

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2014

STATE OF ILLINOIS
ILLINOIS RACING BOARD
 COMPLIANCE EXAMINATION
 For the Two Years Ended June 30, 2014

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AGENCY OFFICIALS

Chair of the Board (03/02/15 – Present)	Mr. Jeffrey Brincat
Chair of the Board (Interim) (01/26/15 – 03/01/15)	Mr. Marc Laino
Chair of the Board (01/13/15 – 01/25/15)	Vacant
Chair of the Board (07/01/12 – 01/12/15)	Mr. William L. Berry
Executive Director (01/01/15 – Present)	Mr. Domenic DiCera
Executive Director (07/01/12 – 12/31/14)	Mr. Marc Laino
Chief Fiscal Officer (07/11/12 – Present)	Mr. Vitto Ezeji-Okoye
Chief Fiscal Officer (07/01/12 – 07/10/12)	Vacant
General Counsel (07/27/15 – Present)	Mr. Michael R. Pieczonka
General Counsel (05/01/15 – 07/26/15)	Vacant
General Counsel (07/01/12 – 04/30/15)	Ms. Katherine Laurent
State Director of Mutuels	Mr. Bob Lang
Director of Operations^ (07/01/15 – Present)	Ms. Jackie Clisham
Director of Field Operations* (07/01/12 – 03/01/15)	Mr. Domenic DiCera
Director of Security	Mr. Ed Mingey
Director of Licensing (05/09/15 – Present)	Vacant
Director of Licensing (07/01/12 – 05/08/15)	Ms. Madonna Wallace
Projects Manager	Mr. Mickey Ezzo

^ This position was created on July 1, 2015.

* This position was eliminated on March 1, 2015. During January 2015 and February 2015, Mr. DiCera concurrently served as the Board's interim Executive Director. On May 8, 2015, Mr. DiCera was named the Board's Executive Director.

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BOARD MEMBERS

Commissioner (01/26/15 – Present)	Ms. Arlene Mulder
Commissioner (01/13/15 – 01/25/15)	Vacant
Commissioner (07/01/12 – 01/12/15)	Mr. William L. Berry
Commissioner (10/01/12 – Present)	Mr. Gregory W. Sronce
Commissioner (07/02/12 – 09/30/12)	Vacant
Commissioner (07/01/12 – 07/01/12)	Mr. Joseph Sinopoli
Commissioner (08/03/12 – Present)	Mr. Hugh D. Scates
Commissioner (07/02/12 – 08/02/12)	Vacant
Commissioner (07/01/10 – 07/01/12)	Mr. Angelo Ciambrone
Commissioner (03/02/15 – Present)	Mr. Robert Muriel
Commissioner (01/13/15 – 03/01/15)	Vacant
Commissioner (04/11/14 – 01/12/15)	Mr. Orion Samuelson
Commissioner (07/01/12 – 04/10/14)	Vacant
Commissioner (03/02/15 – Present)	Mr. Travis Swoope
Commissioner (01/13/15 – 03/01/15)	Vacant
Commissioner (03/31/14 – 01/12/15)	Mr. Thomas McCauley
Commissioner (10/14/12 – 03/30/14)	Vacant
Commissioner (07/01/12 – 10/13/12)	Ms. Patricia Beauvais
Commissioner	Ms. Kathy Byrne
Commissioner (01/26/15 – Present)	Mr. Robert Lunt
Commissioner (07/01/12 – 01/25/15)	Mr. Allan M. Monat
Commissioner (03/02/15 – Present)	Ms. Shelley Kalita
Commissioner (10/17/14 – 03/01/15)	Vacant
Commissioner (07/01/12 – 10/16/14)	Mr. Benjamin Reyes
Commissioner (10/01/12 – Present)	Mr. Robert G. Schiewe, Jr.
Commissioner (07/02/12 – 09/30/12)	Vacant
Commissioner (07/01/12 – 07/01/12)	Dr. Paul B. Smith, DVM
Commissioner	Mr. Roger Whalen
Commissioner (03/02/15 – Present)	Mr. Jeffrey Brincat
Commissioner (01/13/15 – 03/01/15)	Vacant
Commissioner (09/05/14 – 01/12/15)	Ms. Melody Spann-Cooper
Commissioner (07/01/12 – 09/04/14)	Mr. Michael LaPidus

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2014

BOARD OFFICES

Board offices are located at:

Chicago, Illinois

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

Fairmount Park

Downstate Thoroughbred
9301 Collinsville Road
Collinsville, Illinois 62234

Arlington International Racecourse

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

Hawthorne Racecourse

Upstate Thoroughbred
3501 S. Laramie Avenue
Cicero, Illinois 60804

Balmoral Park

Upstate Harness
26435 S. Dixie Highway
Crete, Illinois 60417

Maywood Park

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



ILLINOIS RACING BOARD

STATE COMPLIANCE EXAMINATION

MANAGEMENT ASSERTION LETTER

August 11, 2015

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

Dear Mr. Holland:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the State of Illinois, Illinois Racing Board. We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the State of Illinois, Illinois Racing Board's compliance with the following assertions during the two-year period ended June 30, 2014. Based on this evaluation, we assert, for the period beginning July 27, 2015, through August 11, 2015, that during the two years ended June 30, 2014, the State of Illinois, Illinois Racing Board has materially complied with the assertions below.

- A. The State of Illinois, Illinois Racing Board has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The State of Illinois, Illinois Racing Board has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The State of Illinois, Illinois Racing Board has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the State of Illinois, Illinois Racing Board are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.

Yours very truly,

State of Illinois, Illinois Racing Board



Domenic DiCera,
Executive Director



Vitto Ezeji-Okoye,
Chief Financial Officer



Michael R. Pieczonka,
General Counsel



ILLINOIS RACING BOARD

STATE COMPLIANCE EXAMINATION

MANAGEMENT ASSERTION LETTER

July 26, 2015

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

Dear Mr. Holland:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the State of Illinois, Illinois Racing Board. We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the State of Illinois, Illinois Racing Board's compliance with the following assertions during the two-year period ended June 30, 2014. Based on this evaluation, we assert, based upon information known as of the date of this letter for the period beginning May 1, 2015, through July 26, 2015, that during the two years ended June 30, 2014, the State of Illinois, Illinois Racing Board has materially complied with the assertions below.

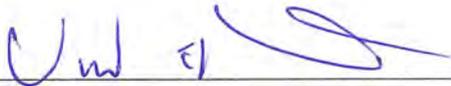
- A. The State of Illinois, Illinois Racing Board has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The State of Illinois, Illinois Racing Board has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The State of Illinois, Illinois Racing Board has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the State of Illinois, Illinois Racing Board are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.

Yours very truly,

State of Illinois, Illinois Racing Board



Domenic DiCera,
Executive Director



Vitto Ezeji-Okoye,
Chief Financial Officer



Mickey Ezzo,
Projects Manager



ILLINOIS RACING BOARD

STATE COMPLIANCE EXAMINATION

MANAGEMENT ASSERTION LETTER

April 30, 2015

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

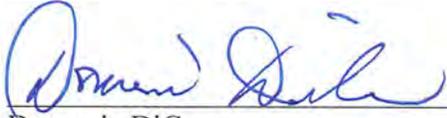
Dear Mr. Holland:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the State of Illinois, Illinois Racing Board. We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the State of Illinois, Illinois Racing Board's compliance with the following assertions during the two-year period ended June 30, 2014. Based on this evaluation, we assert, based upon information known as of the date of this letter, that during the two years ended June 30, 2014, the State of Illinois, Illinois Racing Board has materially complied with the assertions below.

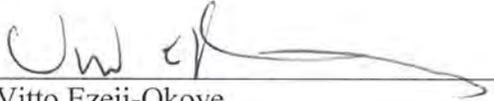
- A. The State of Illinois, Illinois Racing Board has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The State of Illinois, Illinois Racing Board has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The State of Illinois, Illinois Racing Board has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the State of Illinois, Illinois Racing Board are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.

Yours very truly,

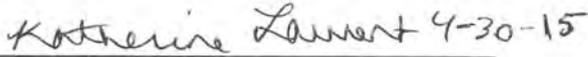
State of Illinois, Illinois Racing Board



Domenic DiCera,
Executive Director (Interim)



Vitto Ezeji-Okoye,
Chief Financial Officer



Katherine Laurent,
General Counsel

STATE OF ILLINOIS
ILLINOIS RACING BOARD
 COMPLIANCE EXAMINATION
 For the Two Years Ended June 30, 2014

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.

ACCOUNTANT'S REPORT

The Independent Accountant's Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes does not contain scope limitations or disclaimers, but does contain a qualified opinion on compliance and identifies material weaknesses in internal control over compliance.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>Current</u>	<u>Prior</u>
Findings	<u>Report</u>	<u>Report</u>
Repeated findings	15	16
Prior recommendations implemented or not repeated	10	6
	6	2

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)			
2014-001	17	Lack of Policies and Procedures over Shared Services	Material Weakness and Material Noncompliance
2014-002	20	Inadequate Control over Receipts	Material Weakness and Material Noncompliance
2014-003	29	Inadequate Control over Payroll Expenditures	Material Weakness and Material Noncompliance
2014-004	37	Inadequate Control over Occupational Licensee Records	Material Weakness and Material Noncompliance
2014-005	39	Tax Collection and Distribution Deficiencies	Material Weakness and Material Noncompliance

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<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)			
2014-006	43	Inadequate Monitoring of Pari-Mutuel Tax Allocations	Material Weakness and Material Noncompliance
2014-007	46	Inadequate Control over Accounts Receivable	Material Weakness and Material Noncompliance
2014-008	50	Unable to Distribute Local Government Tax Collections	Material Weakness and Material Noncompliance
2014-009	52	Noncompliance with Racing Laws and Regulations	Material Weakness and Material Noncompliance
2014-010	59	Inadequate Control over the Laboratory	Significant Deficiency and Noncompliance
2014-011	64	Inaccurate Agency Fee Imposition Reports	Significant Deficiency and Noncompliance
2014-012	66	Inadequate Monitoring of Illinois Racing Requirements	Significant Deficiency and Noncompliance
2014-013	68	Inadequate Control over State Vehicles	Significant Deficiency and Noncompliance
2014-014	73	Inadequate Control over Voucher Processing	Significant Deficiency and Noncompliance
2014-015	77	Need to Enhance Control over Confidential Information	Significant Deficiency and Noncompliance

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<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
PRIOR FINDINGS NOT REPEATED			
A	79	Inadequate Monitoring of Horse Racing Equity Trust Fund Moneys	
B	79	Excess Cash within the Racing Board Fingerprint Fund	
C	79	Failure to Require Timely Payment of the Annual Charity Assessment	
D	80	Inadequate Controls over Stewards' Rulings	
E	80	Noncompliance with the Fiscal Control and Internal Auditing Act	
F	80	Inadequate Controls over the Horse Racing Equity Trust Fund	

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Board personnel at an exit conference on August 4, 2015. Attending were:

Illinois Racing Board

Domenic DiCera - Executive Director
 Mike Pieczonka - General Counsel
 Ed Mingey - Director of Security
 Jackie Clisham - Director of Operations
 Mickey Ezzo - Projects Manager
 Bob Lang - State Director of Mutuels
 Vitto Ezeji-Okoye - Chief Fiscal Officer

Office of the Auditor General

Daniel J. Nugent, CPA - Audit Manager
 Kathleen A. Devitt, CISA - Audit Manager
 Ryan O. Goerres, CPA - Audit Supervisor
 Paige Morgano - Staff Auditor

Department of Revenue

Ed Buckles - Assistant Director
 Cory Staley - Chief Fiscal Officer
 Angie Oxley - Program Administrator
 Barb Ringler - Chief Internal Auditor
 Rhonda Poeschel - Senior Project Consultant

Administrative and Regulatory Shared Services Center at the Department of Revenue

Kathryn Hanlon - Chief Financial Officer
 Julie Moscardelli - Human Resources Director
 Jennifer Schwitek - Compliance Coordinator
 Stacey Davis - Payroll, Timekeeping, and Benefits
 Charles Pirrera - Public Service Administrator

The responses to the recommendations were provided by Mike Pieczonka, General Counsel, in a correspondence dated August 11, 2015.

