
Number of individual income tax refunds issued	3,778,660	3,677,188	3,700,000	3,948,748	3,925,000
Number of direct deposits	1,727,327	1,873,933	1,950,000	2,111,507	2,350,000
Number of new registration applications processed	93,395	88,435	90,000	83,253	85,000
Number of active registration accounts	826,608	847,646	860,000	869,135	875,000
Delinquent tax debt cases closed	277,697	282,112	290,000	375,495	280,000
Delinquent tax debt collections (in thousands)	$ 335,658	$ 365,496	$ 350,000	$ 403,263	$ 375,000
Number of phone calls answered on toll-free assistance lines	489,759	602,873	620,000	662,427	675,000

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Year Ended June 30, 2008
(Not Examined)

Administer State and Local Tax Laws - (Continued)	Fiscal Year 2006 Actual	Fiscal Year 2007 Actual	Fiscal Year 2008 Target/ Projected	Fiscal Year 2008 Actual	Fiscal Year 2009 Target/ Projected
Outcome Indicators					
Number of individual income tax returns filed electronically	2,534,669	2,755,376	2,900,000	3,174,857	3,400,000
Percent of individual income tax returns filed electronically	45%	47%	50%	52%	57%
Percent of tax and fee collections received via electronic funds transfer (EFT)	62%	61%	63%	61%	64%
Total tax and fee collections received via Electronic Funds Transfer (EFT) (in millions)	$ 17,136	$ 18,583	$ 20,000	$ 20,020	$ 21,500
Average number of days from receipt of registration application to mailing of certificate	8.7	7.5	8.3	12.6	8.3
Average number of days from receipt of payment until deposit	1.0	1.0	1.0	1.0	1.0
Percent of dollars deposited on same day as receipt	92%	89%	89%	90%	91%
Percent of accurately and timely filed individual income tax returns	95%	94%	94%	92%	94%
Average number of days to issue an individual income tax refund	36.7	35.2	35.0	30.2	32.0
Efficiency/Cost-Effectiveness					
Cost to collect $1,000 of tax and fees (in dollars)	$ 5.00	$ 5.10	$ 5.60	$ 4.80	$ 5.40
Tax and fee collections per staff (in millions)	$ 17.6	$ 18.2	$ 18.0	$ 21.6	$ 21.6
Delinquent tax debt collections per dollar spent on delinquent debt collection process (in dollars)	$ 27	$ 28	$ 26	$ 27	$ 27

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Year Ended June 30, 2008
(Not Examined)

Gaming Board:

Mission Statement: Ensure the integrity of riverboat gambling in Illinois through effective regulation and oversight.

Program Goals:

Objectives:

1. Ensure fair gaming in a safe environment.

2. Maintain the integrity of the tax and fee payment, collection and distribution process.

3. Ensure that individuals and entities engaged in riverboat gambling are suitable.

4. Effectively maintain the self-exclusion program, which allows individuals with gambling problems to ban themselves from all Illinois Riverboat Casinos.

Funds: State Gaming Board

Statutory Authority: 230 ILCS 10

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Year Ended June 30, 2008
(Not Examined)

Gaming Board	Fiscal Year 2006 Actual	Fiscal Year 2007 Actual	Fiscal Year 2008 Target/ Projected	Fiscal Year 2008 Actual	Fiscal Year 2009 Target/ Projected
Input Indicators					
Total expenditures all sources (in thousands)	$ 14,409.5	$ 16,790.5	$ 18,781.8	$ 17,314.7	$ 20,005.0
Total expenditures - State appropriated funds (in thousands)	$ 14,409.5	$ 16,790.5	$ 18,781.8	$ 17,314.7	$ 20,005.0
Average monthly full-time equivalents	69.0	77.0	95.0	77.0	86.0
Output Indicators					
Number of operating riverboats in Illinois	9.0	9.0	9.0	9.0	9.0
Number of active occupational licenses	8,931	8,422	8,500	8,010	8,600
Number of incident reports filed	3,590	4,451	4,500	4,561	4,500
Number of level one occupational investigations	16.0	17.0	20.0	26.0	20.0
Number of payments received	2,484	2,501	2,495	2,483	2,503
Number of payments and transfers made	36.0	38.0	36.0	35.0	36.0
Number of quarterly and annual audits	45.0	45.0	45.0	45.0	45.0
Outcome Indicators					
Percentage of audits reviewed in 90 days	100%	100%	100%	100%	100%
Percent of level one investigations completed within six months of receipt of complete application	44%	70%	100%	88%	100%
Percent of payments received on time	100%	100%	100%	100%	100%
Percent of transfers made on time	100%	100%	100%	100%	100%
Complete investigations of all key persons within one year of application and within three months prior to renewal	32%	86%	100%	97%	100%
Total 12 month attendance at riverboat casinos	15,813,307	16,257,640	16,500,000	15,971,101	16,000,000

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Year Ended June 30, 2008
(Not Examined)

Liquor Control Commission:

Mission Statement: To effectively regulate the manufacture, distribution, and sale of alcoholic beverages, and reduce youth access to tobacco products.

