

**STATE OF ILLINOIS
ILLINOIS GAMING BOARD**

FINANCIAL AUDIT
FUND 129 - STATE GAMING FUND
For the Year Ended June 30, 2010
AND
COMPLIANCE EXAMINATION
For the Year Ended June 30, 2010

STATE OF ILLINOIS
ILLINOIS GAMING BOARD
For the Year Ended June 30, 2010

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ILLINOIS GAMING BOARD
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BOARD OFFICIALS

ILLINOIS GAMING BOARD

Chairman	Judge Aaron Jaffe
Board member	Charles Gardner
Board member	Rev. Eugene Winkler
Board member	Joe Moore Jr.
Board member	Judge James E. Sullivan
Administrator	Mark Ostrowski
General Counsel	Michael Fries (7/1/09-12/15/10)
Acting General Counsel	Erin Alexander (12/16/10-Current)
Deputy General Counsel	Erin Alexander (7/1/09-12/15/10) Vacant (12/16/10-Current)
Deputy Administrators:	
Enforcement	Bruce Banks
Investigations	Scott Deubel
Audit and Financial Analysis	Douglas Bybee
Finance and Administration	Kathy Spain
Chief Fiscal Officer	Mark Lewis

Agency offices are located at:

801 South Seventh Street
Suite 400 – South
Springfield, IL 62794

160 North LaSalle
Suite 300
Chicago, Illinois 60601

9511 West Harrison
Des Plaines, IL 60016



ILLINOIS GAMING BOARD

Pat Quinn • Governor • Aaron Jaffe • Chairman • Mark Ostrowski • Administrator

160 North LaSalle ♦ Suite 300 ♦ Chicago, Illinois 60601 ♥ tel 312/814-4700 ♦ fax 312/814-4602

MANAGEMENT ASSERTION LETTER

June 20, 2011

Honorable William G. Holland
Auditor General
State of Illinois
Iles Park Plaza
740 E. Ash
Springfield, IL 62703-3152

Dear Mr. Holland:

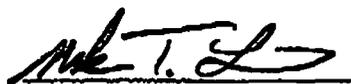
We are responsible for the identification of, and compliance with, all aspects of laws, regulations and contracts that could have a material effect on the operations of the Illinois Gaming Board (Board). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Board's compliance with the following assertions during the year ended June 30, 2010. Based on this evaluation, we assert that during the year ended June 30, 2010, the Board has materially complied with the assertions below.

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

Yours very truly,

Illinois Gaming Board

 6.10.11
(Mark Ostrowski, Administrator)


(Mark Lewis, Chief Fiscal Officer)

STATE OF ILLINOIS
ILLINOIS GAMING BOARD
For the Year Ended June 30, 2010

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

<u>Number of</u>	<u>Current</u>	<u>Prior</u>
Findings	8	*
Repeated findings	0	*
Prior recommendations implemented or not repeated	0	*

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

*Pursuant to Executive Order 09-5, effective July 1, 2009, the functions and all associated powers, duties, rights, and responsibilities of the Illinois Gaming Board that were provided by the Department of Revenue were transferred to the Illinois Gaming Board as a separate agency. As such, comparative data for fiscal years prior to July 1, 2009 is unavailable.

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (<i>GOVERNMENT AUDITING STANDARDS</i>)			
10-1	12	Lack of Controls Governing the Transfer Required by the Illinois Administrative Code	Material Weakness

STATE OF ILLINOIS
ILLINOIS GAMING BOARD
For the Year Ended June 30, 2010

FINDINGS (STATE COMPLIANCE)

10-2	14	Central Communications System Procurement-Evaluation Certification	Significant Deficiency Noncompliance
10-3	16	Central Communications System Procurement-Documenting Evaluation Meetings	Significant Deficiency Noncompliance
10-4	18	Central Communication System Procurement-Evaluation Review	Material Weakness Material Noncompliance
10-5	21	Inadequate Reconciliation and Reporting of Property	Material Weakness Material Noncompliance
10-6	25	Inaccurate Quarterly Accounts Receivable Reporting	Material Weakness Material Noncompliance
10-7	28	Inadequate Controls over Personal Services	Significant Deficiency Noncompliance
10-8	31	Inadequate Controls over Contractual Agreements	Significant Deficiency Noncompliance

In addition, the following findings which are reported as current findings relating to *Government Auditing Standards* also meet the reporting requirements for State Compliance.

10-1	12	Lack of Controls Governing the Transfer Required by the Illinois Administrative Code	Material Weakness Material Noncompliance
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EXIT CONFERENCE

The Illinois Gaming Board waived an exit conference in a letter dated May 11, 2011. Responses to the recommendations were provided by Mark Ostrowski, Administrator, in a letter dated May 25, 2011.

SPRINGFIELD OFFICE:
ILES PARK PLAZA
740 EAST ASH • 62703-3154
PHONE: 217/782-6046
FAX: 217/785-8222 • TTY: 888/261-2887



CHICAGO OFFICE:
MICHAEL A. BILANDIC BLDG. • SUITE S-900
160 NORTH LASALLE • 60601-3103
PHONE: 312/814-4000
FAX: 312/814-4006

OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

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

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have examined the State of Illinois, Illinois Gaming Board's compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the year ended June 30, 2010. The management of State of Illinois, Illinois Gaming Board is responsible for compliance with these requirements. Our responsibility is to express an opinion on State of Illinois, Illinois Gaming Board's compliance based on our examination.

- A. The State of Illinois, Illinois Gaming Board has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The State of Illinois, Illinois Gaming Board has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The State of Illinois, Illinois Gaming Board has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the State of Illinois, Illinois Gaming Board are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the State of Illinois, Illinois Gaming Board on behalf of the State or held in trust by the State of Illinois, Illinois Gaming Board 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 State of Illinois, Illinois Gaming Board's compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on State of Illinois, Illinois Gaming Board's compliance with specified requirements.

As described in finding 10-1, 10-4, 10-5 and 10-6 in the accompanying schedule of findings, State of Illinois, Illinois Gaming Board did not comply with requirements regarding:

- B. The State of Illinois, Illinois Gaming Board has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The State of Illinois, Illinois Gaming Board has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

Compliance with such requirements is necessary, in our opinion, for State of Illinois, Illinois Gaming Board to comply with the requirements listed in the first paragraph of this report.

In our opinion, except for the noncompliance described in the preceding paragraph, State of Illinois, Illinois Gaming Board complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the year ended June 30, 2010. 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 items 10-2, 10-3, 10-7 and 10-8.

Internal Control

The management of State of Illinois, Illinois Gaming Board is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the State of Illinois, Illinois Gaming Board's internal control over compliance with the requirements listed in the first paragraph of this report as a basis for designing our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Illinois Gaming Board's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been

identified. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency* in an entity's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with the requirements listed in the first paragraph of this report on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in internal control over compliance as described in the accompanying schedule of findings as items 10-1, 10-4, 10-5 and 10-6 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as items 10-2, 10-3, 10-7 and 10-8 to be significant deficiencies.

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

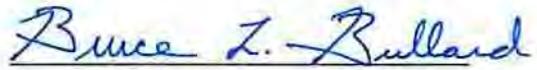
State of Illinois, Illinois Gaming Board's responses to the findings identified in our examination are described in the accompanying schedule of findings. We did not examine State of Illinois, Illinois Gaming Board's responses and, accordingly, we express no opinion on the responses.

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information 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 2010 Supplementary Information for State Compliance Purposes, except for the Service Efforts and Accomplishments and the Gaming Board Statistics 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 1991-2009 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, the Illinois Gaming Board and Board management and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "Bruce L. Bullard". The signature is written in a cursive style with a horizontal line underneath the name.

Bruce Bullard, CPA
Director of Financial and Compliance Audits

June 20, 2011

SPRINGFIELD OFFICE:
ILES PARK PLAZA
740 EAST ASH • 62703-3154
PHONE: 217/782-6046
FAX: 217/785-8222 • TTY: 888/261-2887



CHICAGO OFFICE:
MICHAEL A. BILANDIC BLDG. • SUITE 5-900
160 NORTH LASALLE • 60601-3103
PHONE: 312/814-4000
FAX: 312/814-4006

OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

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

Honorable William G. Holland
Auditor General
State of Illinois

We have audited the State Gaming Fund of the State of Illinois, Illinois Gaming Board, as of and for the year ended June 30, 2010, and have issued our report thereon dated June 20, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the State of Illinois, Illinois Gaming Board's internal control over financial reporting of the State Gaming Fund as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois, Illinois Gaming Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Illinois Gaming Board's internal control over financial reporting.

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

A deficiency in internal control 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 and correct misstatements on a timely basis. *A material weakness* is a deficiency,

or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in finding 10-1 in the accompanying schedule of findings to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of Illinois, Illinois Gaming Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

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



Bruce L. Bullard, CPA

Director of Financial and Compliance Audits

June 20, 2011

STATE OF ILLINOIS
ILLINOIS GAMING BOARD
SCHEDULE OF FINDINGS
GOVERNMENT AUDITING STANDARDS
For the Year Ended June 30, 2010

10-1. **FINDING** (Lack of Controls Governing the Transfer Required by the Illinois Administrative Code)

The Illinois Gaming Board (Board) did not have formal written procedures and supporting documentation detailing the calculation for the transfers made to the Education Assistance Fund (EAF). In addition, the Board did not have adequate segregation of duties to approve the final amount transferred to the Education Assistance Fund. The Board was unable to support the amounts transferred by a management employee that went on leave of absence.

The Illinois Administrative Code (Code) (86 Ill. Admin. Code 3000.1071(q)) states the required formula that is to be used in order to calculate how much and how often the Board should transfer monies into the EAF. The auditors noted that while the Board did use the required formula to prepare its Fund Balance Report (Report), which is used to determine the amount that is to be transferred to the EAF, none of the actual transfers made during FY10 reconciled to the Reports prepared by Board personnel. Without formal written procedures documenting the final calculation of the amount transferred and a second review of the amount transferred, the Board was unable to justify the amounts transferred due to the employee being on leave of absence.