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OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

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

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have examined the State of Illinois, Illinois Racing Board's compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2014. The management of the State of Illinois, Illinois Racing Board is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Illinois Racing Board's compliance based on our examination.

- A. The State of Illinois, Illinois Racing Board has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The State of Illinois, Illinois Racing Board has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The State of Illinois, Illinois Racing Board has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the State of Illinois, Illinois Racing Board are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.

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

General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the State of Illinois, Illinois Racing Board's compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the State of Illinois, Illinois Racing Board's compliance with specified requirements.

As described in items 2014-001 through 2014-008 in the accompanying schedule of findings, the State of Illinois, Illinois Racing Board did not comply with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations. As described in item 2014-009 in the accompanying schedule of findings, the State of Illinois, Illinois Racing Board did not comply with requirements regarding obligating, expending, receiving, and using public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use. As described in items 2014-002, 2014-006, and 2014-007 in the accompanying schedule of findings, the State of Illinois, Illinois Racing Board did not comply with applicable laws and regulations concerning the collection of State revenues and receipts and ensuring the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law. Compliance with such requirements is necessary, in our opinion, for the State of Illinois, Illinois Racing Board to comply with the requirements listed in the first paragraph of this report.

In our opinion, except for the noncompliance described in the preceding paragraph, the State of Illinois, Illinois Racing Board complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2014. However, the results of our procedures disclosed other instances of noncompliance with the requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings as items 2014-010 through 2014-015.

Internal Control

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

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

A deficiency in 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 over compliance, such that there is a reasonable possibility that a material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as items 2014-001 through 2014-009 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as items 2014-010 through 2014-015 to be significant deficiencies.

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

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

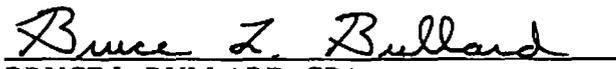
Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information for the years ended June 30, 2014, and June 30, 2013, in Schedules 1 through 9 and the Analysis of Operations Section is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2014, and June 30, 2013, accompanying supplementary information in Schedules 1 through 9. However, we do not express an opinion on the accompanying supplementary information.

As reported in Finding 2014-002, we were not able to determine whether the State of Illinois, Illinois Racing Board's cash receipt records at June 30, 2014, and June 30, 2013, were complete and appropriately reported. Therefore, we were unable to conclude whether the Comparative Schedule of Cash Receipts and Reconciliation of Cash Receipts to Deposits Remitted to the State Comptroller on Schedule 5 was complete. Furthermore, as reported in Finding 2014-007, the State of Illinois, Illinois Racing Board does not maintain and properly report all accounts receivable to the Office of the State Comptroller. Therefore, we were unable to conclude whether the Analysis of Accounts Receivable on Schedule 9 was complete.

We have not applied procedures to the June 30, 2012, accompanying supplementary information in Schedules 3 through 7 and 9 and in the Analysis of Operations Section, and accordingly, we do not express an opinion or provide any assurance on it.

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


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

Springfield, Illinois
August 11, 2015

STATE OF ILLINOIS
ILLINOIS RACING BOARD
SCHEDULE OF FINDINGS - STATE COMPLIANCE
For the Two Years Ended June 30, 2014

2014-001. **FINDING** (Lack of Policies and Procedures over Shared Services)

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

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

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

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

We continued to note problems arising from confusion regarding the Board and Shared Services' responsibilities for the Board's operations, including:

- The Board and Shared Services did not accurately report cash receipts in transit to the State Treasury. During testing, the auditors noted Shared Services was the preparer of the Board's receipt reconciliations and accounts receivable reports. As the preparer, Shared Services determined cash received by Board employees in transit between the racetrack and the Department of Revenue's receipt deposit operations represented accounts receivable. Therefore, the Board's receipts per agency records amount was inaccurate when Shared Services prepared the Board's monthly receipt reconciliations to the State Comptroller's records (see Finding 2014-002 for more information). Furthermore, the Board's accounts receivable amounts were overstated by the amount of in-transit receipts (see Finding 2014-007 for more information).

STATE OF ILLINOIS
ILLINOIS RACING BOARD
SCHEDULE OF FINDINGS - STATE COMPLIANCE
For the Two Years Ended June 30, 2014

2014-001. **FINDING** (Lack of Policies and Procedures over Shared Services) (continued)

- The Board and Shared Services did not ensure all receipts were deposited into the correct receipt account and did not properly document the correction of receipt deposit errors (see Finding 2014-002 for more information).
- Shared Services did not extract per diem information from the Central Time and Attendance System and accurately enter the total number of per diems worked by Board employees into the 260-day tracking sheet maintained by Shared Services (see Finding 2014-003 for more information). Shared Services personnel, however, stated this function was not the responsibility of Shared Services.
- The Board and Shared Services did not report adjusting payroll entries to the State Comptroller in a timely manner as required by the Agreement between the State and the American Federation of State, County, and Municipal Employees Council 31 (see Finding 2014-003 for more information).
- The Board and Shared Services continued to have difficulty processing vouchers within the timeframes for voucher approval (see Finding 2014-014 for more information).

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

Board officials stated the Board disagreed with the finding as the Board has continued to reach out to Shared Services to receive a detailed breakdown of the day to day functions that Shared Services performs on behalf of the Board and they had received a spreadsheet from Shared Services detailing their functions. The auditors reviewed the spreadsheet noting it was prepared during January 2014 and it only listed the funds where Shared Services reconciles State Comptroller reports, prepares deposit summary and returned check information, prepares quarterly accounts receivable and property reports for the State Comptroller, and prepares the annual GAAP reporting packages.

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2014-001. **FINDING** (Lack of Policies and Procedures over Shared Services) (continued)

The auditors concluded the spreadsheet had the following deficiencies:

- the spreadsheet did not address any human resources functions performed by Shared Services for the Board;
- the spreadsheet did not address the voucher processing functions performed by Shared Services for the Board;
- the spreadsheet did not include any detail, in either a narrative or flowchart format, delineating responsibility for tasks among Shared Services and Board personnel; and,
- the spreadsheet lacks any specific tasks or directions necessary to complete a task, such as who at the Board maintains records Shared Services will need to accurately prepare a report for the Board.

Failure to develop formal, written policies and procedures detailing the relationship between the Board and Shared Services may lead to noncompliance with State laws, rules, and regulations. (Finding Code No. 2014-001, 12-1, 10-1)

RECOMMENDATION

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

BOARD RESPONSE

The Board will continue to work with Shared Services to ensure the division of daily operating responsibilities is clearly communicated.

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2014-002. **FINDING** (Inadequate Control over Receipts)

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

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

During testing, the auditors noted the following:

- The Board lacked adequate cash management procedures designed to timely and efficiently expedite cash collections into the State Treasury. The auditors tested 60 receipts, totaling \$1,960,263.
 - Thirteen of 60 (22%) receipts tested, totaling \$1,455,784, were deposited into the State Treasury between one and 46 business days late after exhausting any applicable receipt deposit extensions.
 - Seven of 60 (12%) receipts tested, totaling \$104,529, did not have adequate supporting documentation detailing the date the receipts were received by the Board. For four of the receipts, totaling \$48,389, the Board did not maintain the transaction detail report from the bank for electronic deposits. As such, the auditors were unable to determine if these receipts were timely deposited by the Board into the State Treasury. For the remaining three receipts, totaling \$56,140, did not trace to the Board's daily deposit records; therefore, the auditors were unable to determine when these receipts were deposited by the Board into the State Treasury.
 - Two of 60 (3%) receipts selected for testing, totaling \$21,282, were not provided to the auditors for testing, as the Board did not have documentation to support the receipt transaction.

The State Officers and Employees Money Disposition Act (30 ILCS 230/2(a)) requires the Board deposit receipts collected into the State Treasury within a specific number of business days, depending on the value of cash receipts on hand. Further, the State Records Act (5 ILCS 160/8) requires the Board make and preserve records containing adequate and proper documentation of the Board's transactions to protect the legal and financial rights of the State.

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2014-002. **FINDING** (Inadequate Control over Receipts) (continued)

- Three of 60 (5%) receipt deposit transmittals (RDTs) tested, totaling \$8,613, were not timely remitted to the State Comptroller within a reasonable period of time. The RDTs were remitted to the State Comptroller between 32 and 37 days after the Board received a State Treasurer's Draft.

The Statewide Accounting Management System (SAMS) (Procedure 25.20.10) requires the Board prepare a Receipts Deposit Transmittal (Form C-64) with either a State Treasurer's Draft or other acceptable remittance to order moneys deposited into the State Treasury. Good cash management controls include expediting the deposit of cash receipts into the State Treasury to speed the payment of State obligations.

- The Board's cash receipts contained several errors and discrepancies. The auditors tested 60 receipts, totaling \$1,960,263.
 - One of 60 (2%) receipts tested, totaling \$147, was not properly approved by an authorized individual. The auditors noted the receipt was not signed and dated to indicate the receipt had been posted to the worksheet calculating the amount to disburse that month for inter-track wagering location admission fees within Cook County.

The Illinois Horse Racing Act of 1975 (230 ILCS 5/27(f)) requires the Board distribute inter-track wagering location admission fees imposed by local governments pursuant to rule. The Illinois Administrative Code (11 Ill. Admin. Code 1325.80(d) and 11 Ill. Admin. Code 1428.10(d)) requires the Board remit amounts due to counties on a monthly basis. The Board's internal control process requires staff to sign off on the receipt after posting the receipt to the worksheet that calculates the amount to disburse that month for inter-track wagering location admission fees within Cook County.

- Four of 60 (7%) receipts tested, totaling \$114,815, did not trace to the Board's Cash Receipt Journals. In following up on this matter with an official with the Administrative and Regulatory Shared Services Center at the Department of Revenue (Shared Services), the official indicated Shared Services was correcting prior errors by incorrectly posting subsequent receipts to the wrong receipt account.

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2014-002. **FINDING** (Inadequate Control over Receipts) (continued)

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

- Two of 60 (3%) receipts tested, totaling \$2,403, did not trace to their respective RDTs submitted to the State Comptroller.
- One of 60 (2%) receipts tested, totaling \$4,000, did not trace to the Board's receipt records. The auditors were unable to locate this receipt on the Board's daily deposit packet, which supports the RDT.

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

- The Board lacked adequate internal control over its cash receipt deposit process, which is generally described below:
 - 1) The Board receives checks or money orders at its offices at the racetracks or the James R. Thompson Center.
 - 2) The Board delivers the checks and money orders to the Department of Revenue's Document Control and Deposit Division, which deposits the receipts into a clearing account established by the State Treasurer with a bank.
 - 3) Shared Services (July 1, 2012, through November 6, 2013) or the Board (November 6, 2013, through June 30, 2014) waits to receive a Treasurer's Draft evidencing the deposit had cleared the bank.
 - 4) Upon receipt of the Treasurer's Draft, Shared Services (July 1, 2012, through November 6, 2013) or the Board (November 6, 2013, through June 30, 2014) remits the Treasurer's Draft with a RDT or other acceptable remittance to the State Comptroller to deposit receipts into the proper fund and accounts within the State Treasury. The moneys deposited into the clearing account are not available for expenditure until this process has been completed.
 - 5) At month end, Shared Services reconciles receipts recorded by the Department of Revenue's Document Control and Deposit Division to the State Comptroller's records.