Program Goals:

Objectives:

1. Ensure statewide compliance with the provisions, rules and regulations of the Illinois Liquor Control Act.

2. Reduce youth access to tobacco products in Illinois.

3. Review and determine eligibility of business entities to hold a liquor license in the State of Illinois.

4. Develop a public awareness campaign related to minimum-age liquor laws and to educate retail liquor establishments on how to guard against illegal sales and services to minors.

Funds: Tobacco Settlement Recovery Fund, Dram Shop Fund

Statutory Authority: 235 ILCS 5/1 et seq.

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Year Ended June 30, 2008
(Not Examined)

Liquor Control Commission	Fiscal Year 2006 Actual	Fiscal Year 2007 Actual	Fiscal Year 2008 Target/ Projected	Fiscal Year 2008 Actual	Fiscal Year 2009 Target/ Projected
Input Indicators					
Total expenditures all sources (in thousands)	$ 4,981.0	$ 5,053.8	$ 5,913.2	$ 5,410.6	$ 6,283.3
Total expenditures - State appropriated funds (in thousands)	$ 4,981.0	$ 5,053.8	$ 5,913.2	$ 5,410.6	$ 6,283.3
Average monthly full-time equivalents	44.0	41.0	47.0	39.0	48.0
Output Indicators					
Inspections- Total	17,036	15,464	16,000	18,742	19,000
Licenses Issued	23,365	26,454	27,000	27,104	27,250
Outcome Indicators					
Liquor inspections compliance rate	76.7%	69.4%	80.0%	63.3%	80.0%
Tobacco retailers compliance rate on State Annual Survey	94.0%	90.5%	90.0%	94.7%	94.0%

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Year Ended June 30, 2008
(Not Examined)

Lottery:

Mission Statement: To help generate revenue for public education through the sale of entertaining lottery tickets.

Program Goals:

Objectives:

1. To develop and market lottery games that maximizes public participation and focus public attention on the Lottery as the preferred choice for legal gaming
   a. Develop multi-faceted public relations/earned media campaign that builds public awareness and approval of the Lottery's role in public education funding.
   b. Develop game and or marketing changes to enhance sales of under performing online game portfolio.
   c. Continue to grow game sales by increasing the use and proliferation of later point-of-purchase technology.

2. To award all prizes and incentives in a timely, efficient and secure manner.

Funds: State Lottery Fund

Statutory Authority: 20 ILCS 1605

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Year Ended June 30, 2008
(Not Examined)

Lottery	Fiscal Year 2006 Actual	Fiscal Year 2007 Actual	Fiscal Year 2008 Target/ Projected	Fiscal Year 2008 Actual	Fiscal Year 2009 Target/ Projected
Input Indicators					
Total expenditures all sources (in thousands)	$ 1,989,200.0	$ 2,021,258.2	$ 2,027,199.9	$ 2,078,228.4	$ 2,120,500.0
Total expenditures - State appropriated funds (in thousands)	$ 343,033.7	$ 331,427.4	$ 376,641.5	$ 344,884.5	$ 376,207.0
Average monthly full-time equivalents	178.0	183.0	191.0	179.0	181.0
Operating Expenses (in millions)	$ 54.7	$ 54.8	$ 61.5	$ 49.8	$ 61.2
Output Indicators					
Sales (in millions)	$ 1,989.2	$ 2,021.3	$ 2,027.2	$ 2,078.2	$ 2,120.5
Outcome Indicators					
Transfers to the Common School Fund (in millions)	$ 671.0	$ 607.4	$ 650.0	$ 657.0	$ 645.0
Percentage of sales transferred to the Common School Fund	33.7%	30.1%	32.1%	31.6%	30.4%

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Year Ended June 30, 2008
(Not Examined)

Racing Board:

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

Program Goals:

Objectives:

1. Ensure horse racing is conducted in a fair and competitive manner and is in strict compliance of all rules and regulations of the Board.

2. Protect and maintain the integrity of the pari-mutuel wagering system.

3. Encourage, promote and stimulate growth within the horse racing industry.

4. Enforce the Illinois Racing Board's medication rules through drug testing to ensure races are conducted without the presence of prohibited substances and are within the limits of permissible race day medication.

Funds: Horse Racing Fund.

Statutory Authority: 230 ILCS 5

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Year Ended June 30, 2008
(Not Examined)

Racing Board	Fiscal Year 2006 Actual	Fiscal Year 2007 Actual	Fiscal Year 2008 Target/ Projected	Fiscal Year 2008 Actual	Fiscal Year 2009 Target/ Projected
Input Indicators					
Total expenditures all sources (in thousands)	$ 6,687.0	$ 6,888.1	$ 8,096.5	$ 7,210.0	$ 8,271.5
Total expenditures - State appropriated funds (in thousands)	$ 6,687.0	$ 6,888.1	$ 8,096.5	$ 7,210.0	$ 8,271.5
Average monthly full-time equivalents	68.0	75.0	76.0	72.0	76.0
Output Indicators					
Total number of steward rulings issued	1,203	1,056	1,000	803	800
Outcome Indicators					
Horse laboratory proficiency testing score (test sample accuracy)	100%	100%	100%	100%	100%
Total number of administrative appeals of steward's rulings issued	40.0	47.0	45.0	11.0	15.0
Number of live races contested per steward ruling issued (violations)	5.8	6.3	6.0	7.9	7.5