Month	Amount Per Code	Actual Transfers Made	Unexplained Difference
July	\$32,000,000	\$35,000,000	\$3,000,000
August	\$40,200,000	\$40,000,000	(\$200,000)
September	\$49,600,000	\$45,000,000	(\$4,600,000)
October	\$39,300,000	\$40,000,000	\$700,000
November	\$40,200,000	\$40,000,000	(\$200,000)
December	\$43,300,000	\$42,000,000	(\$1,300,000)
January	\$21,400,000	\$21,000,000	(\$400,000)
February	\$12,200,000	\$15,000,000	\$2,800,000
March	\$21,400,000	\$20,000,000	(\$1,400,000)
April	\$30,600,000	\$25,000,000	(\$5,600,000)
May	\$26,200,000	\$25,000,000	(\$1,200,000)
June	<u>\$35,900,000</u>	<u>\$35,000,000</u>	<u>(\$900,000)</u>
Total	<u>\$392,300,000</u>	<u>\$383,000,000</u>	<u>(\$9,300,000)</u>

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, 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. Good internal control procedures require that there

STATE OF ILLINOIS
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SCHEDULE OF FINDINGS
GOVERNMENT AUDITING STANDARDS
For the Year Ended June 30, 2010

be adequate segregation of duties with respect to control functions such as transfer calculations and the review thereof.

The Code requires the Board to “determine the amount of excess funds subject to transfer based upon the difference between the State Gaming Fund balance and the outstanding obligations, including any outstanding share of Admission and Wagering Taxes due to local governments...”(86 Ill. Admin. Code 3000.1071(q))

The Board stated that Board personnel would prepare the Report for submission to a management employee. The Report would include the fund balance as of a certain date and back out the Board's obligations to locals, operational expenses, and previous EAF transfers that were still in process. This would give the management employee an "Available Funds" balance for transfer to the EAF. However, the Board is unable to explain why the management employee deviated from the Report that was provided to them when making the transfer.

The lack of formal documented procedures and processes increases the risk that valuable knowledge and information could be lost in the event of an employee leaving. The lack of adequate segregation of duties and a supervisory review of transfer transactions increases the risk that an error could occur and not be detected. As a result, the mandated transfer could be potentially understated by \$9,300,000 for FY10. (Finding Code No. 10-1)

RECOMMENDATION

We recommend the Board implement formal documented procedures regarding the calculation of the transfer. We further recommend the Board designate an individual to review the transfer documentation who is independent of the transfer calculation and transfer initiation documents.

BOARD RESPONSE

Agreed. The Board has already formalized procedures regarding the calculation of the transfer. In addition, another management employee now reviews, approves and authorizes the transfer documentation who is independent of the calculation of the transfer initiation documents.

STATE OF ILLINOIS
ILLINOIS GAMING BOARD
SCHEDULE OF FINDINGS
STATE COMPLIANCE
For the Year Ended June 30, 2010

10-2. **FINDING** (Central Communications System Procurement-Evaluation Certification)

Illinois Gaming Board (Board) employees who evaluated the proposals for the Central Communications System (CCS) failed to provide evidence of the date evaluations were conducted.

During our review of the procurement processes utilized by the Board in selecting a vendor to provide a CCS, we examined the procurement files maintained by the Board. We found:

- **Administrative Review:** The Board's Administrative Review Form provides sections for the reviewer to sign and date the review. While the reviewer did sign the Form, none of the five reviews indicated the date that the reviewer performed the review.
- **Mandatory System Requirements Review:** The Board's *Mandatory System Requirements Form* provides sections for the reviewer to determine whether requirements were met or not, comment on the ratings, and to date when the evaluation was conducted. There were six reviewers and five proposals to review. Sixty-seven percent of the reviews (20 of 30) were not dated by the reviewers. Additionally, for one proposal (New Way Gaming) 4 of the 6 reviewers did not complete the evaluation and one of those forms did not even identify who the reviewer was. None of the Forms have a section where the reviewer can certify the ratings via reviewer signature.
- **Technical Evaluation Review:** The Board's Technical Review Form provides sections for the reviewer to assign a point value to specific criteria and provide comments for those ratings. The Form does not provide a section for the reviewer to identify when the review was completed. None of the 24 evaluations conducted by the evaluation team indicated when the review took place. None of the Forms have a section where the reviewer can certify the ratings via reviewer signature.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies, including the Board, to establish and maintain a system, or systems, of internal fiscal and administrative controls. These controls should provide assurance that: (1) resources are utilized efficiently, effectively, and in compliance with applicable law; and (2) obligations and costs are in compliance with applicable law. This would include establishing an audit trail for when evaluations are conducted to create a transparent procurement process.

The Board reported that the Administrative Reviews were conducted on the same day as opening of the vendor proposals, a date which is typed on the Forms. Absent a signed date, auditors would be unable to determine if the Board statement was accurate. Additionally, the Board indicated that it does not have a policy for dating evaluation documentation.

Certifying evaluation ratings with a signature provides assurance that the individual agrees with the ratings included on the Form. Dating evaluation forms provides an audit trail for increased transparency to the procurement process. (Finding Code No. 10-2)

STATE OF ILLINOIS
ILLINOIS GAMING BOARD
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STATE COMPLIANCE
For the Year Ended June 30, 2010

RECOMMENDATION

We recommend the Board direct staff that review procurement opportunities to date the evaluations to increase transparency in the process. Additionally, the Board should revise evaluation forms to include a section for the reviewer to certify the ratings with their signature.

BOARD RESPONSE

The Gaming Board agrees. In future procurements, the Gaming Board will direct staff that review procurements to date their evaluations. The Gaming Board will further revise its evaluation forms for future procurements to include a section for the reviewer to certify the ratings with their signature.

The Gaming Board further responds that, with respect to the evaluation of the proposal submitted by New Way Gaming, although 4 of the 6 reviewers did not complete the evaluation forms, the Evaluation Team documented its difficulty reviewing New Way Gaming's proposal in a memorandum that was in the procurement file. Specifically, the memorandum noted that "the Team could not ascertain whether New Way Gaming met most of [the mandatory] requirements." The memorandum further noted that "the only mandatory requirement that the Team is certain that New Way Gaming met was MI – the primary central communication system will be located at an approved location in Illinois." The Evaluation Team determined since New Way Gaming did not meet the mandatory requirements, no further evaluation was necessary.

STATE OF ILLINOIS
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STATE COMPLIANCE
For the Year Ended June 30, 2010

10-3. **FINDING** (Central Communications System Procurement- Documenting Evaluation Meetings)

Illinois Gaming Board (Board) procurement files did not contain adequate records to evidence that the Evaluation Committee for the Central Communications System (CCS) procurement met. Additionally, there was no documentation to show that significant scoring differences were discussed by committee members.

During our review of the procurement processes utilized by the Board in selecting a vendor to provide a CCS, we examined the procurement files maintained by the Board. The file did contain a summary memo dated April 29, 2010, stating, “*The committee met on multiple occasions.*” However, there was no documentation in the file to support those meetings, either who attended or what topics were discussed. The following evaluation differences, for which there was no indication that the committee discussed the differences, were found:

- In the Mandatory System Requirements evaluation of the Intralot proposal, Evaluator #6 answered the Met/Not Met criteria with “?” for the following criteria for which the other five reviewers all scored as “Met:”
 - M5. The vendor must describe the process, timeline and approach for installation of the quarterly batches including notification of changes to the Agency.
 - M6. The vendor must support emergency software releases and describe the process and approach for installation of emergency software releases including notification of changes to the Agency.
 - M9. The vendor must provide a project request database management system...ad-hoc reports or any new management, audit or investigative reports.
 - M35. All central communications system hardware and system software must be replaceable at any time by more modern models or versions simply by means of system upgrades.
- In the Technical Evaluations completed by committee members:
 - One of the six evaluators, Evaluator #4, provided consistently fewer comments for the ratings he gave to each of the vendor proposals.
 - In the points assigned to Technology Exclusive: points for experience in managing other Central Communications Systems ranged from 10 for Reviewer #5 to 48 for Reviewer #6 for the 50 point category; points for the number of years operating other Central Communications Systems ranged from 10 for Reviewer #4 to 38 for Reviewer #6 for the 40 point category.

Issues in Public Purchasing, published by the National Association of State Purchasing Officials, notes the responsibilities of an evaluation committee include keeping “...accurate records of all meetings, conferences and negotiations.” CMS Evaluation Guidelines state, “Any major differences in scores should be discussed to determine whether an error was made; or an evaluator missed or misinterpreted a vendor’s proposal.”

The Board reported that “although the procurement files maintained by the Board with respect to the FY10 CCS RFP do not adequately document the dates the Evaluation Team met, who

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SCHEDULE OF FINDINGS
STATE COMPLIANCE
For the Year Ended June 30, 2010

was present and what was discussed, the Evaluation Team did meet on multiple occasions and discussed all aspects of the proposals, including scoring and differences in scoring. The Evaluation Team's evaluation sheets reflect those discussions. All members of the Evaluation Team were given the opportunity to express their opinions regarding specific issues and specific scores. Each Evaluation Team member's scores reflect that team member's individual opinion. The evaluation sheets reflect the open and unbiased opinion of each Evaluation Team member. The Evaluation Team had 6 members and the scores were averaged. The Gaming Board does not believe that any Evaluation Team member's individual scores reflect any errors or misunderstanding."

Documenting meetings of the evaluation committee help to ensure the procurement process is transparent. Additionally, documenting that significant scoring differences are discussed by the evaluation team helps to ensure that the State receives the best proposed services. (Finding Code No. 10-3)

RECOMMENDATION

We recommend the Board document evaluation committee meetings including dates, who attended, and what was discussed. Additionally, the Board should follow CMS Guidelines and ensure that: major differences in scores are discussed to determine if an error was made or an evaluator missed or misinterpreted a vendor's proposal; and rating points are supported with thorough and appropriate comments.

BOARD RESPONSE

The Gaming Board agrees. In future procurements, the Gaming Board will direct the Evaluation Team to document its meetings including dates, who attended and what was discussed. The Gaming Board will also direct any future Evaluation Teams to support their points through more thorough comments.

The Board further responds that all members of the Evaluation Team were given the opportunity to express their opinions regarding specific issues and specific scores. Each Evaluation Team member's scores reflect that team member's individual opinion. The evaluation sheets reflect the open and unbiased opinion of each Evaluation Team member. The Evaluation Team had 6 members and the scores were averaged. The Gaming Board does not believe that any Evaluation Team member's individual scores reflect any errors or misunderstanding. Differences were discussed – trying to influence another Team member to change their score could be construed as steering a decision.