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2014-002. **FINDING** (Inadequate Control over Receipts) (continued)

The auditors noted the following problems:

- The Board does not have a centralized listing of each individual cash receipt received by the Board with a detailed itemized account of all moneys showing the date of receipt, the payor, purpose, and amount, and the date and manner of disbursement. Further, the Board does not have a centralized tracking system to both document each receipt's revenue source code and record the date of each receipt's:
 - arrival at the Board's Chicago office for receipts collected at the racetracks;
 - deposit into the clearing account established by the State Treasurer with a bank by the Department of Revenue's Document Control and Deposit Division;
 - arrival of the Treasurer's Draft;
 - remittal of the Treasurer's Draft with a Receipt Deposits Transmittal Form or other acceptable remittance to the State Comptroller;
 - acceptance by the State Comptroller and posting to accounts within the State Treasury; and,
 - activity relating, if necessary, the correction of an error, such as a Receipt Transfer Request (Form SCO-102).

In addition, this lack of a centralized listing hinders the Board's ability to prepare the Agency Fee Imposition Report (see Finding 2014-011).

The State Officers and Employees Money Disposition Act (30 ILCS 230/2(a)) requires the Board keep proper books with a detailed itemized accounting of all moneys showing the date of receipt, the payor, purpose, and amount, and the date and manner of disbursement. Further, a good system of internal control includes establishing a process to monitor the deposit of receipts into the State Treasury.

- The Board does not prepare a proper reconciliation of its receipts to the State Comptroller's Monthly Revenue Status Report (SB-04). Due to the lack of a centralized receipt listing at the Board, Shared Services only reconciles receipts recorded on the daily deposits report using information obtained from receipts deposited into the Board's clearing accounts each day by the Department of Revenue's Document Control and Deposit Division and electronic deposits from the racetracks.

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2014-002. **FINDING** (Inadequate Control over Receipts) (continued)

As this daily deposit information omits receipts in-transit to the State Treasury from the Board's offices, the Board does not perform an adequate reconciliation of its cash receipts.

The auditors noted Shared Services is preparing, on a quarterly basis, a report on cash in-transit amounts for receipts collected by the Board prior to quarter end that are deposited by the Board into its clearing accounts after quarter end. This data was used by Shared Services to ensure it did not record cash in-transit, totaling \$12,052, as accounts receivable within the Board's June 30, 2014, accounts receivable reports submitted to the Office of the State Comptroller. However, the auditors noted Shared Services did not consider this cash in-transit in preparing the Board's SB-04 reconciliation at June 30, 2014.

In addition, for the Board's quarterly reports prior to June 30, 2014, Shared Services considered cash in-transit as an accounts receivable (see Finding 2014-009 for additional information). The following represents the minimum amount of cash in-transit amounts, as it excludes fines and penalties, not considered in preparing the Board's reconciliations to the State Comptroller's Monthly Revenue Status Report:

Quarter Ending	Cash In-Transit
September 30, 2012	\$ 8,022
December 31, 2012	\$ 34,025
March 31, 2013	\$ 24,296
June 30, 2013	\$ 11,712
September 30, 2013	\$ 4,013
December 31, 2013	\$ 28,556
March 31, 2014	\$ 6,924

SAMS (Procedure 25.40.20) requires the Board reconcile the Board's receipt account balances to the Statewide receipt account records maintained by the State Comptroller, as reported on the Monthly Revenue Status Report, each month.

- o The Board does not have an adequate monitoring process in place to ensure receipts deposited into the State Treasury with the State Treasurer are actually remitted to the State Comptroller.

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2014-002. **FINDING** (Inadequate Control over Receipts) (continued)

In November 2013, the State Treasurer contacted the Board noting four Treasurer's Drafts, totaling \$1,717, issued in August 2012, November 2012, and January 2012 had not cleared. In following up on this matter, Shared Services officials noted that while daily deposit information had been recorded, the "deposit of certain items were never recorded in the ledgers" maintained by the Board.

The auditors noted the Board did not have an adequate reconciliation process in place to track and identify any unremitted deposits.

Good cash management controls include monitoring the deposit of cash receipts into the State Treasury to speed the payment of State obligations.

- During walkthroughs at three racetracks, the auditors noted the following internal control deficiencies:
 - While the Board adopted a new receipt collection policy after the last engagement, the auditors determined the Board continues to have difficulty with its employees and the association stewards (racetrack employees) taking and transporting the Board's receipt collections to locations outside of the racetracks. During site visit testing, the auditors noted the stewards at two of three (67%) racetracks tested will take fine payments home with them at the end of the racing day if they receive a check after the Board's office has closed. Further, at one thoroughbred racetrack, the Association Steward, who is not an employee of the Board, maintains the Board's fine receipt book.

The Board's *Collection of Accounts Receivable for Fines and Penalties Procedure* states, "Under no circumstance may Board staff at the track accept payment from a licensee and take it away from the facility (track) because the office is closed. Licensees who wish to make a payment should do so only when the office is open to receive such payment." Further, a good system of internal controls would prohibit employees of the racetracks from collecting the State's receipts and maintaining the Board's fine receipt book.

- Two of three (67%) racetracks were not issuing a receipt to licensees when Board employees received payment of a fine to the Board.

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2014-002. **FINDING** (Inadequate Control over Receipts) (continued)

Good internal controls would include issuing receipts for any payments received by the Board to protect the legal and financial rights of both the State and the licensees.

- At one racetrack (33%), the auditors noted the Board's employees had been storing copies of check payments for several years and they did not know whether they should have been producing these photocopies or for how long to retain the check photocopies. The auditors noted the Board did not have a procedure manual for the Board's operations at the racetracks.
- At one racetrack (33%), the auditors observed Board staff enter several applicants' data into the Board's Pari-Mutuel Tracking System, take the applicants' fingerprints and submit them to the State Police and FBI, and issue photo identification cards prior to the employee accepting payment from the licensees for the fees charged by the Board.

Good internal controls over fee collections include receiving payment prior to rendering the service to the applicant.

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

Board officials stated the deficiencies noted were due to staff oversight, human error, and the Department of Revenue not always timely depositing Board receipts.

Due to these limitations, the auditors were unable to conclude whether the Board's cash receipt records at June 30, 2014, and June 30, 2013, were complete and appropriately reported.

Failure to timely deposit cash receipts into the State Treasury and submit RDTs to the State Comptroller reduces the amount of cash available to pay current obligations and represents noncompliance with the State Officers and Employees Money Disposition Act. In addition, failure to establish and maintain internal controls over receipts increases the risk that errors or irregularities could occur and not be found within the normal course of operations and represents noncompliance with State laws, rules, and regulations. (Finding Code No. 2014-002, 12-2, 10-2)

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2014-002. **FINDING** (Inadequate Control over Receipts) (continued)

RECOMMENDATION

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

- developing a centralized receipt listing with a detailed itemized account of all moneys showing the date of receipt, the payor, purpose, and amount, and the date and manner of disbursement that tracks the significant events in depositing a receipt into the State Treasury;
- developing cash management procedures designed to timely and efficiently expedite cash collections to the State Treasury;
- maintaining adequate supporting documentation that reconciles to deposit records and ensures all receipts are properly recorded on the Board's books and records;
- submitting RDTs in a timely manner to the State Comptroller;
- ensuring receipts are deposited into the proper account and the correction of errors is performed in a manner that establishes adequate audit trails and accountability by documenting the correction of an error;
- preparing a proper reconciliation of receipts, including in-transit cash, to the State Comptroller's records;
- ensuring fine receipts are processed in accordance with Board policy and the Board issues receipts to the payer; and,
- developing a procedure manual for the Board's employees at the racetracks and training those employees on the Board's procedures.

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2014-002. **FINDING** (Inadequate Control over Receipts) (continued)

BOARD RESPONSE

In order to facilitate the deposit of funds to the Treasurer's office, the Illinois Racing Board ("Board") entered into an Interagency Agreement with the Department of Revenue ("DOR") on August 12, 2009. As part of the agreement, the Board provides DOR with daily records of checks to be deposited and DOR deposits the checks provided. During the Fiscal Year 2013 and Fiscal Year 2014 examination, four receipts, totaling \$1,442,859 within the auditors' sample, were Annual Charity Assessments received by the Board and submitted the same day to DOR for deposit. (These items were not covered by the 30-day extension.) The Board will continue to work with DOR to ensure the timely deposit of receipts.

The Board will continue to implement procedures to reduce the processing time for receipts collected in the field. Since the examination period, the Board has acquired a check scanner and has been processing and depositing all checks from its Central Office. The Board will continue to work towards reducing receipt processing times.

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2014-003. **FINDING** (Inadequate Control over Payroll Expenditures)

The Illinois Racing Board (Board) lacked control over its personal services expenditures, totaling \$9,711,238, during the examination period.

The auditors tested the Board's payroll expenditures for nine per diem and three full time employees during six selected months during the examination period. Due to the seasonal nature of the Board's operations and separations, not all of the employees worked during each month. During testing, the auditors identified the following internal control deficiencies:

- The Board did not receive accurate and timely source information, including signed punch clock records from the racetracks and approved leave request forms, from its employees.
 - Four of nine (44%) per diem employees tested did not have signed punch clock records from the racetracks to support the employee had worked four per diem days recorded by the Board within the State's Central Time and Attendance System (CTAS). The Board paid these employees for these noted days.

The *Racing Board Policy Manual* (Policy 3.2.2) requires employees paid on a per diem basis be signed in on an official timesheet, with notations for the employee's time of arrival and departure, to receive credit for one per diem or any portion of a per diem.

- For the 12 employees tested, the auditors identified 40 instances of benefit leave time taken during the six months tested and noted the following:
 - For 15 of 40 (38%) leave days, the Board did not either receive or retain leave requests from five of nine (56%) per diem employees and two of three (67%) full time employees tested. As such, the Board did not have documentation to support entries recorded within CTAS.

The *Racing Board Policy Manual* (Policy 3.2.5) requires employees submit a Request for Leave Form for each time an employee is absent from work. In addition, the State Records Act (5 ILCS 160/8) requires the Board make and preserve adequate and proper records of decisions of the Board to furnish information to protect the legal and financial rights of the State and persons directly affected by the Board's activities.

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2014-003. **FINDING** (Inadequate Control over Payroll Expenditures) (continued)

- For 10 of 40 (25%) leave days, the employee's supervisor did not approve the employee's use of vacation or personal time until one to 77 days after the day off. In addition, five of the 10 noted vacation or personal leave days were requested by the employee after the day off had occurred and the Board did not have any documentation of an emergency necessitating the post approval of the use of vacation or personal time.
- For five of 40 (13%) leave days, the employee's supervisor never approved the employee's use of vacation or personal time.

The *Racing Board Policy Manual* (Policy 3.2.5) requires the Board's employees, in cases where an absence can be scheduled in advance, to submit a Request for Leave Form to their supervisor for approval prior to when the absence occurs. Further, the *Racing Board Policy Manual* (Policy 3.2.4) requires verification of an emergency situation to receive post approval of the use of vacation or personal time.

- The Board's timekeeper inserts one hour placeholders into CTAS to indicate instances where an employee had been scheduled to work, but either the Board had not received the timesheet as of the payroll close date or the scheduled event has not happened. As such, the Administrative and Regulatory Shared Services Center at the Department of Revenue (Shared Services) pays the employee for these dates entered into CTAS, even though the employee may not have been entitled to payment for time worked or some other employee actually worked the shift. This procedure created cascading errors throughout the Board's payroll system, necessitating manual adjusting entries and increased the risk an employee would not have been paid for time they worked or the Board's benefit accruals would have been inaccurate.

Good internal controls over payroll would include ensuring payroll cutoff dates published by Shared Services and the State Comptroller are strictly adhered to and information is not entered into CTAS without an appropriate source document, such as the signed punch clock records from the racetracks and approved leave request forms.