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10-4. **FINDING** (Central Communications System Procurement- Evaluation Review)

Lack of review for the scoring of pricing in the evaluation process of the Central Communications System (CCS) procurement resulted in the award to a vendor that was not the highest ranked.

During our review of the procurement processes utilized by the Board in selecting a vendor to provide a CCS, we examined the procurement files maintained by the Board, including the technical and pricing evaluation scoring of the proposals. We found:

- A Board staff member, who was not part of the team that scored the technical aspect of the procurement, was responsible for opening the pricing component of the proposals and completing a scoring matrix with the assignment of points.
- No one from the Board reviewed the ratings assigned to the pricing component, resulting in only one set of eyes reviewing and interpreting the pricing information.
- A calculation error resulted in Intralot's 2nd scenario proposal to be overstated by \$11 million.
- The Board incorrectly added in subcontractor payments on the Intralot pricing proposals resulting in an overstated total contract price.
- The Board allowed one vendor (Scientific Games) to submit pricing based on 12,500 site locations while the other two vendors priced 10,000 site locations – the Board did not clarify the different figure with Scientific Games.
- Other areas existed in pricing where assumptions had to be made by the Board employee (i.e., calculating Scientific Games price over 66 months as opposed to 72 months for the other vendors), which he did not clarify with the vendor prior to completing the assignment of pricing points.
- The Board was not aware of the price scoring problems until Intralot submitted its 5th protest of the award on September 3, 2010. The Board forwarded the information to officials at CMS for them to review. A CMS official responded to this inquiry on September 9, 2010.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies, including the Board, to establish and maintain a system, or systems, of internal fiscal and administrative controls. These controls should provide assurance that: (1) resources are utilized efficiently, effectively, and in compliance with applicable law; and (2) obligations and costs are in compliance with applicable law. This would include establishing oversight and review of the scoring of a procurement process.

A Board employee, who performed the pricing calculations for the procurement, indicated that the Board was under pressure to move forward with the contract and that any steps backward would have been “frowned upon.” Additionally, the RFP did not make it clear how the proposers were to provide the responses. Board personnel also stated that the root cause was simple. “Gaming Board Staff made calculation errors in the pricing evaluation and, due to the fact that there were not adequate review procedures in place at the commencement of the RFP

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process, these errors were not discovered until sometime after the award was made. Moreover, some of the miscalculations the Gaming Board made were due to assumptions made by the Gaming Board and by the respondents that were not uniform and not clarified. Examples of the assumptions made include: the number of VGTs and locations varied which made site costs and compensation for services and supplies not comparable; the treatment of products/services as a hardware cost or a non-hardware cost was not uniform and there was not consistency in what was recognized as a site-related service product and a direct CCS-service product.”

According to a Board employee and a CMS analysis of the scoring, a different vendor would have been the winner if the mistakes and miscalculations were corrected. Even though the Board re-bid the procurement, it may have created a delay in implementing the Video Gaming Act that results in delays in the State receiving funds from video gaming. The legislation authorizing the Board to seek a central communications system is currently under review by the Illinois Supreme Court. (Finding Code No. 10-4)

RECOMMENDATION

We recommend the Board develop procedures for oversight review of scoring evaluations for procurement activity completed by the Board.

BOARD RESPONSE

The Gaming Board agrees that it should develop procedures for oversight review of scoring evaluations for procurement activity completed by the Board.

The Gaming Board further responds that, with respect to the conclusion that “[l]ack of review for the scoring of pricing in the evaluation process of the Central Communications System Procurement resulted in the award to a vendor that was not the highest ranked,” the Gaming Board cannot document whether the wrong vendor was awarded the contract.

Although a Board employee indicated that the Board was under “pressure” to move forward with the contract and that any steps backward would have been “frowned upon,” the Gaming Board does not agree that “pressure” was an underlying cause for either the lack of review, the miscalculations or any assumptions that were made. Preserving the integrity of gaming in Illinois is the Gaming Board’s primary regulatory responsibility. That responsibility includes not only the regulation of gaming, but ensuring the integrity of the regulatory process, including any procurement, is maintained. When the Gaming Board determined that assumptions had been made by both the Gaming Board and respondents to the FY10 CCS RFP which resulted in miscalculations in the evaluation of the price portion of the proposals, the Gaming Board decided it was its responsibility, and in the best interest of the State of Illinois, to vacate the award, terminate the contract and rebid the solicitation.

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With respect to the conclusion that re-bidding the procurement may have created a delay in the implementation of video gaming, the Gaming Board notes that the CCS is only one component of video gaming in Illinois. There are numerous other factors that will have an impact on when video gaming “goes live” in Illinois. Those factors include but are not limited to:

- releasing all applications for licensure and related forms
- the number of applications for licensure the Gaming Board receives
- the Gaming Board’s ability to hire personnel
 - the number of investigators the Gaming Board has to investigate the suitability of applicants for licensure
 - the ability to hire financial analysts to complete financial background investigations
- the complexity of the investigations into applicants for licensure
- whether any municipality (e.g. Chicago) that has an ordinance prohibiting gambling repeals that ordinance (thereby increasing the number of locations that will apply for licensure)
- creating the infrastructure within the Gaming Board for revenue/tax collection
- testing and certification of the CCS by GLI
- testing of the VGTs in certain licensed locations prior to “going live”
- pending and threatened litigation

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10-5. **FINDING** (Inadequate Reconciliation and Reporting of Property)

The Illinois Gaming Board (Board) did not maintain sufficient controls over the accuracy and reporting of its property. We noted the following:

- The Board did not adequately reconcile its property control records to the Agency Report of State Property (C-15) filed with the Comptroller. The FY10 amounts reported on the C-15 did not agree to Department property records as of June 30, 2010. The State Records Act (5 ILCS 160/8) requires the head of each agency to cause to be made and preserved records containing adequate and proper documentation of the decisions 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. The differences in property balances after auditor determined adjustments are noted in the chart below:

<u>June 30, 2010</u>	
Property listing balance at June 30, 2010	\$1,249,847
C-15 balance at June 30, 2010	\$1,448,390
Irreconcilable difference	<u>\$198,543</u>

- The auditor was unable to determine reconciling differences between the Board prepared C-15's and Property Listing. The Board could not provide support for numbers presented on the C-15. The differences in property balances after auditor determined adjustments are noted in the chart below:

<u>June 30, 2010</u>	<u>Amount</u>
Auditor adjusted property listing total	\$1,474,622
Auditor adjusted C-15 total	\$1,470,496
Unsupported difference	<u>\$4,126</u>

- The Board's property listing contained inadequate and inaccurate information. Purchase dates and voucher numbers of transferred-in equipment were converted from another Agency's system and did not convert properly for several items and were not corrected. As such, there were several instances in which invoice numbers and purchase dates were missing from the listing or were incorrect. The listing did not contain object codes, and there was no record of when items were deleted, or the date an item was added to the property listing. In addition, there was an instance in which a piece of equipment was noted at two different prices.

The Illinois Administrative Code (44 Ill. Admin. Code 5010.230) requires the following to be entered correctly on property control records: identification number, location code number, description, date of purchase, purchase price, object code, and voucher number.

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- During testing of the property records and listings, we noted the following deficiencies:

Board Property Listing Total as of 06/30/10:	<u>\$1,249,847</u>
<p>The Board did not properly record pieces of equipment on its property listing. The Illinois Administrative Code (Code) (44 Ill. Adm. Code 5010.400) states that agencies shall adjust property records within 30 days of acquisition, change or deletion of equipment items.</p>	
<ul style="list-style-type: none"> ▪ 10 vouchers tested were discovered to not be on the property listing 	43,299
<ul style="list-style-type: none"> ▪ 10 vehicles invoiced and received prior to 06/30/10 were not recorded on the property listing 	181,600
<ul style="list-style-type: none"> ▪ One piece of computer equipment discovered during testing was not recorded on the property listing (undeterminable amount due to records of cost not maintained on property listing) 	Unknown
<p>The Board did not properly record equipment on the property listing. According to SAMS Manual Procedure 03.30.20, included in the cost of equipment in addition to the net invoice cost are freight charges, in-transit insurance, applicable taxes, the cost of special foundations or bases; and assembly, installation, and testing costs.</p>	
<ul style="list-style-type: none"> ▪ On one voucher, a commodity item was incorrectly recorded as equipment 	(76)
<ul style="list-style-type: none"> ▪ Two vouchers included freight charges, that were not included in the price on the property listing 	265
<ul style="list-style-type: none"> ▪ One piece of transferred-in equipment was recorded at the incorrect price on the property listing 	(313)
<ul style="list-style-type: none"> ▪ 13 pieces of equipment noted during testing, were classified incorrectly on the Board’s property listing. This included eight pieces of equipment misclassified as “assigned”, “unassigned”, or in “storage,” and three pieces of equipment shown to be in a different geographical location than in which the items were physically located. 	N/A
Total property listing at June 30, 2010, as adjusted:	<u>\$1,474,622</u>

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- The Board did not timely record equipment on its property listing. Specifically, the auditor noted 36 pieces of equipment, totaling \$48,775, which were recorded between 23 to 61 days late.
- One piece of equipment, totaling \$201, was unable to be located by the Board.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish a system of fiscal and administrative controls to provide assurance that “funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.”

- During our testing of the C-15’s accuracy, we noted the following deficiencies:

Ending inventory per 4th quarter C-15:	\$1,448,390
During our testing we noted the following deficiencies:	
▪ The Board did not include or miscalculated property additions on the C-15	22,948
▪ The Board miscalculated transfers and did not include property deletions on the C-15.	(842)
Total C-15 balance at June 30, 2010, as adjusted:	\$1,470,496

The Statewide Accounting Management System (SAMS) (Procedure 29.20.10) requires an agency to report on the C-15 all additions, deletions, and transfers to and from each asset class that occurred during the quarter being reported.

Board personnel stated that unfamiliarity with the Property Control Act, Administrative Code, and SAMS reporting requirements, combined with improper administrative controls and a lack of oversight and review, allowed inaccurate property control reporting.

Failure to exercise adequate control over property and maintain accurate property control records increases the risk of loss, misappropriation and inaccurate information being submitted to the State Comptroller. (Finding Code No. 10-5)

RECOMMENDATION

We recommend the Board establish controls over property reporting and implement procedures to ensure:

- Equipment is entered timely and accurately on the property listing;
- Equipment additions are reconciled to purchases made by the Board;

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- Quarterly reports are reconciled to property listings, reviewed for accuracy and adequate documentation is maintained;
- Property listings include all the required information in accordance with the Administrative Code; and
- The Board should work with the IOC to correct or properly adjust the discrepancies noted in their Quarterly and annual reporting to the IOC.

BOARD RESPONSE

The Board agrees with the Recommendation. The Board has addressed the discrepancies the auditor noted and is working to correct/adjust the discrepancies in our Quarterly and Annual reports to the IOC. In addition, the Board will draft formal policies and procedures to ensure compliance with the Property Control Act, Administrative Code and SAMS requirements.

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10-6. **FINDING** (Inaccurate Quarterly Accounts Receivable Reporting)

The Illinois Gaming Board (Board) did not exercise adequate controls over accounts receivable reporting when preparing its FY10 Quarterly Accounts Receivable Reports (Reports) for the Illinois Comptroller (Comptroller).

During accounts receivable testing, we noted the following:

- The Reports tested for the State Gaming Fund did not accurately reflect the Board’s accounts receivable transactions during FY10. The Reports showed no receivables due to the Board for Admission Taxes and Wagering Taxes. These taxes earned on the last three game days of each of the quarters and not yet received were not recorded on the Reports. The table below shows the total amounts that were reported to the Comptroller for each quarter during FY10, the errors noted by the auditors and the amounts that should have been reported by the Board for the Admission and Wagering Taxes.

	<u>Quarter 1</u>	<u>Quarter 2</u>	<u>Quarter 3</u>	<u>Quarter 4</u>
Original Amount Reported by the Board	\$10,000	\$15,000	\$47,515,000	\$20,000
•Errors Identified by Auditors (See below)		(\$5,000)	(\$5,000)	
•Admission Taxes Receivable	\$259,220	\$366,557	\$275,038	\$247,281
•Wagering Taxes Receivable	\$3,209,772	\$5,295,732	\$2,049,537	\$2,320,961
Amount that Should Have Been Reported	<u>\$3,478,992</u>	<u>\$5,672,289</u>	<u>\$49,834,575</u>	<u>\$2,588,242</u>

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

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- Four of 4 (100%) of the Reports did not contain the correct agency number. The Board reported the agency number as 492 instead of the correct agency number of 565. According to SAMS Manual Procedure 26.30.20, the agency submitting the accounts receivable quarterly report must enter the three digit Comptroller assigned agency number. SAMS Manual Procedure 11.50.40 states the Board's assignment code (number) is 565.
- The Board reported its receivable amounts in whole dollars on 4 of 4 (100%) of the FY10 Reports. SAMS Manual Procedure 26.30.20 states that the Reports are to be submitted to the Comptroller with all dollar amounts rounded to the nearest thousand.
- The Board did not label an aged \$100,000 receivable correctly on the 1st and 2nd Quarter Education Assistance Fund Report. The same receivable was also labeled incorrectly on the 2nd Quarter Report as a receivable earned during the 2nd Quarter instead of as a Gross Receivable at the beginning of the 2nd Quarter. SAMS Manual Procedure 26.30.20 states that amounts reported as the "Gross receivables at end of quarter" from the previous quarter should be the amount entered as the "Gross receivables beginning of this quarter" for the current quarter.
- The Board made a \$10,000 adjustment on the 3rd Quarter Report for the State Gaming Fund that was determined to be invalid after auditor inquiry.
- The Board reported an invalid \$5,000 accounts receivable in the 3rd Quarter for the State Gaming Fund. The payment was received in the 2nd Quarter but was not processed until a month later.

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.

Board personnel stated that unfamiliarity with SAMS procedures, combined with improper administrative controls and a lack of oversight and review, allowed inaccurate Accounts Receivable Reports to be submitted.

Failure to maintain accurate accounts receivable records and accurately report accounts receivable balances could lead to the failure to properly collect amounts owed to the State and inaccuracies in statewide financial statement reporting. Although the quarterly reports of accounts receivable were incorrect, the accrual of the accounts receivable balance stated in the financial statements appear to be correct. (Finding Code No. 10-6)

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RECOMMENDATION

We recommend the Board establish and implement formal policies and procedures to ensure accounts receivable are reported in accordance with SAMS procedures. We further recommend the Board keep detailed records of all billings and the corresponding collections to facilitate proper reporting of accounts receivable activity.

BOARD RESPONSE

The Board agrees with this Recommendation. Steps have already been taken, and proper controls have already been put in place, to address the conditions noted above. The Board will draft formal policies and procedures in accordance with SAMS.

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10-7. **FINDING** (Inadequate Controls over Personal Services)

The Illinois Gaming Board (Board) did not have adequate controls over personal services. During testing, we noted the following:

- Two of 23 (9%) annual performance evaluations for employees tested were not completed timely by the Board. The employee evaluations were completed 8 to 92 days late. In addition, one of 23 (4%) employees in our sample did not receive a probationary evaluation during the examination period. 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.

The Board'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.

- Two of 23 (9%) employees tested did not have accurate State and Federal withholding support in employee deduction file. Specifically, one employee did not have a withholding card in their file and another employee had the incorrect withholding allowance deducted from their payroll voucher. Failure to maintain State and Federal withholding support could result in payroll deductions not reflecting current authorizations.

The Illinois Administrative Code (80 Ill. Admin. Code 2500.20) states State agencies processing payrolls or annuities through the Comptroller shall include payroll deduction data on vouchers only as authorized by the employee or annuitant. The Handbook requires the personnel files to be up-to-date with all employee information.

- One of 23 (4%) 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) lacked the required signatures of the employee and/or division manager. By not maintaining appropriate time sheets, the Board is not in compliance with the State Officials and Employees Ethics Act.
- Seven of 23 (30%) employees tested had employee absences that did not trace to supporting leave request documentation and leave requests were not properly approved. Specifically, one employee did not have leave request slips that corresponded to time off reflected on the CTAS report and another two employees did not select the appropriate type

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of sick time on the leave request slip. In addition, five employees did not sign in during their regular scheduled shift and a leave request was not on file for those dates nor did the CTAS report show a scheduled leave. 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 Board policy.

The State Officials and Employees Ethics Act (Act) (5 ILCS 430/5-5(c)) requires the Board 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." The Handbook states that any time you are absent, you are required to complete a Request for Leave form which must be signed by the employee and their supervisor.

- Two of 2 (100%) employees tested in our sample did not receive new employee training on sexual harassment. They both signed a new employee enrollment checklist to note that they received the Sexual Harassment Prevention packet, but no training was provided. Failure to provide new employee sexual harassment training is noncompliance with the Illinois Human Rights Act. The Illinois Human Rights Act (775 ILCS 5/2-105) states that every State agency shall "provide training on sexual harassment prevention and the agency's sexual harassment policy as a component of all ongoing or new employee training programs."

Board personnel stated that improper controls existed to ensure personal services functions were performed properly. (Finding Code No. 10-7)

RECOMMENDATION

We recommend:

- The Board take appropriate measures to ensure performance evaluations are conducted annually and on time as required by policy;
- The Board ensure all personnel files are kept up-to-date;
- The Board require all employees to maintain time sheets in compliance with the State Officials and Employees Ethics Act;
- The Board maintain accurate accumulated leave records for all employees; and
- The Board ensure that new employees are receiving sexual harassment training as described by law.

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BOARD RESPONSE

The Board agrees with this Recommendation. The Board, and the Administrative & Regulatory Shared Services Center (who performs Human Resource functions for the Board), will collaboratively take appropriate measures to address the conditions found, as well as address the Auditor's Recommendation.

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For the Year Ended June 30, 2010

10-8. **FINDING** (Inadequate Controls over Contractual Agreements)

The Illinois Gaming Board (Board) did not have adequate controls over contractual agreements and interagency agreements.

During testing, we noted the following:

- One of 8 (13%) contractual agreements tested was not signed and approved prior to the start date of services per the Basic Ordering Agreement (BOA) and the Contract Obligation Document (COD). The BOA was signed and approved 48 days after the start date of services.
- One of 3 (33%) interagency agreements tested was not signed and approved prior to the start date of services per the agreement and the COD, nor was the agreement properly filed with the Office of the Comptroller (IOC) within fifteen days of the execution of the agreement. The agreement was signed by the last authorizing party 50 days after the reported start date of services and was filed with the IOC 11 days after the required filing date.

Good internal controls require the approval of agreements prior to the effective date. The Illinois Procurement Code (30 ILCS 500/20-80(b)) states that whenever a grant or contractual liability exceeding \$10,000 is incurred by any State agency, a copy of the contract, purchase order, grant, or lease shall be filed with the Comptroller within 15 days thereafter. The Statewide Accounting Management System (SAMS) Manual Procedure 15.10.40 also states that State agencies shall file with the Comptroller a copy of a contract, purchase order, grant, lease, or modification thereto within 15 days of execution.

Board personnel stated the contractual agreements and interagency agreements were not fully executed prior to the start date of services due to oversight.

Failure to accurately complete and file a Contract Obligation Document results in noncompliance with the Illinois Procurement Code and SAMS. Failure to approve contractual agreements prior to the performance of services may result in loss of State funds and subject the State to unnecessary legal risks. (Finding Code No. 10-8)

RECOMMENDATION

We recommend the Board ensure all contractual agreements are approved prior to the start of the contract period and ensure that contractual agreements are filed with the Comptroller within 15 days of execution of the contract.

BOARD RESPONSE

The Board agrees with this Recommendation.

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FINANCIAL STATEMENT REPORT

SUMMARY

The audit of the accompanying financial statements of the Illinois Gaming Board's State Gaming Fund was performed by the Office of the Auditor General.

Based on their audit, the auditors expressed an unqualified opinion on the State Gaming Fund's financial statements.