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2014-003. **FINDING** (Inadequate Control over Payroll Expenditures) (continued)

- The Board did not accurately and timely enter data from the punch clock records and leave request forms into CTAS.
 - Four of nine (44%) per diem employees tested did not have the employee's use of benefit time recorded within CTAS, which reported the employees had been working at a racetrack. As a result, each employee's accrual of benefit time is overstated by one per diem day each.
 - One of three (33%) full time employees tested did not have the employee's use of benefit time properly recorded within CTAS, with one 7.5 hour vacation day reported as one hour and the other 7.5 hour vacation day reported as a day the employee had been present at work. As a result, the employee's accrual of vacation time is overstated by 14 hours.
 - One of nine (11%) per diem employees tested had one per diem shift not entered into CTAS, resulting in the employee not being paid for a shift he had worked, totaling \$144.
 - Two of nine (22%) per diem employees tested had one extra per diem shift entered into CTAS, resulting in the employees being overpaid for two shifts they had not worked, totaling \$460.
 - The auditors noted the Board did not always use a process, such as applying a stamp or other distinguishing mark on source documents, during the examination period to show the document had been entered into CTAS.

The Illinois Administrative Code (Code) (80 Ill. Admin. Code 303.340) requires the Board maintain accurate, daily attendance records. In addition, good internal controls would include both a marking process to indicate a source document had been entered into CTAS and the performance of a reconciliation between the Board's time and attendance records and CTAS by an individual independent of the Board's timekeeper to ensure the accuracy and reliability of the data entered into CTAS.

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2014-003. **FINDING** (Inadequate Control over Payroll Expenditures) (continued)

- Shared Services did not extract per diem information from CTAS and accurately enter the total number of per diems worked by Board employees into the 260-day count tracking sheet. The 260-day count tracking sheet is used to determine the proper rate of pay for per diem employees pursuant to the union agreement.
 - Seven of nine (78%) per diem employees tested who were paid on a per diem basis did not have their number of per diems worked per payroll period agree between the CTAS reports and the 260-day tracker sheet.

The auditors identified discrepancies in 35 of 92 (38%) semi-monthly payroll periods with per diems reported for these nine employees. The number of per diems worked recorded on the tracking sheet was between three per diems understated to two per diems overstated.

The Memorandum of Understanding dated September 18, 2008, between the Department of Revenue (the predecessor agency of the Board) and the American Federation of State, County, and Municipal Employees Council 31 requires the Board move an employee to the next salary step on their pay scale after receiving the per diem rate 260 times.

Shared Services officials stated the 260-day tracker sheet, due to the number of adjustments sent by the Board, was not adjusted to reflect the correct pay period.

- For seven of the nine (78%) per diem employees tested, the auditors noted the Board was not submitting payroll adjustment information to Shared Services in a timely manner and Shared Services was not submitting this information to the State Comptroller for payment timely. The auditors identified 39 per diems worked by employees during the six months tested where the employee was not paid for their day worked on the payroll voucher purporting to pay employees for work performed during the payroll period. In 25 of these 39 instances (64%), the employee was not paid for the day worked by the Board even in the subsequent semi-monthly payroll. In those 25 instances, the Board reported the adjustment to Shared Services an average of 27 days (between two and 75 days) after the close of the subsequent period's payroll. Upon notification of the error, Shared Services paid the amount due to the employee on the Board's next regular payroll voucher submitted to the State Comptroller for payment.

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2014-003. **FINDING** (Inadequate Control over Payroll Expenditures) (continued)

Good internal control over payroll includes ensuring adjusting entries to correct a payroll error are identified and processed in a timely manner. Further, the Agreement between the State and the American Federation of State, County, and Municipal Employees Council 31 effective during the examination period (Article XXXI, Section 15) requires the Board, when possible, notify the Office of the State Comptroller within forty-eight hours after an error is discovered which resulted in a significant reduction in an employee's pay.

- Due to the impact of the preceding errors and the auditors noting CTAS is not corrected in a timely manner prior to the Board generating each employee's Monthly Timekeeping Report from CTAS (typically printed about two weeks after month end), the Monthly Timekeeping Reports were inaccurate. These reports represent a key internal control mechanism because each employee, the employee's supervisor, and the timekeeper certifies the accuracy of the information recorded within CTAS. In addition to providing a verification that the information within CTAS is accurate, this report represents the sole document where the employee certifies their time spent on official State business, as required by the State Officials and Employees Ethics Act (5 ILCS 430/5-5(c)). The auditors identified the following problems:
 - The Board did not exercise adequate control over each employee's review of the Monthly Timekeeping Reports.
 - For 20 of 64 (31%) tested months where employees worked, the Board did not either receive or retain the employee's Monthly Timekeeping Report.
 - For 44 of the 64 (69%) tested months where employees worked, the employees did not review the Monthly Timekeeping Report within a reasonable period of time after month end, which needs to be as soon as possible after month end to aid employees in identifying errors. We noted these timesheets were reviewed between 19 and 81 days after month end, with 23 of those instances occurring in excess of 30 days after month end.

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2014-003. **FINDING** (Inadequate Control over Payroll Expenditures) (continued)

The *Racing Board Policy Manual* (Policy 3.2.1) requires employees “promptly review the [Monthly Timekeeping] Report to determine whether it accurately reflects (a) time spent on official state business, and (b) authorized leave, to the nearest quarter hour.” In addition, the State Records Act (5 ILCS 160/8) requires the Board make and preserve adequate and proper records of decisions of the Board to furnish information to protect the legal and financial rights of the State and persons directly affected by the Board’s activities.

- The Board did not exercise adequate control over the supervisor review for each employee’s Monthly Timekeeping Reports.
 - For seven of the 64 (11%) tested months where employees worked, the employee’s supervisor reviewed and approved the employee’s Monthly Timekeeping Report between 179 and 194 days after month end, which was not a reasonable lapse in time to identify and correct payroll errors.
 - For four of the 64 (6%) tested months where employees worked, the employee performed the supervisor review of their own Monthly Timekeeping Report.
 - For one of the 64 (2%) tested months where employees worked, the timekeeper did not certify the employee’s Monthly Timekeeping Report.

The *Racing Board Policy Manual* (Policy 3.2.1) requires the employee’s supervisor to approve each employee’s Monthly Timekeeping Report and the Board’s timekeeper certify each employee’s Monthly Timekeeping Report. In addition, a good internal control system includes adequate segregation of duties.

- For 44 of the 64 (69%) tested months where employees worked, the Board did not file any completed Monthly Timekeeping Reports with Shared Services.

The *Racing Board Policy Manual* (Policy 3.2.1) requires Board submit each employee’s completed Monthly Timekeeping Report to Shared Services.

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2014-003. **FINDING** (Inadequate Control over Payroll Expenditures) (continued)

In addition to the abovementioned issues impacting the calculation of pay, 12 of 12 (100%) employees tested did not have an annual performance evaluation performed during either Fiscal Year 2013 or Fiscal Year 2014.

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

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board establish and maintain a system, or systems, of internal fiscal and administrative controls to provide reasonable assurance costs are in compliance with applicable law and expenditures are properly recorded and accounted for to maintain accountability over the State's resources.

Board officials stated these exceptions were due to human error.

Failure to establish and maintain internal controls over payroll increases the risk that errors or irregularities could occur and not be found within the normal course of operations and represents noncompliance with laws, rules, and regulations. Further, failure to both maintain accurate attendance records and timely and accurately pay employees for their services subjects the State to legal risks and can lead to employee confusion and frustration. (Finding Code No. 2014-003, 12-14, 10-6)

RECOMMENDATION

We recommend the Board take action to implement internal controls designed to provide reasonable assurance:

- the Board's staff submit signed punch clock records from the racetracks and approved leave request forms to the timekeeper in a timely manner;
- the Board accurately and timely enters data into CTAS;
- payroll information, including adjustments, are timely submitted to both Shared Services and the Office of the State Comptroller;
- the information extracted from CTAS is accurately entered into the 260-day tracking sheet maintained by Shared Services;
- Monthly Timekeeping Reports are accurate, timely reviewed by Board staff, and submitted to Shared Services; and,
- Board employees receive timely performance evaluations.

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2014-003. **FINDING** (Inadequate Control over Payroll Expenditures) (continued)

BOARD RESPONSE

The Board will continue to streamline processes for gathering documents from field employees to address these issues. Additionally, the timekeeping software utilized by Shared Services is incompatible with the timekeeping needs for per diem employees, which requires all timekeeping to be entered manually. The Board will continue to seek more suitable timekeeping software within its affordability range that will allow for the timely recording and review of all timekeeping data with less need for manual input, thus reducing human error. This will address the remaining issues around adjustments, timeliness of entries and the ability of staff to review and return timekeeping reports.

The Board no longer utilizes the one-hour placeholder. It should be noted that the practice was put in place to adhere to the payroll cutoff dates. The Board is working to change the cutoff dates.

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2014-004. **FINDING** (Inadequate Control over Occupational Licensee Records)

The Illinois Racing Board (Board) was unable to provide adequate records substantiating the population of individuals who received occupation licenses during the examination period.

During testing, the auditors requested the Board provide the population of individuals who had received occupation licenses during the examination period to test compliance with the licensing and fee provisions of the Illinois Horse Racing Act of 1975 (230 ILCS 5/15). In response to our request, the Board made three distinct attempts to provide the auditors with the population of licenses issued by extracting the information from its computer system, the Pari-Mutuel Information and Tracking System (PITS). For each of the populations provided by the Board, the auditors attempted to ascertain the completeness of the population by comparing and reconciling the information to other records maintained by the Board and the Office of the State Comptroller; however, the auditors were unable to get any of the Board's lists to agree with other records.

After the three attempts, the auditors met with Board officials and an employee of the Department of Revenue who maintains PITS pursuant to an intergovernmental agreement. Per the Department of Revenue's employee, he noted PITS was cutting off some records when he extracted the information from PITS and he was unsure if he had maintained consistency in programming PITS on what information to extract. The auditors offered the Board one additional opportunity to provide a complete population that would reconcile with other records maintained by the Board and the Office of the State Comptroller, but the Board declined this offer.

Therefore, as the auditors were unable to substantiate the completeness of the Board's records, the auditors were unable to test the Board's compliance with the licensing and fee provisions of the Illinois Horse Racing Act of 1975 (230 ILCS 5/15).

The State Records Act (5 ILCS 160/9) requires the Board's Executive Director establish and maintain an active, continuing program for the efficient management of the Board's records, including ensuring the records are "retained in a trustworthy manner so that the records, and the information contained in the records, are accessible and usable for reference for the duration of the retention period." Good internal controls over information systems include ensuring the completeness of both the source of information within the database and the report generated with the extracted data.

Board officials stated PITS is antiquated and needs to be replaced; however, the Board currently lacks sufficient financial resources to replace PITS.

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2014-004. **FINDING** (Inadequate Control over Occupational Licensee Records) (continued)

Without the Board providing complete and adequate documentation to enable testing, the auditors were unable to complete their audit procedures and provide useful and relevant feedback to the General Assembly regarding the Board's compliance with the licensing and fee provisions of the Illinois Horse Racing Act of 1975. (Finding Code No. 2014-004)

RECOMMENDATION

We recommend the Board conduct an analysis to ascertain why the occupational licensee records retained in PITS did not reconcile with its external records and take corrective action to ensure data extractions from PITS are complete and accurate.

BOARD RESPONSE

The Board has taken steps to address the antiquated system used for licensing. However, without adequate financing, the Board is unable to migrate to a fully-compliant system. The Board will continue to seek out a remedy for the issues present in the current licensing system.

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2014-005. **FINDING** (Tax Collection and Distribution Deficiencies)

The Illinois Racing Board (Board) lacked sufficient internal control over the collection of taxes due to the State and the remittance of taxes collected on behalf of local governments.

During testing of local government taxes, the auditors noted the following:

- The Board did not require its inter-track wagering location licensees (off-track betting parlors) to remit admission taxes due to the City of Chicago and Cook County in a timely manner. Six of nine (67%) payments tested, totaling \$29,460, were deposited by the inter-track wagering licensees by electronic remittance into the State Treasury between one and 734 days late.