SPRINGFIELD OFFICE:

ILES PARK PLAZA
740 EAST ASH • 62703-3154
PHONE: 217/782-6046

FAX: 217/785-8222 • TTY: 888/261-2887



CHICAGO OFFICE:

MICHAEL A. BILANDIC BLDG. - SUITE 5-900
160 NORTH LASALLE 60601-3103
PHONE: 312/814-4000
FAX: 312/814-4006

OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland
Auditor General
State of Illinois

We have audited the accompanying financial statements of the State Gaming Fund of the State of Illinois, Illinois Gaming Board, as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the State of Illinois, Illinois Gaming Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 2, the financial statements present only the State Gaming Fund and do not purport to, and do not, present fairly the financial position of the State of Illinois and the Illinois Gaming Board as of June 30, 2010, and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the State Gaming Fund of the State of Illinois, Illinois Gaming Board, as of June 30, 2010, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 20, 2011 on our consideration of the State of Illinois, Illinois Gaming Board's internal control over financial reporting of the State Gaming Fund and on our tests of the State of Illinois, Illinois

Gaming Board's compliance with certain provisions of laws, regulations, contracts and, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The State of Illinois, Illinois Gaming Board has not presented a management's discussion and analysis for the State Gaming Fund that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.



Bruce L. Bullard, CPA

Director of Financial and Compliance Audits

June 20, 2011

State of Illinois
Illinois Gaming Board - State Gaming Fund
Individual Nonshared Fund

Balance Sheet

June 30, 2010 (Expressed in Thousands)

	State Gaming Fund
ASSETS	
Cash equity with State Treasurer	\$ 13,848
Taxes receivable, net	2,568
Other receivables, net	20
Total assets	<u>\$ 16,436</u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 991
Intergovernmental payables	8,984
Due to other State fiduciary funds	97
Due to other State funds	6,364
Total liabilities	<u>16,436</u>
FUND BALANCE	
Reserved for encumbrances	198
Unreserved, undesignated	(198)
Total fund balance	<u>-</u>
Total liabilities and fund balance	<u>\$ 16,436</u>

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

State of Illinois
Illinois Gaming Board - State Gaming Fund
Individual Nonshared Fund

Statement of Revenues, Expenditures
and Changes in Fund Balance

For the Year Ended June 30, 2010 (Expressed in Thousands)

	<u>State Gaming Fund</u>
Revenues:	
Riverboat taxes	\$ 483,091
Licenses and fees	766
Other	1
Total revenues	<u>483,858</u>
Expenditures:	
Health and social services	695
Public protection and justice	22,974
Capital outlays	540
Intergovernmental	84,564
Total expenditures	<u>108,773</u>
Excess of revenues over expenditures	<u>375,085</u>
Other sources (uses) of financial resources:	
Transfers-out	<u>(375,085)</u>
Net other sources (uses) of financial resources	<u>(375,085)</u>
Net change in fund balance	-
Fund balance, July 1, 2009	<u>-</u>
Fund balance, June 30, 2010	<u>\$ -</u>

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

**STATE OF ILLINOIS
ILLINOIS GAMING BOARD – STATE GAMING FUND
INDIVIDUAL NONSHARED FUND**

Notes to Financial Statements

June 30, 2010

(1) Description of Fund

The State Gaming Fund (the Fund) is administered by the Illinois Gaming Board (the Board). The Board is a part of the executive branch of government of the State of Illinois (State) and operates under the authority of and review by the Illinois General Assembly. The Board is subject to the authority of the Office of the Governor, the State's chief executive officer, and other departments of the executive and legislative branches of government (such as the Department of Central Management Services, the Governor's Office of Management and Budget, the State's Treasurer's Office, and the State Comptroller's Office) as defined by the Illinois General Assembly.

The purpose of the Fund is to receive and record taxes and fees obtained from owner's license applications for riverboat gambling operations. Pursuant to appropriation, monies in the Fund are used to defray the costs associated with background investigations conducted by the Board, including personnel costs, enforcement of the Riverboat Gambling Act, conducting background investigations, and revenue sharing with units of local government. Excess funds are transferred to the Education Assistance Fund. All funds appropriated to the Board and all other cash received are under the custody and control of the State Treasurer.

(2) Summary of Significant Accounting Policies

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

(a) Financial Reporting Entity

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

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

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

The financial statements of the State Gaming Fund are intended to present the financial position, and the changes in financial position of only that portion of the governmental activities of the State of Illinois that is attributable to the transactions of the Fund. They do not purport to, and do not, present

**STATE OF ILLINOIS
ILLINOIS GAMING BOARD – STATE GAMING FUND
INDIVIDUAL NONSHARED FUND**

Notes to Financial Statements

June 30, 2010

fairly the financial position of the State of Illinois as of June 30, 2010 and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

(b) Basis of Presentation

In government, the basic accounting and reporting entity is a fund. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. A balance sheet and statement of revenues, expenditures, and changes in fund balance have been presented for the individual nonshared governmental fund administered by the Board.

The nonshared governmental fund is a special revenue fund. Transactions related to resources obtained from specific revenue sources (other than for expendable trusts) that are legally restricted for specified purposes are accounted for in special revenue funds. The Special Revenue Fund, Fund 129, is held in the State Treasury. The funds are appropriated by the General Assembly.

(c) Measurement Focus and Basis of Accounting

The individual nonshared governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the State considers revenues to be available if they are collected within 60 days of the end of the current fiscal year.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt obligations, claims and judgments, and compensated absences are recorded only when payment is due. General capital asset acquisitions are reported as expenditures. Proceeds of long-term debt obligations and acquisitions under capital leases are reported as other financing sources.

(d) Cash and Cash Equivalents

Cash and cash equivalents are defined as short-term, highly liquid investments readily convertible to cash with maturities of less than 90 days at the time of purchase. Cash and cash equivalents consist of deposits held in the State Treasury.

(e) Interfund Transactions

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

Services provided and used—sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are

**STATE OF ILLINOIS
ILLINOIS GAMING BOARD – STATE GAMING FUND
INDIVIDUAL NONSHARED FUND**

Notes to Financial Statements

June 30, 2010

reported as interfund receivables and payables in the governmental funds balance sheets or the government-wide statements of net assets.

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

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

(f) Fund Balance

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

(g) Use of Estimates

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

(h) Future Adoption of GASB Statements

Effective for the year ending June 30, 2011 the State will adopt GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, which establishes fund balance classifications and clarifies the definitions of fund types. The Board has not yet determined the impact on the Fund's financial statements as a result of adopting this statement.

(3) Deposits

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

**STATE OF ILLINOIS
ILLINOIS GAMING BOARD – STATE GAMING FUND
INDIVIDUAL NONSHARED FUND**

Notes to Financial Statements

June 30, 2010

(4) Interfund Balances and Activity

(a) Balances Due to Other Funds

The following balances (amounts expressed in thousands) at June 30, 2010 represent amounts due to other funds:

	Due to	
Other Department Funds	\$ 5,469	Due to other Department funds pursuant to statutory authority of the Riverboat Gambling Act.
Other State Funds	895	Due to other State funds for administrative cost reimbursements and payment for services related to riverboat security.
Other State Fiduciary Funds	97	Due to other State fiduciary funds for payment of retirement benefits.
	\$ 6,461	

(b) Transfers to Other Funds

Interfund transfers out for the year ended June 30, 2010, totaled \$375.085 million, and represented transfers to the State’s Educational Assistance Fund, an account of the General Fund, a major fund of the State, pursuant to statutory authority of the Riverboat Gambling Act.

(5) Taxes and Receivable

Riverboat taxes receivable at June 30, 2010, totaled \$2.568 million, with no amounts reported as an allowance for uncollectible taxes.

(6) Pension Plan

Substantially all of the Board’s full-time employees who are not eligible for participation in another state-sponsored retirement plan participate in the State Employees' Retirement System (SERS), which is a pension trust fund in the State of Illinois reporting entity. The SERS is a single-employer defined benefit public employee retirement system (PERS) in which State employees participate, except those covered by the State Universities, Teachers’, General Assembly, and Judges’ Retirement Systems. The financial position and results of operations of the SERS for fiscal year 2010 are included in the State of Illinois’ Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2010. The SERS issues a separate CAFR that may be obtained by writing to the SERS, 2101 South Veterans Parkway, Springfield, Illinois, 62794-9255.

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

**STATE OF ILLINOIS
ILLINOIS GAMING BOARD – STATE GAMING FUND
INDIVIDUAL NONSHARED FUND**

Notes to Financial Statements

June 30, 2010

The Board pays employer retirement contributions based upon an actuarially determined percentage of their payrolls. For fiscal year 2010, the employer contribution rate was 28.377%.

(7) Post-employment Benefits

The State provides health, dental, vision, and life insurance benefits for retirees and their dependents in a program administered by the Department of Healthcare and Family Services along with the Department of Central Management Services. Substantially all State employees become eligible for post-employment benefits if they eventually become annuitants of one of the State sponsored pension plans. Health, dental, and vision benefits include basic benefits for annuitants and dependents under the State's self-insurance plan and insurance contracts currently in force. Annuitants may be required to contribute towards health, dental, and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998, and who are vested in the State Employee's Retirement System do not contribute towards health, dental, and vision benefits. For annuitants who retired on or after January 1, 1998, the annuitant's contribution amount is reduced five percent for each year of credited service with the State allowing those annuitants with twenty or more years of credited service to not have to contribute towards health, dental, and vision benefits. Annuitants also receive life insurance coverage equal to the annual salary of the last day of employment until age 60, at which time the benefit becomes \$5,000.

The total cost of the State's portion of health, dental, vision, and life insurance benefits of all members, including post-employment health, dental, vision, and life insurance benefits, is recognized as an expense by the State in the Illinois Comprehensive Annual Financial Report. The State finances the costs on a pay-as-you-go basis. The total costs incurred for health, dental, vision, and life insurance benefits are not separated by department or component unit for annuitants and their dependents nor active employees and their dependents.

A summary of post-employment benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the financial statements of the Department of Healthcare and Family Services. A copy of the financial statements of the Department of Healthcare and Family Services may be obtained by writing to the Department of Healthcare and Family Services, 201 South Grand Ave., Springfield, Illinois, 62763-3838.

(8) Risk Management

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

The Board's risk management activities are financed through appropriations to the Illinois Department of Central Management Services and are accounted for in the General Fund of the State. The claims are not considered to be a liability of the Board; and accordingly, have not been reported in the Fund's financial statements for the year ended June 30, 2010.

**STATE OF ILLINOIS
ILLINOIS GAMING BOARD – STATE GAMING FUND
INDIVIDUAL NONSHARED FUND**

Notes to Financial Statements

June 30, 2010

(9) Commitments and Contingencies

(a) *Litigation*

On January 26, 2011, the Illinois Appellate Court opinion in *Wirtz v. Quinn* indicated that Public Acts 96-34, 96-35, 96-37 and 96-38 violated provisions of the Illinois Constitution. On January 28, 2011, the State of Illinois filed a Petition for Appeal with the Illinois Supreme Court. The Supreme Court also approved the State's motion for a stay of enforcement of the Appellate Court's decision. This may result in a delay of implementing Video Gaming. At this time, the financial impact on this fund is indeterminable.

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

(10) Subsequent Event

On September 14, 2010, notice was posted on the Illinois Procurement Bulletin indicating the intent of the Illinois Gaming Board to vacate the award, terminate the contract with Scientific Games International and rebid the solicitation for a Central Communication System vendor. This may result in a delay of implementing Video Gaming. At this time, the financial impact on this fund is indeterminable.

STATE OF ILLINOIS
ILLINOIS GAMING BOARD
For the Year Ended June 30, 2010

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

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

- Fiscal Schedules and Analysis:

- Schedule of Appropriations, Expenditures and Lapsed Balances
- Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
- Schedule of Changes in State Property
- Comparative Schedule of Cash Receipts
- Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller
- Analysis of Significant Variations in Expenditures
- Analysis of Significant Variations in Receipts
- Analysis of Significant Lapse Period Spending

- Analysis of Operations:

- Agency Functions and Planning Program
- Average Number of Employees
- Gaming Board 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 Gaming Board 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
ILLINOIS GAMING BOARD
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES

For the Fiscal Year Ended June 30, 2010

P.A. 96-0046 & 96-0819	Appropriations (Net of Transfers)	Expenditures Through June 30	Approximate Lapse Period Expenditures July 1 to August 31	Approximate Total Expenditures 14 Months Ended August 31	Approximate Balances Lapsed August 31
STATE GAMING FUND (129)					
Personal Services	\$ 7,460,300	\$ 6,072,304	\$ 330,041	\$ 6,402,345	\$ 1,057,955
State Contributions to the State Employees' Retirement System	2,079,000	1,725,099	93,720	1,818,819	260,181
State Contributions to Social Security	537,400	234,601	12,654	247,255	290,145
Group Insurance	1,443,300	1,102,022	63,738	1,165,760	277,540
Contractual Services	747,500	376,280	25,641	401,921	345,579
Travel	144,500	71,897	7,152	79,049	65,451
Commodities	21,500	8,747	1,626	10,373	11,127
Printing	7,500	6,357	-	6,357	1,143
Equipment	635,000	23,580	517,995	541,575	93,425
Electronic Data Processing	172,000	164,015	3,084	167,099	4,901
Telecommunications	357,500	180,403	62,087	242,490	115,010
Operation of Auto Equipment	120,000	46,708	12,249	58,957	61,043
Refunds	50,000	10,000	-	10,000	40,000
Expenses Related to the Illinois State Police	14,309,500	11,342,027	808,777	12,150,804	2,158,696
Distributions to Local Governments for admissions and wagering tax (including prior year costs)	100,000,000	75,593,773	8,970,280	84,564,053	15,435,947
Total State Gaming Fund	\$ 128,085,000	\$ 96,957,813	\$ 10,909,044	\$ 107,866,857	\$ 20,218,143

Notes:

- (a) Appropriations, expenditures and lapsed balances were obtained from the State Comptroller records which has been reconciled to the Board's records.
- (b) Expenditure amounts are vouchers approved for payment by the Board and submitted to the State Comptroller for payment to the vendor.
- (c) Approximate lapse period expenditures do not include interest payments approved for payment by the Board and submitted to the Comptroller for payment after August.

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

	2010
	P.A. 96-0046 & 96-0819
State Gaming Fund-129	
Appropriations	
(Net of Transfers)	\$ 128,085,000
<u>Expenditures</u>	
Personal Services	\$ 6,402,345
State Contributions to the State Employees'	
Retirement System	1,818,819
State Contributions to Social Security	247,255
Group Insurance	1,165,760
Contractual Services	401,921
Travel	79,049
Commodities	10,373
Printing	6,357
Equipment	541,575
Electronic Data Processing	167,099
Telecommunications	242,490
Operation of Auto Equipment	58,957
Refunds	10,000
Expenses Related to the Illinois State Police	12,150,804
Distributions to Local Governments for	
admissions and wagering tax (including prior	
year costs)	84,564,053
Total Expenditures	\$ 107,866,857
Lapsed Balances	\$ 20,218,143

Note: Pursuant to Executive Order 09-5, effective July 1, 2009, the functions and all associated powers, duties, rights and responsibilities of the Illinois Gaming Board that were provided by the Department of Revenue were transferred to the Illinois Gaming Board as a separate agency. As such, comparative data for fiscal years prior to July 1, 2009 is unavailable.

STATE OF ILLINOIS
 ILLINOIS GAMING BOARD
SCHEDULE OF CHANGES IN STATE PROPERTY
 For the Year Ended June 30, 2010

	Equipment
Balance at July 1, 2009	\$ -
Additions	319,858
Deletions	-
Net Transfers	1,128,532
Balance at June 30, 2010	\$ 1,448,390

Note: The above schedule has been derived from the Agency Report of State Property submitted to the Office of the State Comptroller. This schedule could not be reconciled to the Board records. See Finding #10-5.

STATE OF ILLINOIS
ILLINOIS GAMING BOARD
COMPARATIVE SCHEDULE OF CASH RECEIPTS

For the Fiscal Year Ended June 30,

General Revenue Fund - 001	2010
Owners License Auction Proceeds	\$ 47,500,000
Total - Fund 001	\$ 47,500,000
Education Assistance Fund - 007	
Civil Penalties	\$ 100,073
Total - Fund 007	\$ 100,073
State Gaming Fund - 129	
Admission Boat & Gambling Tax	\$ 41,853,013
Riverboat Wagering Tax	442,740,564
Occupational License Fees	500,355
Riverboat Owner License Fees	45,000
Renewal License Fees	155,000
Video Gaming Application Fees	160,000
Miscellaneous	1,302
Total - Fund 129	\$ 485,455,234
TOTAL RECEIPTS - ALL FUNDS	\$ 533,055,307

Note: Pursuant to Executive Order 09-5, effective July 1, 2009, the functions and all associated powers, duties, rights and responsibilities of the Illinois Gaming Board that were provided by the Department of Revenue were transferred to the Illinois Gaming Board as a separate agency. As such, comparative data for fiscal years prior to July 1, 2009 is unavailable.

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

<u>General Revenue Fund - 001</u>	<u>2010</u>
Receipts per Board records	\$ 47,500,000
Add: deposits in transit, beginning of year	-
Less: deposits in transit, end of year	-
Deposits recorded by Comptroller	<u>\$ 47,500,000</u>
<u>Education Assistance Fund - 007</u>	
Receipts per Board records	\$ 100,073
Add: deposits in transit, beginning of year	-
Less: deposits in transit, end of year	-
Deposits recorded by Comptroller	<u>\$ 100,073</u>
<u>State Gaming Fund - 129</u>	
Receipts per Board records	\$ 485,455,234
Add: deposits in transit, beginning of year	-
Less: deposits in transit, end of year	6,822,935
Deposits recorded by Comptroller	<u>\$ 478,632,299</u>

Note: Pursuant to Executive Order 09-5, effective July 1, 2009, the functions and all associated powers, duties, rights and responsibilities of the Illinois Gaming Board that were provided by the Department of Revenue were transferred to the Illinois Gaming Board as a separate agency. As such, the auditors are unable to provide comparative data for fiscal years prior to July 1, 2009.

STATE OF ILLINOIS
ILLINOIS GAMING BOARD
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Year Ended June 30, 2010

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2009 AND 2010

State Gaming Fund – 129

Pursuant to Executive Order 09-5, effective July 1, 2009, the functions and all associated powers, duties, rights and responsibilities of the Illinois Gaming Board that were provided by the Department of Revenue were transferred to the Illinois Gaming Board as a separate agency.

As such, variances are not available as data is not attainable for fiscal years prior to July 1, 2009.

STATE OF ILLINOIS
ILLINOIS GAMING BOARD
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Year Ended June 30, 2010

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2009 AND 2010

State Gaming Fund – 129

Pursuant to Executive Order 09-5, effective July 1, 2009, the functions and all associated powers, duties, rights and responsibilities of the Illinois Gaming Board that were provided by the Department of Revenue were transferred to the Illinois Gaming Board as a separate agency.

As such, variances are not available as data is not attainable for fiscal years prior to July 1, 2009.

STATE OF ILLINOIS
ILLINOIS GAMING BOARD
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Year Ended June 30, 2010

ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING FOR FISCAL YEAR 2010

State Gaming Fund – 129

Equipment

The Board purchased 15 new vehicles for gaming agents use at the dock sites prior to June 30 that were paid for during lapse period.

Telecommunications

The Board paid for part of its lease payments on circuits for the Electronic Admission and Wagering System during the lapse period for services received prior to June 30.

Operation of Automotive Equipment

The Board paid for a substantial amount of automotive repair expenditures during the lapse period for services that were incurred prior to June 30.

STATE OF ILLINOIS
ILLINOIS GAMING BOARD
ANALYSIS OF OPERATIONS
For the Year Ended June 30, 2010

AGENCY FUNCTIONS AND PLANNING PROGRAM

Mission Statement

To administer and regulate riverboat casino gambling and video gaming in Illinois through strict regulatory oversight as mandated by the Riverboat Gambling Act, the Video Gaming Act, and all applicable administrative rules.

Organization

The Illinois Gaming Board (Board) administers, enforces and regulates the Riverboat Gambling Act (230 ILCS 10/1). This includes assuring the integrity of riverboat gambling through the regulatory oversight of casino operations and the licensing of riverboat gambling operations and personnel, administering a regulatory and tax collection system for casino gambling in Illinois, and enacting comprehensive law enforcement responsibilities associated with casino gambling in Illinois.