The Illinois Horse Racing Act of 1975 (230 ILCS 5/27(f)) requires inter-track wagering location licensees remit \$1 locally-imposed admission taxes to the Board within 48 hours. Further, the Illinois Horse Racing Act of 1975 (230 ILCS 5/27(d)) provides that “any licensee failing or refusing to pay the amount of any tax due under this section shall be guilty of a business offense and upon conviction shall be fined not more than \$5,000 in addition to the amount found due as tax under this section. Each day's violation shall constitute a separate offense.” The Board did not seek to enforce this provision of the statute.

- The Board’s internal controls did not detect an inter-track wagering location licensee (off-track betting parlor) that opened in June 2012 in Cook County was not remitting the \$1 locally-imposed admission taxes due to the Board until September 2012.

The Illinois Administrative Code (Code) (11 Ill. Admin. Code 1428.10(c)) states thoroughbred inter-track wagering location licensees will pay to the Board, within 48 hours, any admission taxes due to local municipalities and counties. Further, the Illinois Horse Racing Act of 1975 (230 ILCS 5/27(d)) provides that “any licensee failing or refusing to pay the amount of any tax due under this Section shall be guilty of a business offense and upon conviction shall be fined not more than \$5,000 in addition to the amount found due as tax under this section. Each day's violation shall constitute a separate offense.” The Board did not seek to enforce this provision of the statute.

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2014-005. **FINDING** (Tax Collection and Distribution Deficiencies) (continued)

- 26 of 48 (54%) distributions of collections of the \$1 locally-imposed admission taxes to the City of Chicago and Cook County, totaling \$329,946, occurred between three and 60 days after the last date of the month subsequent to the month when the dates of attendance occurred. All of the late distributions occurred during months prior to the monthly distribution for tax receipts collected for September 2013.

The Code (11 Ill. Admin. Code 1325.80(d) and 11 Ill. Admin. Code 1428.10(d)) requires the Board remit admission taxes collected on behalf of local governments each month. This rule has been interpreted as requiring the distribution of taxes collected for dates occurring a month during the subsequent month.

During testing of State taxes, the auditors noted the following internal control deficiencies:

- The Board has set two different time periods for remitting the 15¢ (fifteen cents) admission tax due to the Board pursuant to the Illinois Horse Racing Act of 1975 (230 ILCS 5/25). The Board's adopted regulation within the Illinois Administrative Code for thoroughbred licensees (11 Ill. Admin. Code 1428.30), which requires payment of admission taxes due on the Thursday after the close of the prior Sunday-Saturday week, conflicts with the Board's current guidance that payment is due on either Monday or Tuesday after the close of the prior Sunday-Saturday week.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board establish and maintain a system, or systems, of internal fiscal and administrative controls to provide accountability over the State's resources. Good internal controls includes ensuring the Board enforces its adopted regulations and provides accurate information regarding the due date for remitting taxes owed is clear to its taxpayers.

- The Board did not require a sworn, itemized, and signed statement for the admission tax filing on the Admission Tax and Daily License Fee Report.

The Code (11 Ill. Admin. Code 1428.30) requires thoroughbred racetracks submit "a sworn itemized statement signed by his treasurer or comptroller, showing the total attendance, the number of admissions, both paid and complimentary, the number of taxable and tax free admissions for each day of the preceding week."

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2014-005. **FINDING** (Tax Collection and Distribution Deficiencies) (continued)

- The Board has not adopted a formal regulation similar to the thoroughbred regulation codified at 11 Ill. Admin. Code 1428.30 to establish the time period for remitting the 15¢ (fifteen cents) admission tax due to the Board from standardbred (harness) licensees pursuant to the Illinois Horse Racing Act of 1975 (230 ILCS 5/25).

The Illinois Administrative Procedure Act (5 ILCS 100/5-10(c)) provides, "No agency rule is valid or effective against any person or party, nor may it be invoked by the agency for any purpose, until it has been made available for public inspection and filed with the Secretary of State as required by this Act."

The Illinois Horse Racing Act of 1975 (230 ILCS 5/9(c)) vests the Board with all powers necessary and proper to fully and effectively execute the provisions of the Illinois Horse Racing Act of 1975, including entering facilities and other places of business of any licensee to determine the licensee has complied with applicable laws, rules, and regulations. Further, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

Board officials stated the noted deficiencies were due to human error.

Failure to enforce the tax collection provisions and recognize noncompliance among its licensees represents noncompliance with the Illinois Horse Racing Act of 1975 and resulted in the State not realizing all potential fine revenue. Further, failure to remit taxes collected on behalf of local governments in a timely manner represents noncompliance with the Code and delayed the local government's use of these funds. Finally, failure to maintain adequate internal control over adopting and enforcing the Board's regulations can lead to confusion among taxpayers and may limit the Board's ability to collect taxes due to the State and local governments. (Finding Code No. 2014-005)

RECOMMENDATION

We recommend the Board implement controls to monitor the submission of taxes due from licensees for timeliness, timely distribute taxes collected on behalf of local governments, update and adopt regulations to reflect its current environment, and receive sworn, itemized, and signed admission tax statements.

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2014-005. **FINDING** (Tax Collection and Distribution Deficiencies) (continued)

BOARD RESPONSE

The Board is addressing the issues herein via the rule-making and enforcement process and will hold licensees accountable for timely submission of taxes.

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2014-006. **FINDING** (Inadequate Monitoring of Pari-Mutuel Tax Allocations)

The Illinois Racing Board (Board) did not ensure the proper allocation of receipts between the Horse Racing Fund and the Illinois Racing Quarter Horse Breeders Fund.

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

During testing, the auditors noted the following:

- The Department did not deposit 8.5% of taxes received by the State from quarter horse racing paid by Advance Deposit Wagering (ADW) licensees into the Illinois Racing Quarter Horse Breeders Fund. Since inception until December 31, 2014, the Department erroneously deposited \$19,524 from ADW into the Horse Racing Fund as opposed to the Illinois Racing Quarter Horse Breeders Fund. This information is presented on a calendar year basis because the ADW licensees were not required to report data by breed to the Board, except for an aggregate amount at calendar year end.

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

- The auditors continued to note internal control deficiencies, including the following:
 - The Board's Pari-Mutuel Information and Tracking System (PITS) was not programmed during Fiscal Year 2013 to calculate the proper tax rate for one organizational licensee, leading to allocation errors between the Horse Racing Fund and the Illinois Racing Quarter Horse Breeders Fund.

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2014-006. **FINDING** (Inadequate Monitoring of Pari-Mutuel Tax Allocations) (continued)

- The Board and Department did not ensure information extracted from PITS to allocate cash receipts among the Horse Racing Fund and the Illinois Racing Quarter Horse Breeders Fund was complete. According to Board officials, the Department frequently retrieved handle information, which is the total dollar amount of all wagers, to complete fund allocations and deposits prior to the Board entering all of the handle information into PITS.
- The Board and the Department did not perform a fiscal year end reconciliation process to determine whether receipt allocation errors existed between the Horse Racing Fund and the Illinois Racing Quarter Horse Breeders Fund.

The auditors identified deposit errors, totaling \$1,931, where the deposits into the Illinois Racing Quarter Horse Breeders Fund were overstated and deposits into the Horse Racing Fund were understated.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board establish and maintain a system, or systems, of fiscal and administrative controls to provide assurance revenues applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources. Good internal controls include ensuring all necessary information has been accurately entered into PITS prior to the Department relying on that information to perform receipt allocations and deposits and reconciliations are performed to identify and correct errors.

The net impact of the errors noted above is an overstatement of receipts into the Horse Racing Fund and an understatement of receipts into the Illinois Racing Quarter Horse Breeders Fund, totaling \$17,593.

Board officials stated the exceptions were due to PITS not calculating the correct tax on one racetrack's handle, the Department pulling receipt information from PITS prior to the Board entering the information, oversight, and human error.

Failure to ensure complete and accurate deposits by the Department between the Horse Racing Fund and the Illinois Racing Quarter Horse Breeders Fund resulted in significant deposit errors and represents noncompliance with the Illinois Horse Racing Act of 1975. Further, failure to perform reconciliations of annual cash deposits as recorded by the Department of Revenue and PITS resulted in unidentified receipt deposit errors. (Finding Code No. 2014-006, 12-7)

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2014-006. **FINDING** (Inadequate Monitoring of Pari-Mutuel Tax Allocations) (continued)

RECOMMENDATION

We recommend the Board implement controls to provide assurance amounts deposited into funds receiving an allocation of pari-mutuel tax receipts by the Department of Revenue are accurate and in accordance with State law.

BOARD RESPONSE

The Board will continue to work with the Department of Revenue to ensure the proper amounts are deposited into funds in accordance with State law.

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2014-007. **FINDING** (Inadequate Control over Accounts Receivable)

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

During testing, the auditors noted the following:

- The Board did not refer delinquent debt to the Department of Revenue’s Debt Collection Bureau (Bureau). According to documentation provided by the Board to the auditors, the Bureau in April 2013 referred the Board to five external debt collectors under contract with the Bureau to attempt to collect delinquent debts; however, the Board may have only reached out to one of the external debt collectors around September 2013 and ultimately did not place any delinquent debt during Fiscal Year 2013 or Fiscal Year 2014 with any of the Bureau’s external collectors.

The Illinois State Collection Act of 1986 (Act) (30 ILCS 210/3) states that it is the “public policy of this State to aggressively pursue the collection of accounts or claims due and payable to the State of Illinois through all reasonable means.” Further, the Act (30 ILCS 210/5(g)) requires the Board refer qualifying delinquent debt to the Department of Revenue’s Debt Collection Bureau.

- For seven of eight (88%) quarters, the Board and the Department of Revenue’s Administrative and Regulatory Shared Services Center (Shared Services) improperly considered cash on-hand and in-transit to the State Treasury from collections by the Board’s staff at the racetracks to the Department of Revenue as accounts receivable (see Finding 2014-002 for more information). The following represents the amount of cash in-transit amounts the Board improperly reported as accounts receivable:

Quarter Ending	Cash In-Transit
September 30, 2012	\$ 8,022
December 31, 2012	\$ 34,025
March 31, 2013	\$ 24,296
June 30, 2013	\$ 11,712
September 30, 2013	\$ 4,013
December 31, 2013	\$ 28,556
March 31, 2014	\$ 6,924

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2014-007. **FINDING** (Inadequate Control over Accounts Receivable) (continued)

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

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

The Statewide Accounting Management System (SAMS) (Procedure 26.20.10) defines accounts receivable as amounts or claims owed to the State by any individual or entity, where payment is the only unconsummated act and the claim is measurable in terms of monetary value established by State law.

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

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2014-007. **FINDING** (Inadequate Control over Accounts Receivable) (continued)

- The Board has internal control weaknesses over accounts receivable, including:

- The Board's Pari-Mutuel Information and Tracking System (PITS) considers all imposed fines as past-due, even though the Board allows licensees 30 days to pay a fine following the date of the Steward's Ruling. Due to this condition, the auditors noted Shared Services must perform manual adjustments to reports from PITS each quarter to properly prepare the Board's quarterly reports.

The Board's *Collection of Accounts Receivable for Fines and Penalties Procedure* gives licensees 30 days to pay a fine due to the Board.

- PITS is not identifying all payments of fines received by the Board that occurred before the date reports are generated from PITS to prepare the Board's quarterly report. Due to this condition, the auditors noted Shared Services must perform manual adjustments to reports from PITS each quarter to properly prepare the Board's accounts receivable reports.

SAMS (Procedure 26.20.10) defines accounts receivable as amounts or claims owed to the State by any individual or entity, where payment is the only unconsummated act and the claim is measurable in terms of monetary value established by State law. As payment for the fine was received by the Board prior to the end of the quarter, PITS should reflect this fact and not show accounts receivable balances due from these fines.