On April 1, 2009, the Governor issued Executive Order No. 5, which separated the Gaming Board from the Department of Revenue, effective July 1, 2009. Under the terms of the Executive Order, all functions of the Board previously provided by the Department of Revenue were transferred to the Board, except for those functions provided by the Administrative and Regulatory Shared Services Center (ARSCC). Department of Revenue employees engaged in performing functions of the Board were likewise transferred to the Board.

On July 13, 2009, the Governor signed the Video Gaming Act (Public Acts 096-0034, 096-0037, and 096-0038) making video gaming terminals legal in Illinois. The Act allows for video gaming terminals to be placed in certain liquor establishments, truck stops, and fraternal/veterans clubs throughout the State.

The Board has the responsibility of implementing and regulating video gaming in Illinois. In 2009, the Board began the process of promulgating the Administrative Rules for video gaming. On October 19, 2009, the Board filed an initial set of emergency rules related to video gaming. The Board simultaneously filed an identical set of video gaming rules. The first set of video gaming rules promulgated by the regular rulemaking process addressed the following: general provisions; duties of licensees; standards of conduct for licensees; licensing qualifications; licensing procedures; denials of applications for licensure; disciplinary actions against licensees; and location of video gaming terminals in licensed video game locations.

The Board consists of a Chairperson and four other Board members who are appointed by the Governor and confirmed by the Illinois Senate. The Board's staff includes approximately 156 agency employees that consist of a detail of 74 Illinois State Police employees.

STATE OF ILLINOIS
ILLINOIS GAMING BOARD
ANALYSIS OF OPERATIONS
For the Year Ended June 30, 2010

Internal Organization

The Board is organized functionally into the following program areas:

Audit and Financial Analysis – Reviews all financial aspects of owner and supplier applications. Performs annual audits on various aspects of owner operations. Creates, reviews, and ensures compliance with internal controls and financial reporting requirements. Coordinates activities and reviews reports from independent financial auditors and owner internal auditors.

Enforcement – Monitors the integrity of the riverboat gambling operations through staff assigned to be present whenever gambling is conducted.

Finance and Administration – Collects, deposits and transfers, as required by law, all riverboat gambling taxes and fees, fines and penalties; develops and distributes reports; and coordinates support services, including annual budget process, accounting, personnel and data processing.

Investigations – In order to ensure the integrity of the riverboat industry in Illinois, investigations staff conducts background investigations on all owners and key persons of riverboat operations and suppliers, as well as occupational licensees. In addition, they may perform follow-up investigations related to activity that occurs on the riverboat.

Legal – Provides general and specific legal advice to Board members and staff on implementation of the Riverboat Gambling Act; drafts legislation, polices and rules; consults with outside attorneys, the public, and the media on legal issues; and represents the Board in hearings and other legal proceedings.

Other functions reporting to the Administrator include Public Information, Legislative Services, and Affirmative Action.

Strategic Planning & Monitoring

The Illinois Gaming Board is committed to its mission and has established a strategic plan to help achieve its objectives. The Board's specific goals, objectives, and performance measures are developed every year and discussed at each Board meeting. The Board meets at least once monthly to discuss the objectives of the Board and the strategic plan for the future, especially relating to the Video Gaming Act.

Monthly Board meetings consist of discussing pertinent issues and reviewing important performance documents such as monthly casino summaries, credit-check summaries, revenue and expenditure summaries, annual updates of casinos, major transactions, proposed complaints and disciplinary actions, as well as proposed rules for the Illinois Gaming Board.

The Illinois Gaming Board monitors the establishment of the Video Gaming Act each month and monitors its progress through the implementation phase. The Board has promulgated two sets of rules regarding the Video Gaming Act and continues to promulgate rules for the Video Gaming Act. The Board examines the progress of goals set at previous meetings and sets new goals on a

STATE OF ILLINOIS
ILLINOIS GAMING BOARD
ANALYSIS OF OPERATIONS
For the Year Ended June 30, 2010

monthly basis in order to assure the Board properly administers and regulates riverboat casino gambling and video gaming in Illinois.

STATE OF ILLINOIS
ILLINOIS GAMING BOARD
AVERAGE NUMBER OF EMPLOYEES
For the Year Ended June 30, 2010

AVERAGE NUMBER OF EMPLOYEES

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

<u>Division</u>	<u>2010</u>
Officials / Managers	28
Professionals	47
Para-Professionals	6
Office / Clerical	<u>2</u>
Total	<u><u>83</u></u>

Note: In addition to the average number of employees for the Board noted above, the Board also pays the related salaries and expenses for approximately 74 Illinois State Police through an interagency agreement.

STATE OF ILLINOIS
ILLINOIS GAMING BOARD
GAMING BOARD STATISTICS
Calendar Year Summary of Illinois Riverboat Data
(Not Examined)

Month/Year	Number of Admissions Total	AGR Total	Taxes Collected		Net Proceeds Per Admission
			State	Local	
1991 Total	308,783	\$ 14,942,909	\$ 2,550,219	\$ 1,055,928	\$ 48.39
1992 Total	4,079,819	226,334,794	38,030,038	15,396,559	55.48
1993 Total	10,679,490	605,684,483	101,532,162	40,963,714	56.71
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
2006 Total	16,180,360	1,923,528,409	717,881,351	112,358,413	118.88
2007 Total	16,525,437	1,983,386,762	718,157,094	115,727,277	120.02
January	1,238,289	131,481,422	15,850,576	7,811,527	106.18
February	1,197,403	130,677,565	21,074,636	7,725,783	109.13
March	1,349,151	147,740,992	31,152,683	8,734,129	109.51
April	1,222,244	135,121,192	34,645,917	7,979,197	110.55
May	1,314,544	142,670,712	40,302,688	8,450,970	108.53
June	1,206,528	130,819,499	42,019,363	7,749,628	108.43
July	1,302,176	138,316,557	47,531,454	8,223,146	106.22
August	1,297,912	135,488,139	49,906,250	8,068,833	104.39
September	1,152,143	122,734,037	47,434,928	7,291,777	106.53
October	1,155,120	121,862,256	48,294,882	7,256,420	105.50
November	1,112,723	120,737,265	49,410,721	7,153,007	108.51
December	1,088,821	111,077,616	46,024,540	6,650,862	102.02
2008 Total	14,637,054	\$ 1,568,727,252	\$ 473,648,638	\$ 93,095,279	\$ 107.18
January	1,154,389	119,169,483	14,148,385	7,119,955	103.23
February	1,194,129	123,562,139	18,775,644	7,358,939	103.47
March	1,258,081	130,854,152	25,586,829	7,710,451	104.01
April	1,150,698	115,706,474	28,217,903	7,028,771	100.55
May	1,216,061	123,714,476	34,503,725	7,415,520	101.73
June	1,179,821	115,600,694	34,135,324	6,956,239	97.98
July	1,366,224	129,244,495	41,480,786	7,831,048	94.60
August	1,299,505	122,087,910	40,728,902	7,410,057	93.95
September	1,203,496	114,260,115	42,133,974	6,915,538	94.94
October	1,204,552	116,895,345	43,974,901	7,046,521	97.04
November	1,134,276	112,280,039	44,046,884	6,754,516	98.99
December	1,057,528	105,547,770	41,776,988	6,338,153	99.81
2009 Total	14,418,760	\$ 1,428,923,092	\$ 409,510,245	\$ 85,885,708	\$ 99.10

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

Calendar Year Comparison	2005	2006	2007	2008	2009
Number of Licensees	10	10	10	10	10
Adjusted Gross Receipts (AGR)	\$ 1,798,912,344	\$ 1,923,528,409	\$ 1,983,386,762	\$ 1,568,727,252	\$ 1,428,923,092
Table Games	\$ 231,446,105	\$ 233,322,595	\$ 233,974,384	\$ 199,666,168	\$ 174,891,436
Electronic Gaming Devices (EGD)	\$ 1,567,466,239	\$ 1,690,205,814	\$ 1,749,412,378	\$ 1,369,061,084	\$ 1,254,031,656
Number of Admissions	15,323,166	16,180,360	16,525,437	14,637,054	14,418,760
AGR Per Admission	\$ 117	\$ 119	\$ 120	\$ 107	\$ 99
Total Tax	\$ 749,745,417	\$ 830,239,764	\$ 833,884,371	\$ 566,743,917	\$ 495,395,953
Wagering Tax	\$ 692,806,990	\$ 782,391,975	\$ 784,931,153	\$ 523,523,703	\$ 453,396,211
Admissions Tax	\$ 56,938,427	\$ 47,847,789	\$ 48,953,218	\$ 43,220,214	\$ 41,999,742
State Share	\$ 644,462,903	\$ 717,881,351	\$ 718,157,094	\$ 473,648,638	\$ 409,510,245
Local Share	\$ 105,282,514	\$ 112,358,413	\$ 115,727,277	\$ 93,095,279	\$ 85,885,708

STATE OF ILLINOIS
ILLINOIS GAMING BOARD
GAMING BOARD STATISTICS
Calendar Year Comparison Statistics
(Not Examined)

	Totals		% Change
	2008	2009	
Adjusted Gross Receipts (AGR)	\$ 1,568,727,252	\$ 1,428,923,092	(8.91) %
Taxable AGR (includes adjustments)	\$ 1,569,363,526	\$ 1,429,317,609	(8.92) %
Number of Table Games	223	238	6.73 %
Table Drop	\$ 1,178,223,781	\$ 1,008,997,744	(14.36) %
Table AGR	\$ 199,666,168	\$ 174,891,436	(12.41) %
AGR/Table/Day	\$ 2,446	\$ 2,013	(17.70) %
Table Game AGR to Drop %	16.9 %	17.3 %	2.37 %
Number of Electronic Gaming Devices (EGD)	9,955	10,079	1.25 %
EGD Handle	\$ 18,152,605,454	\$ 16,067,648,275	(11.49) %
EGD AGR	\$ 1,369,061,084	\$ 1,254,031,656	(8.40) %
AGR/EGD/Day	\$ 376	\$ 341	(9.30) %
EGD AGR to Handle %	7.5 %	7.8 %	4.00 %
Admissions	14,637,054	14,418,760	(1.49) %
AGR Per Admission	\$ 107	\$ 99	(7.53) %
Total Tax	\$ 566,743,917	\$ 495,395,953	(12.59) %
Wagering Tax	\$ 523,523,703	\$ 453,396,211	(13.40) %
Admission Tax	\$ 43,220,214	\$ 41,999,742	(2.82) %
Other Revenues	\$ 1,672,249	\$ 3,194,313	91.02 %