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

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

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

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2014-007. **FINDING** (Inadequate Control over Accounts Receivable) (continued)

Board officials stated they do not have a process in place to work in correlation with other State agencies to pursue past due receivables as well as a formal procedure with Shared Services to age receivables.

Failure to exercise adequate controls over accounts receivable led to reporting errors reducing the reliability of Statewide financial information and could have resulted in lost revenue to the State. (Finding Code No. 2014-007, 12-3, 10-4)

RECOMMENDATION

We recommend the Board:

- refer qualifying delinquent debt to the Department of Revenue's Debt Collection Bureau;
- notify both the Department of Revenue and the Department of Agriculture of receivables from pari-mutuel taxes due to the Horse Racing Fund, the Illinois Racing Quarter Horse Breeders Fund, the Quarter Horse Purse Fund, and the Standardbred Purse Fund;
- not consider cash in transit to the State Treasury as accounts receivable;
- review PITS for potential modifications to reduce the number of manual adjustments performed to prepare the quarterly accounts receivable reports;
- implement controls to ensure accounts receivable reports are accurate and agree with proper and complete supporting documentation; and,
- review its methodology for estimating uncollectible accounts to determine if it is fair and reasonable.

BOARD RESPONSE

The Board takes debt collection seriously, sending out notices to licensees and submitting all past-due debts to the Comptroller's offset system. The Board will continue to work with the Department of Revenue and its vendors to pursue third-party collection of debt not retrieved through the Comptroller. The Board will reduce these procedures to writing.

The Board will continue to work with Shared Services to ensure the timely reporting and proper classification of cash in transit and receivables.

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2014-008. **FINDING** (Unable to Distribute Local Government Tax Collections)

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

During the prior examination, the auditors noted the Board had ceased activity within the Illinois Racing Board Grant Fund at the close of Fiscal Year 2012 and began depositing inter-track wagering location admission fees into the Horse Racing Fund, as required by the Illinois Horse Racing Act of 1975 (230 ILCS 5/28.1(a)). However, as a result of prior period fund transfers, the Board lacked sufficient cash after ceasing activity within the Illinois Racing Board Grant Fund to pay its remaining obligations due to Cook County, totaling \$43,809, and the City of Chicago, totaling \$1,118.

During the current examination, the auditors noted the Board had not paid these obligations due to Cook County and the City of Chicago. Further, the auditors noted the Board had not reported these outstanding liabilities to the Office of the State Comptroller for consideration in preparing the State's Comprehensive Annual Financial Report.

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

Further, the State Comptroller Act (15 ILCS 405/19.5) requires the Board report all financial information deemed necessary by the State Comptroller to compile the State's Comprehensive Annual Financial Report in accordance with generally accepted accounting principles (GAAP). In accordance with GAAP, all assets, liabilities, revenues, and expenses should be recorded in the financial statements.

Board officials stated they have neither requested nor received an appropriation to pay these outstanding obligations and the Board did not report the liability due to oversight and human error.

Failure to remit inter-track wagering location admission fees due to local governments could subject the State to legal risks. Further, failure to report all outstanding liabilities due to local governments to the State Comptroller reduces the reliability of Statewide financial reporting. (Finding Code No. 2014-008, 12-5)

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2014-008. **FINDING** (Unable to Distribute Local Government Tax Collections) (continued)

RECOMMENDATION

We recommend the Board work with the Governor and General Assembly to seek a legislative remedy to pay the outstanding obligations due to Cook County and the City of Chicago. Further, the Board should ensure all liabilities are reported to the Office of the State Comptroller to facilitate accurate financial reporting.

BOARD RESPONSE

The Board will continue to work with the General Assembly and the Governor's Office of Management and Budget to recover the transferred funds and direct them to the proper local governments.

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2014-009. **FINDING** (Noncompliance with Racing Laws and Regulations)

The Illinois Racing Board (Board) did not comply with, or enforce compliance with, provisions of the Illinois Horse Racing Act of 1975 (Act) and the Illinois Administrative Code (Code) at the racetracks. During the current examination, the auditors conducted walkthroughs at one standardbred and two thoroughbred racetracks.

During testing, the auditors noted the following:

- During auditor observation of a Board-licensed veterinarian administering furosemide to horses entered in the fourth race at a thoroughbred racetrack with one document for recording the required signatures and injection information for all of the horses running in a race that day, the auditors noted the veterinarian had pre-signed off on his administration of furosemide to horses in the fifth through eighth races. As the time period for administering furosemide to these horses had not come up and the veterinarian had not actually administered furosemide to the horses, it was not possible for him to verify the timely administration of furosemide.

The Code (11 Ill. Admin. Code 603.70(e)) requires a Board-licensed veterinarian verify the administration of 150mg to 500mg of furosemide by a single intravenous injection between 225 and 255 minutes prior to a horse's post time on the *Affidavit of Furosemide Administration*.

- During observation of the administration of furosemide to seven horses entered in the sixth race at a thoroughbred racetrack where each horse has an individual *Affidavit of Furosemide Administration*, the auditors noted the following:
 - Two of the seven (29%) affidavits did not have the veterinarian's printed name;
 - Six of the seven (86%) affidavits did not have the witness's printed name; and,
 - One of the seven (14%) affidavits did not have the witness's signature.

The Board's *Affidavit of Furosemide Administration* requires the two Board licensees, the administering veterinarian and a witness, provide their signature and printed name on each affidavit.

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2014-009. **FINDING** (Noncompliance with Racing Laws and Regulations) (continued)

- At three of three (100%) racetracks tested, the Board did not require Board licensees, either racetrack security personnel or practicing veterinarians, to file each horse's *Affidavit of Furosemide Administration* with the Board one hour prior to the post time of horse's race.
 - At two of the racetracks, racetrack security has one document for recording the required signatures and injection information for all of the horses running in a race that day. The design of this process did not allow for the Board-licensed veterinarian to timely file the furosemide affidavit on the tested race dates, as the time period for administering furosemide to the horses in the last race occurred after the post time for the first race.
 - At the other racetrack, racetrack security gathers an individual *Affidavit of Furosemide Administration* for each horse from the practicing Board-licensed veterinarian with the required signatures and injection information for each horse running in a race. These affidavits are held by racetrack security and filed with the Board after the time period for administering furosemide to the horses in the last race has expired. The design of this process does not allow for timely filing, as the time period for administering furosemide to the horses in the last race occurred after the post time for the first race.

The Code (11 Ill. Admin. Code 603.70(e)(3)) states:

A Board licensed veterinarian shall administer not less than 150 mg and not more than 500 mg of furosemide by single intravenous injection and shall verify the administration on Board prescribed affidavits no later than one hour prior to the post time for the race for which the horse is entered.

Board officials stated each racetrack's security personnel will radio any necessary information recorded on the affidavits to the Board's veterinarians and the stewards. It is the position of the auditors, however, that the Board must receive the completed affidavit from the Board-licensed veterinarian to have a written statement verifying the timely administration of furosemide as established within the Code.

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2014-009. **FINDING** (Noncompliance with Racing Laws and Regulations) (continued)

- At three of three (100%) racetracks tested, the Board did not require the horse's owner, trainer, or representative to remain to witness the sealing of the horse's urine and blood samples.

The Code (11 Ill. Admin. Code 603.110(d)) requires test samples taken from horses be sealed by the Board's employees with evidence of the sealing provided by the signature of the horse's owner, trainer, or representative.

- At the standardbred racetrack tested, the auditors noted one instance where the horse's owner, trainer, or representative was not present during the Board's collection of a urine sample from the horse.

The Code (11 Ill. Admin. Code 603.110(c)) requires Board employees collect test samples from horses, during which the horse's owner, trainer, or representative "shall be present at all times."

- At two of two (100%) thoroughbred racetracks tested, the stewards - two State employees and one racetrack employee who oversee the race and enforce the rules and regulations of the Board - did not arrive at their office on the grounds of the racetrack three hours prior to the first race. The auditors noted two State stewards arrived 23 and 61 minutes late and one association steward (the racetrack's steward and employee) arrived 43 minutes late. Further, the auditors noted the Board does not have a system in place to monitor the arrival of the racetrack's steward to ensure compliance with its regulations.

The Code (11 Ill. Admin. Code 1402.150 and 11 Ill. Admin. Code 1426.20) requires thoroughbred stewards assemble at their office at the racetrack not later than three hours prior to the post time of the first race. Further, a good system of internal control includes implementing a monitoring process to provide reasonable assurance that licensees are complying with the Board's rules and regulations.

- Three of three (100%) racetracks tested did not have signs posted at each entrance and exit with contact information for obtaining assistance with gambling problems.

The Act (230 ILCS 5/34.1(a)) requires each racetrack post signage provided by the Department of Human Services at each entrance, exit, and credit location with a statement regarding obtaining assistance with gambling problems.

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2014-009. **FINDING** (Noncompliance with Racing Laws and Regulations) (continued)

- At three of three (100%) racetracks tested, the Board did not have adequate control over the Board's controlled substances, including euthanasia drugs. The auditors noted the following:

- At the thoroughbred racetracks, the auditors noted both racetracks used removable tackle boxes for the Board's drugs. Further, the tackle box at one of the racetracks was not locked.

The Code (11 Ill. Admin. Code 1424.90) requires thoroughbred racetracks have a horse ambulance "equipped with a permanently attached and locked box containing drugs solely for the use of the state veterinarians when emergency medication is required."

- At the standardbred racetrack, the auditors noted the Board did not store its emergency medication within a locked box in the Board's veterinarian's office within the Detention Barn. The auditors observed the Board's drugs in the veterinarian's unlocked lunch box (an Igloo cooler) by the horse warm-up viewing area, which happens to be in a cafeteria.

The Code (11 Ill. Admin. Code 1305.110) requires standardbred racetracks store drugs within a locked box in the Board's veterinarian's office within the Detention Barn.

After the race, Board officials stated this was an isolated instance due to the auditors visiting the racetrack on the biggest night of racing on the standardbred schedule. They stated the Board's veterinarians standard practice is to store the emergency medication in the Board's veterinarian's office within the Detention Barn. It is the position of the auditors, however, that the Board must continue to follow its adopted regulations governing horse racing even on dates where significant races occur.

- At the standardbred racetrack tested, the auditors noted the stewards did not sign the judges' book until after all of the races had been completed.

The Code (11 Ill. Admin. Code 1306.130(h)) requires the stewards sign the judge's book verifying the correctness of the record by the clerk of the course after each race.

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2014-009. **FINDING** (Noncompliance with Racing Laws and Regulations) (continued)

- At the standardbred racetrack tested, the auditors noted the racetrack was not limiting admission to the paddock area to authorized persons under the Board's regulations and was admitting individuals with guest passes to the paddock area.

The Code (11 Ill. Admin. Code 1313.70(b)) only authorizes standardbred racetracks to admit the following individuals to the paddock area: owners of competing horses; trainers of competing horses; drivers of competing horses; grooms and caretakers of competing horses; and officials whose duties require their presence in the paddock.

- The Board did not ensure racing programs provided by the racetracks to the general public contained all required clauses and disclosures:
 - One of three (33%) racetracks tested did not have the required compulsive gambling statement established by the Department of Human Services printed within its daily racing program available to the public.

The Act (230 ILCS 5/34.1(b)) requires each racetrack print a statement determined by a rule established by the Department of Human Services regarding obtaining assistance with gambling problems in its official racing program provided to the general public. The Department of Human Services' adopted regulation, codified within the Code (77 Ill. Admin. Code 2059.103(a)), requires the racetrack print the following statement: "If you or someone you know has a gambling problem, crisis counseling and referral services can be accessed by calling 1-800-GAMBLER (1-800-426-2537)."

- One of three (33%) racetracks tested did not include a statement that the race meeting was conducted pursuant to the rules and the regulations of the Board.

The Code (11 Ill. Admin. Code 415.10(a)) requires the racetrack's program include a statement that the race meeting is being conducted pursuant to the Board's rules and regulations.

- One of three (33%) racetracks tested did not report the correct scheduled post time for the first race.