STATE OF ILLINOIS
ILLINOIS GAMING BOARD
GAMING BOARD STATISTICS
2009 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	\$ 84,206,140	\$ 4,833,932	5.7%	\$ 79,372,208	94.3%
East Peoria	114,989,801	12,376,999	10.8%	102,612,802	89.2%
Rock Island	70,491,112	6,444,850	9.1%	64,046,262	90.9%
Joliet-Empress	119,954,225	12,168,883	10.1%	107,785,342	89.9%
Metropolis	117,721,230	16,735,199	14.2%	100,986,031	85.8%
Joliet-Harrah's	278,730,833	30,007,001	10.8%	248,723,832	89.2%
Aurora	202,274,745	22,006,051	10.9%	180,268,694	89.1%
East St. Louis	147,539,524	18,916,643	12.8%	128,622,881	87.2%
Elgin	293,015,482	51,401,878	17.5%	241,613,604	82.5%
Total	<u>\$ 1,428,923,092</u>	<u>\$ 174,891,436</u>	12.2%	<u>\$ 1,254,031,656</u>	87.8%

STATE OF ILLINOIS
ILLINOIS GAMING BOARD
GAMING BOARD STATISTICS

Five Year Calendar Year History of Distribution of Gaming Taxes
(Not Examined)

		Distribution to Local Governments				% Change 2008 to 2009	
		2005	2006	2007	2008		2009
Alton	\$	7,097,896	\$ 7,554,349	\$ 7,724,803	\$ 5,722,030	\$ 5,369,552	-6.16%
East Peoria		8,117,498	7,901,581	8,011,938	7,188,723	7,087,935	-1.40%
Rock Island		2,714,536	2,649,411	2,411,087	2,387,351	4,779,745	100.21%
Joliet		31,721,572	34,864,387	36,168,333	28,335,882	23,573,344	-16.81%
Metropolis		8,413,434	9,330,506	9,921,866	7,407,894	6,964,396	-5.99%
Aurora		13,606,013	15,105,581	15,449,378	12,632,336	11,720,974	-7.21%
East St. Louis		10,545,446	10,820,363	11,738,204	10,292,397	9,623,667	-6.50%
Elgin		23,066,119	24,132,235	24,301,668	19,128,666	16,766,095	-12.35%
Total	\$	105,282,514	\$ 112,358,413	\$ 115,727,277	\$ 93,095,279	\$ 85,885,708	-7.74%

State Share of Gaming Taxes			
Distribution	Admission Tax	Wagering Tax	Total
2008	28,583,160	445,065,478	473,648,638
2009	27,580,982	381,929,263	409,510,245
% Change	-3.51%	-14.19%	-13.54%

Local Share of Gaming Taxes			
Distribution	Admission Tax	Wagering Tax	Total
2008	14,637,054	78,458,225	93,095,279
2009	14,418,760	71,466,948	85,885,708
% Change	-1.49%	-8.91%	-7.74%

STATE OF ILLINOIS
ILLINOIS GAMING BOARD
SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Year Ended June 30, 2010
(Not Examined)

(Appropriated Spending in Thousands)

	Fiscal Year 2010	
<u>Reporting Programs</u>	<u>Expenditures</u>	<u>Headcount</u>
Gaming Board	\$ 107,866.9	84.0
Agency Totals	\$ 107,866.9	84.0

The Gaming Board consists of five-members appointed by the Governor and confirmed by the Senate. The Gaming Board administers a regulatory and tax collection system for casino gambling in Illinois. The Gaming Board also has comprehensive law enforcement responsibilities associated with casino gambling in Illinois.

The Board's staff conducts audit, legal, enforcement, investigative, operational and financial analysis activities to ensure the integrity of gaming in Illinois as mandated by the Act. The Board assures the integrity of riverboat gambling through the regulatory oversight of casino operations and the licensing of riverboat gambling operations and personnel. The Board's staff conducts a criminal background investigation and, in some cases, a financial investigation in an effort to ensure that an applicant has no felony convictions or criminal history which would make him or her ineligible for licensure.

On April 1, 2009, the Governor issued Executive Order No. 5, which separated the Gaming Board from the Department of Revenue, effective July 1, 2009. Under the terms of the Executive Order, all functions of the Gaming Board previously provided by the Department of Revenue were transferred to the Board, except for those functions provided by the Administrative and Regulatory Shared Services Center (ARSCC). Department of Revenue employees engaged in performing functions of the Gaming Board were likewise transferred to the Board.

The Board's staff includes approximately 156 agency employees that consist of a detail of 74 Illinois State Police employees. Gaming Board employees may not be employed by the Board if their spouse, parent or child is an official of, or has a financial interest in or a financial relationship with, any operator engaged in gambling operations in Illinois. Gaming Board members and Staff are prohibited from gambling at Illinois casinos and are subject to a strict Code of Ethics prohibiting post-termination employment, economic associations with licensees and conduct detrimental to the integrity of gaming in Illinois.

The Riverboat Gambling Act (Act) was enacted in February 1990, making Illinois the second state in the nation to legalize riverboat gambling. The Act authorizes the Illinois Gaming Board (Gaming Board or Board) to grant up to ten casino licenses. On September 11, 1991, the first

STATE OF ILLINOIS
ILLINOIS GAMING BOARD
SERVICE EFFORTS AND ACCOMPLISHMENTS

For the Year Ended June 30, 2010

(Not Examined)

riverboat casino began operation in Alton. To view a copy of the Act and the Gaming Board's Adopted Rules, visit the Gaming Board's website at www.igb.state.il.us.

Each riverboat gaming operation is authorized to offer up to 1,200 gaming positions, consisting of a mix of electronic gaming devices and table games. In 1999 the Act was amended to permit all riverboat gaming operations to permanently moor at dock sites, without conducting cruises on any waterway. Patrons visiting the casinos must be 21 years of age to be admitted to the gambling areas of each operation. The Act requires that all wagering in the casinos be cashless.

On July 13, 2009 the Governor signed the Video Gaming Act (Public Acts 096-0034, 096-0037 and 096-0038) making video gaming terminals legal in Illinois. The Act allows for video gaming terminals to be placed in certain liquor establishments, truck stops and fraternal/veterans clubs throughout the state.

The Gaming Board has the responsibility of implementing and regulating video gaming in Illinois. In 2009 the Board began the process of promulgating the Administrative Rules for video gaming. On October 19, 2009, the Board filed an initial set of emergency rules related to video gaming. The Board simultaneously filed an identical set of video gaming rules. The first set of video gaming rules to be promulgated by the regular rulemaking process addressed the following:

- General provisions (definitions, gender references, and Board inspections);
- Duties of licensees;
- Standards of conduct for licensees;
- Licensing qualifications;
- Licensing procedures;
- Denials of applications for licensure;
- Disciplinary actions against licensees; and
- Location of video gaming terminals in licensed video gaming locations.

Additional rules related to video gaming will be promulgated in 2010.

The enactment of the Video Gaming Act marks the greatest expansion of the Board's regulatory duties since the legalization of riverboat gambling in 1990. The Gaming Act authorizes the installation of up to 5 video gaming terminals (VGTs) in licensed establishments where liquor is served for consumption on the premises, as well as in licensed fraternal establishments, licensed

STATE OF ILLINOIS
ILLINOIS GAMING BOARD
SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Year Ended June 30, 2010
(Not Examined)

veterans establishments, and licensed truck stops as defined in the legislation. Besides the very large number of machines that must be monitored, additional factors that add to the Board's regulatory challenge are the diffuse placement of the VGTs in locations throughout the state, and the multiple layers of licenses involved. The Video Gaming Act requires a separate license for manufacturers, distributors, suppliers, terminal operators, technicians, handlers, and locations. License applications are in development. All licenses under the Video Gaming Act will be issued by the Board.

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ILLINOIS GAMING BOARD
SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Year Ended June 30, 2010
(Not Examined)

Mission Statement: To administer and regulate riverboat casino gambling and video gaming in Illinois through strict regulatory oversight as mandated by the Riverboat Gambling Act, the Video Gaming Act, and all applicable administrative rules.

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 Fund

Statutory Authority: 230 ILCS 10

STATE OF ILLINOIS
ILLINOIS GAMING BOARD
SERVICE EFFORTS AND ACCOMPLISHMENTS

For the Year Ended June 30, 2010
(Not Examined)

	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2010	Fiscal Year 2011
	Actual	Actual	Target/Projected	Actual	Target/Projected
<u>Input Indicators</u>					
Total expenditures all sources (in thousands)	\$ 123,657.3	\$ 107,469.8	\$ 20,003.3	\$ 107,866.9	\$ 137,359.4
Total expenditures - State appropriated funds (in thousands)	\$ 123,657.3	\$ 107,469.8	\$ 20,003.3	\$ 107,866.9	\$ 137,359.4
Average monthly full-time equivalents	77.0	79.0	86.0	84.0	201.0

	9.0	9.0	9.0	9.0	10.0
<u>Output Indicators</u>					
Number of operating riverboats in Illinois	9.0	9.0	9.0	9.0	10.0
Number of active occupational licenses	8,010	8,108	8,200	6,514	7,500
Number of incident reports filed	4,561	4,743	5,000	5,489	5,500
Number of level one occupational investigations	26.0	19.0	20.0	13.0	19.0
Number of payments received (a)	2,483	2,485	2,505	2,507	17,572
Number of payments and transfers made	35.0	34.0	36.0	36.0	36.0
Number of quarterly and annual audits	45.0	45.0	45.0	45.0	45.0

	100%	100%	100%	100%	100%
<u>Outcome Indicators</u>					
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	88%	100%	100%	100%	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	97%	89.5%	100%	100%	100%
Total 12 month attendance at riverboat casinos	15,971,101	14,262,074	15,000,000	14,350,454	15,000,000

Footnote

a Number of payments received - we anticipate +/- 15,000 additional payments for Video Gaming application fees and license fees.