The Code (11 Ill. Admin. Code 415.10(d)) requires the racetrack's program include the post time of the first race of each day.

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2014-009. **FINDING** (Noncompliance with Racing Laws and Regulations) (continued)

- Two of three (67%) racetracks tested did not include a statement that an official copy of the Board's rules and regulations and complaint forms were available at the Board's office.
- One of three (33%) racetracks tested did not disclose the location where an official copy of the Board's rules and regulations and complaint forms were available at the racetrack's information window. The racetrack's official program indicated these materials were available at a different racetrack.

The Code (11 Ill. Admin. Code 415.10(l)) requires the racetrack's program include a statement that the Board's rules and regulations and complaint forms are available at both the racetrack's information window and the Board's office.

- One of three (33%) racetracks tested did not include a symbol for identifying horses that had been administered furosemide for the first time.

The Code (11 Ill. Admin. Code 415.10(e)) requires the racetrack's program include distinct symbols for identifying those horses administered furosemide prior to the race and those horses administered furosemide for the first time.

The Act (230 ILCS 5/9(a)) mandates "supervision over all race meetings in this State, over all licensees doing business in this State, over all occupation licensees, and over all persons on the facilities of any licensee" by the Board. Further, the Act (230 ILCS 5/9(c)) vests the Board with all powers necessary and proper to fully and effectively execute the provisions of the Act, including entering facilities and other places of business of any licensee to determine whether a licensee has complied with applicable laws, rules, and regulations.

Board officials stated these exceptions were due to oversight and a need to update the Board's rules and regulations within the Code.

Failure to maintain strict adherence to the applicable provisions of the Act and Code by the Board's employees and licensees may subject the State to unnecessary legal risks, represents noncompliance with State laws, rules, and regulations, and increases the potential for errors or other irregularities. (Finding Code No. 2014-009)

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2014-009. **FINDING** (Noncompliance with Racing Laws and Regulations) (continued)

RECOMMENDATION

We recommend the Board take action to ensure compliance by its employees and licensees with State laws, rules, and regulations governing horse racing, including developing an appropriate process to monitor racetrack operations for instances of noncompliance.

BOARD RESPONSE

The rules and regulations of the Board are undergoing a comprehensive review in order to adapt them to the needs of the present racing environment. The changes in the industry have rendered some rules untenable or unnecessary.

In response to the auditors' concerns:

- The rule requiring verification of furosemide administration by the practicing veterinarian no later than one hour prior to the race in which the horse is entered is being met. The licensed, practicing veterinarian signs and turns over the affidavit to track security, which radios the information to Board personnel within the parameters required by the rule. Thereafter, the signed veterinarian affidavit is physically delivered to the appropriate Board personnel. The rule does not state how the verification is to be conveyed once completed, and the Board believes that its current procedure meets the requirements of the rule. A veterinarian's failure to comply with the rule subjects the horseman to a fine, and the horse may be scratched from the race. The Board has reviewed the execution of procedures and processes around the rule and made adjustments where otherwise necessary to the form of the affidavit.
- Regarding the presence of a horse owner, representative, etc. at the draw and sealing of blood and urine samples, the Board will address any rule violations as well as the rule itself. This rule is an example of one that has become untenable in the current racing environment due to a lack of available horseman personnel.
- The Board will also review the requirement that thoroughbred stewards be present three hours before race time.

All other issues observed by the auditors have been addressed.

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2014-010. **FINDING** (Inadequate Control over the Laboratory)

The Illinois Racing Board (Board) failed to exercise adequate internal control over the testing of blood, urine, and other specimens (samples) collected from racehorses for laboratory analysis.

During the examination period, the Board contracted with the University of Illinois at Chicago's Animal Forensic Toxicology Laboratory (University) to perform this laboratory analysis, for which the Board paid \$3,167,604.

During testing, the auditors noted the following deficiencies:

- The Board did not ensure samples collected by its employees for 533 of 967 (55%) race dates during the examination period were labeled and sent to the University in sequential numerical order. The lack of sequential numbering increases the risk the Board and University would not be able to identify missing samples and track samples tested for both billing and regulatory enforcement purposes.

Good systems of internal control include sequential numbering to assist in determining the completeness of a population and providing an audit trail for independent verification purposes.

- The Board did not require the University to report negative test results as required by the *Testing Agreement between the Illinois Racing Board and the Board of Trustees of the University of Illinois* (Agreement).

The Agreement (Section 12(d)) requires the University report negative test results within 30 business days and positive test results within 21 business days from the University's receipt of a sample.

- The University's invoices to the Board only includes the total number of samples tested and does not include detail on the individual sample numbers tested during the period.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance resources are used efficiently, effectively, and in compliance with applicable law. Good internal controls over expenditure processing include obtaining sufficient detail information on invoices to ascertain what services were provided to the Board on each invoice.

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2014-010. **FINDING** (Inadequate Control over the Laboratory) (continued)

- The Board did not ensure its employees properly classified blue dot and green dot samples to assist in providing assurance the proper parties are billed for laboratory services performed by the University. The auditors identified several instances where the University received payment from horse owners and trainers for blue dot samples.

The Board's *Lab Test Definitions* notes "blue dots" identify a test sample taken from a horse where Board employees or the stewards suspect the horse has been doped. Further, the Board's *Lab Test Definitions* notes "green dots" identify a clearance test sample where a horse has recently had a positive sample or taken therapeutic drugs and the owner or trainer wants confirmation the drug has cleared the horse's system before entering the horse into a race. In general, the Board is responsible for paying the cost of testing for blue dots, while owners and trainers are responsible for the cost of testing green dots.

- The Board's employees routinely receive checks and money orders to cover the University's cost of laboratory testing of green dot samples submitted by owners and trainers. The Board and the University have developed an informal process where checks are not deposited by the Board and remitted to the University, but are sent by the Board's employees with all of the test samples taken on a given race day to the University. Upon arrival, the University will identify and deposit the check. The auditors noted the Board's employees are not maintaining a detailed itemized accounting of all moneys showing the date of receipt, the payor, purpose, and amount, and the date and manner of disbursement.

The State Officers and Employees Money Disposition Act (30 ILCS 230/2(a)) requires the Board keep proper books with a detailed itemized accounting of all moneys showing the date of receipt, the payor, purpose, and amount, and the date and manner of disbursement. Further, a good system of internal control includes establishing a process to properly record and deposit State and University funds.

- The Board did not ensure the University's written procedures included requirements that employees maintain confidentiality over test results.

The Agreement (Section 12) requires the University "keep all test results confidential, maintain them in a secure manner, and not reveal them to anyone" except as required by the Board or by an order from an appropriate regulatory or legal authority.

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2014-010. **FINDING** (Inadequate Control over the Laboratory) (continued)

- The Board did not ensure the University had a method for ensuring employees and family members did not have a conflict of interest as provided in the contract.

The Agreement (Section 3) requires the University ensure no person “who, or any member of whose family, is (i) an official of, or has any financial or ownership interest in any licensee or occupation licensee engaged in conducting racing with this State, or (ii) an owner, trainer, jockey, or harness driver of a horse competing at a race meeting” perform services under the Agreement. Further, the University is required to ensure that persons performing work under the Agreement not wager on pari-mutuel races within the State and not provide any contractual or professional services to persons or organizations licensed by the Board.

- The Board did not perform reviews of the University’s performance under the Agreement pursuant to the Board’s internal review process entitled *Lab Procedures*. The auditors noted the following:
 - The Board did not perform eight of eight (100%) quarterly reviews of the University timely, with the Board performing the reviews between 205 and 576 days late. Further, the Board did not perform any Fiscal Year 2013 reviews until Fiscal Year 2014 and did not perform any Fiscal Year 2014 reviews until Fiscal Year 2015.

The Board’s *Lab Procedures* states, “Board representatives conduct the audit quarterly throughout the year.”

- Four of eight (50%) quarterly reviews did not have the signature of either the Board or University’s representative on the Board’s Lab Sample Audit Form detailing the results of the Board’s review.

The Board’s Lab Sample Audit Form requires both the Board and University’s representatives sign the worksheet to indicate their agreement with the conclusions reached during the Board’s review.

- The Board did not document either its discussions with the University and any corrective action taken for the following issues noted during the Board’s reviews:
 - For two of 93 (2%) race dates tested by the Board, the Board did not document the University’s receipt time of the samples from its vendor.

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2014-010. **FINDING** (Inadequate Control over the Laboratory) (continued)

- For 36 of 93 (39%) race dates tested by the Board, the University's vendor transporting samples from the racetracks did not deliver the samples to the University by the deadline within the Agreement. The auditors noted 27 of these dates were for racetracks in the Chicago region that were received between 36 minutes to 9.25 hours late and nine of these dates were received from one downstate racetrack between 3.3 hours to 27.78 hours late.

The Agreement (Section 14(c)) requires the University arrange for a courier service to provide delivery of the Board's samples to the University by 6:00 a.m. on the day following race programs at racetracks in the Chicago region and within 48 hours following race programs at a downstate racetrack or the fairs.

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

Board officials stated these exceptions were due to human error.

Failure to require the reporting of negative test results, maintain adequate internal control over the submission and reconciliation of samples, and perform timely reviews and obtain feedback regarding any issues involving the University's work product increases the risk that errors or irregularities could occur and not be found within the normal course of operations and represents noncompliance with State laws, rules, regulations and the Agreement. In addition, failure to establish and maintain internal controls over receipts increases the risk that errors or irregularities could occur and not be found within the normal course of operations. Further, failure to ensure the University properly informs employees of restrictions imposed upon them by the Agreement may result in employees not understanding their obligations and responsibilities. (Finding Code No. 2014-010)

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2014-010. **FINDING** (Inadequate Control over the Laboratory) (continued)

RECOMMENDATION

We recommend the Board sequentially number its samples sent to the University, properly classify blue dot and green dot test samples, receive the results of all samples, and reconcile test results between the University's invoices and the Board's records. Further, we recommend the Board work with the University to ensure confidentiality and conflict of interest procedures are in place for University employees. In addition, the Board should work with the University to develop a cash management process designed to timely and efficiently expedite cash collections to the University with appropriate recordkeeping. Finally, the Board should timely perform its quarterly reviews of the University and document any issues and corrective actions taken.

BOARD RESPONSE

The Board will continue to work with the University of Illinois to ensure compliance with State laws and the Board's rules.

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2014-011. **FINDING** (Inaccurate Agency Fee Imposition Reports)

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

During testing, the auditors noted the Board incorrectly reported cash receipts generated by its fees during Fiscal Year 2013 and Fiscal Year 2014 on its Agency Fee Imposition Reports. As opposed to reporting the actual cash receipts collected by the Board, the Board provided each fee's cash deposits recorded by the State Comptroller on the State Comptroller's Monthly Revenue Status Report (SB04) for June 2013 and June 2014. By reporting the cash deposits recorded by the State Comptroller, the Board did not account for deposits in transit, as noted below:

Receipts, per Board Records	(amount to report)
Add: Deposits in Transit, Beginning of Year	
Less: Deposits in Transit, End of Year	
Deposits, Recorded by the State Comptroller	(amount reported)

The auditors were unable to quantify the error due to the deposits in transit issue as described in Finding 2014-002 and the Board's difficulty in generating a complete population of licenses issued during the engagement period as described in Finding 2014-006.

The State Comptroller Act (15 ILCS 405/16.2(a)) requires all State agencies that impose and collect fees to prepare the Agency Fee Imposition Report Form. The Statewide Accounting Management System (Procedure 33.16.10) states the form shall list and describe the fees imposed by the Board, the purpose of the fees, the amount of revenue generated by each fee, and the funds into which the fees are deposited.

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

Board officials stated the Board misunderstood the recommendation contained in the Board's prior examination and mistakenly reported the deposits recorded by the State Comptroller within its Agency Fee Imposition Reports.

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2014-011. **FINDING** (Inaccurate Agency Fee Imposition Reports) (continued)

Failure to file accurate Agency Fee Imposition Reports with the Office of the State Comptroller lessens governmental oversight and represents noncompliance with the State Comptroller Act and the Statewide Accounting Management System. (Finding Code No. 2014-011, 12-10)

RECOMMENDATION

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

BOARD RESPONSE

The Board has since corrected its method and current reports reflect the correct filing requirements.

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2014-012. **FINDING** (Inadequate Monitoring of Illinois Racing Requirements)

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

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

During testing of 15 weeks (54 unique days) of thoroughbred racing, the auditors noted the following:

- For one of 54 (2%) race days tested, the Board did not record within the steward's minutes the number of races offered and ran limited to Illinois-bred horses.
- For 29 of 54 (54%) race days tested, the Board did not document its consent to eliminate and/or substitute races for Illinois-bred horses on the given day due to insufficient competition among the horse population, as allowed for by the Illinois Horse Racing Act of 1975 (230 ILCS 5/30(c)).
- For two of 15 (13%) race weeks tested, one racetrack did not offer six races limited to Illinois-bred horses.

During testing of nine weeks (22 unique days) of standardbred racing, the auditors noted the following:

- For two of 22 (9%) race days tested, the Board did not record within the steward's minutes the number of races offered and ran limited to Illinois-bred horses.
- For 15 of 22 (68%) race days tested, the Board did not document its consent to eliminate and/or substitute races for Illinois-bred horses on the given day due to insufficient competition among the horse population, as allowed for by the Illinois Horse Racing Act of 1975 (230 ILCS 5/31(c)).

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

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2014-012. **FINDING** (Inadequate Monitoring of Illinois Racing Requirements) (continued)

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

Board officials stated these issues were due to human error.

Failure to enforce the statutory racing requirements for thoroughbred and standardbred horses among the racetracks represents noncompliance with the Illinois Horse Racing Act of 1975 and may reduce racing opportunities for Illinois-bred horses. (Finding Code No. 2014-012, 12-11)

RECOMMENDATION

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

BOARD RESPONSE

Procedures are in place to ensure the proper tracking and documentation of Illinois races not run due to the lack of horse population. Any omissions of documentation were in error and not due to a lack of proper procedure in canceling a race. The Board will continue to develop internal controls to ensure all changes/cancellations are properly documented.

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2014-013. **FINDING** (Inadequate Control over State Vehicles)

The Illinois Racing Board (Board) did not maintain adequate control over its State-owned vehicles. During the examination period, the Board owned five vehicles.

During testing, the auditors noted the following:

- The Board did not submit accurate vehicle information to the Department of Central Management Services (CMS). The auditors noted the following inconsistencies:
 - One of five (20%) vehicles reported the car's ending odometer reading at June 30, 2013, was lower than the beginning odometer reading at June 30, 2012. The report indicated the vehicle had driven 14,272 negative miles during Fiscal Year 2013.
 - The auditors calculated the annual change in mileage based on the odometer readings in each vehicle's Monthly Cost Report and compared this calculation to the amount the Board reported in its annual reports to CMS for each vehicle. The auditors noted four of 10 (40%) annual vehicle reports had unreconciled discrepancies between 420 and 10,429 miles.
 - Eight of 10 (80%) vehicle information reports listed odometer readings which did not agree with the odometer readings on the vehicles corresponding Monthly Cost Report. The unreconciled discrepancies were between 2,090 and 25,846 miles.
 - One of ten (10%) vehicle information reports listed a vehicle's equipment number which did not agree with the vehicle's equipment number on the vehicle's Monthly Cost Report.
 - One of ten (10%) vehicle information reports listed a vehicle's license plate number which did not agree with the vehicle's license plate number on the vehicle's Monthly Cost Report.

The Illinois Administrative Code (Code) (44 Ill. Admin. Code 5040.340) requires the Board submit an annual report to CMS that includes the name of each employee assigned a vehicle, the equipment number and license plate number of the assigned vehicle, the employee's headquarters, the employee's residence, and any additional information requested by CMS.

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2014-013. **FINDING** (Inadequate Control over State Vehicles) (continued)

- The Board has not performed an analysis of the Board’s vehicles to determine whether maintaining each vehicle represents the best interests of the State given the Board’s specific operating needs. This analysis should include an analysis of reimbursing the employee’s mileage, using the State’s car sharing service under master contract with CMS, or maintaining a shared motor pool. Specifically, the auditors noted:
 - The Board reported to CMS commuting mileage totaling 28% to 82% and 35% to 74% of the total miles driven by the Board’s five vehicles during Fiscal Year 2013 and Fiscal Year 2014, respectively. The auditors questioned the reliability of these reports because of the exceptions noted on the preceding page.
 - During personal services testing, the auditors examined the monthly automotive cost reports for one of the five (20%) employees assigned a vehicle to determine if the Board was properly reporting commuting fringe benefits within the employee’s taxable income. During the six months tested for the tested employee over the six tested months, 109 of 128 (85%) working days involved a commute to the office. Of the days with commuting to the office, the employee stopped at one field location on 39 days and stopped at two or more field locations on 11 days.

During the examination period, the Board incurred expenditures of \$22,640 for fuel and maintenance costs for its State-owned vehicles.

The Code (44 Ill. Admin. Code 5040.350(a)(7)) only authorizes commuting miles for the Board’s employees assigned vehicles when the Board’s Executive Director determines in writing that an “employee’s work assignment requires traveling to numerous locations over a considerable territory with infrequent stops at the employee’s headquarters” under the individual vehicle assignment provisions of the Code (44 Ill. Admin. Code 5040.340(b)). In addition, the Governor’s *Policy Regarding Individual Assignment of State Vehicles* notes “as a general matter, unless it is in the best interests of the State, commuting miles should not exceed 30% of miles driven.” Finally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance its resources are utilized efficiently, effectively, and in compliance with applicable law.

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2014-013. **FINDING** (Inadequate Control over State Vehicles) (continued)

- The Board did not draft and submit a vehicle use policy to the Division of Vehicles within CMS. In addition, the Board did not adopt a policy concerning take-home vehicles or establish procedures regarding daily vehicle use logs and mileage recording.

The State Vehicle Use Act (30 ILCS 617/10) requires the Board draft a vehicle use policy and submit it to the CMS Division of Vehicles for posting on the official CMS website that includes a policy concerning take-home vehicles, including restrictions on the use of take-home vehicles solely for commuting, and procedures regarding daily vehicle use logs and mileage recording.

- The Board did not have a monitoring process in place to ensure all of its vehicles underwent regular service and/or repair in order to maintain the vehicles in a road worthy and safe operating condition.

The Code (44 Ill. Admin. Code 5040.400) requires the Board ensure all State-owned vehicles undergo regular service and/or repair in order to maintain the vehicles in road worthy, safe operating condition.

- The Board was unable to provide two of 10 (20%) Annual Vehicle Inspection Reports certifying the Board's vehicles were inspected at least once a year by CMS or an authorized vendor.

The Code (44 Ill. Admin. Code 5040.410) requires the Board to have all State-owned vehicles undergo an annual inspection by CMS or an authorized vendor.

- The Board did not report a change in vehicle information to CMS when the Board assigned a Board employee to a new vehicle during Fiscal Year 2014.

The Code (44 Ill. Admin. Code 5040.340) requires the Board to report to CMS - when changes occur - the name of each employee assigned a vehicle, the equipment number and license plate number of the assigned vehicle, the employee's headquarters, and the employee's residence.

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2014-013. **FINDING** (Inadequate Control over State Vehicles) (continued)

- The Board was unable to locate and provide the July 2012 Monthly Cost Reports for two of five (40%) of the vehicles.

The State Records Act (5 ILCS 160/8) requires the Board preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the Board.

Board officials stated the exceptions were due to human error.

Failure to submit accurate vehicle reports based upon reliable records when required to CMS represents noncompliance with State laws, rules, and regulations and lessens governmental oversight. Further, failure to perform an analysis of each State-owned vehicle to determine if its individual assignment is in the State's best interest represents noncompliance with State laws, rules, and regulations and may have resulted in the Board incurring excess costs during the examination period. In addition, failure to monitor vehicle maintenance and annual vehicle inspections could result in some vehicles not receiving proper repair and maintenance, potentially decreasing their performance and useful lives. Finally, failure to draft a vehicle use policy and submit it to CMS that includes a policy concerning take-home vehicles and procedures regarding daily vehicle use logs and mileage recording represents noncompliance with the State Vehicle Use Act. (Finding Code No. 2014-013)

RECOMMENDATION

We recommend the Board:

- perform an analysis of the Board's vehicles to determine whether each vehicle can be justified as the most cost effective solution for the Board's specific operational needs;
- implement controls to maintain accurate odometer records and retain records related to the Board's vehicles;
- prepare accurate reports when required for CMS;
- draft and submit a vehicle use policy in accordance with the provisions of the State Vehicle Use Act to CMS; and,
- implement controls to assure vehicles undergo regular maintenance and receive an annual inspection.

STATE OF ILLINOIS
ILLINOIS RACING BOARD
SCHEDULE OF FINDINGS - STATE COMPLIANCE
For the Two Years Ended June 30, 2014

2014-013. **FINDING** (Inadequate Control over State Vehicles) (continued)

BOARD RESPONSE

The Board's assigned vehicles are utilized in accordance with 44 Ill. Admin. Code 5040.350. Vehicles are used for inspection and regulatory purposes, to provide support and supervision in the field, and to carry out responsibilities over field staff. The Board has reduced its assigned vehicles by one employee; that employee having had the least business usage. The Board continues to annually review fleet mileage to ensure that assigned vehicles are the best economic method.

Regarding the Vehicle Use Policy and maintenance monitoring procedure, the Board has been following all requirements put forth by CMS and the Governor's Office. The Board has put its policy in writing for submission to CMS. Once accepted by CMS, the Board will issue the policy to staff.

STATE OF ILLINOIS
ILLINOIS RACING BOARD
SCHEDULE OF FINDINGS - STATE COMPLIANCE
For the Two Years Ended June 30, 2014

2014-014. **FINDING** (Inadequate Control over Voucher Processing)

The Illinois Racing Board (Board) lacked adequate controls over expenditure processing.

During testing, the auditors noted the following:

- One of eight (13%) individuals with signature authority for vouchers processed against the Board's expenditure accounts within the State Treasury had separated from the Department of Revenue's Administrative and Regulatory Shared Services Center (Shared Services) on November 30, 2011, 943 days prior to June 30, 2014.

The Statewide Accounting Management System (SAMS) (Procedure 17.20.65) requires the submission of new or revised signature cards "when the use of a signature is authorized, its authority is expanded to other forms, or the period for which the signature was valid has lapsed."

Board officials noted Part IV, Section B(3) of the *Interagency Agreement among the Illinois Department of Revenue, Illinois Department of Central Management Services, Illinois Department of Financial and Professional Regulation, Illinois Gaming Board, Illinois Racing Board, and the Illinois Department of Insurance Regarding Shared Services for Certain Human Resources and Fiscal Functions* states, "At such time as an A & R Shared Services Center employee previously authorized to sign documents ... is no longer authorized the A & R Shared Services Center shall notify each of the other Parties in writing of the revocation of the employee's designation." The auditors note, however, the Board is ultimately responsible for the activities Shared Services conducts on its behalf. Good internal control includes ensuring signature authority, including signature authority vested in persons at Shared Services performing functions for the Board, is immediately revoked upon the person's separation from State employment.

- The auditors examined 147 invoice vouchers, totaling \$850,044, and noted the following exceptions:
 - 18 of 147 (12%) vouchers tested, totaling \$213,434, were not approved within 30 days of receipt. These vouchers were approved for payment between two and 59 days late.

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

STATE OF ILLINOIS
ILLINOIS RACING BOARD
SCHEDULE OF FINDINGS - STATE COMPLIANCE
For the Two Years Ended June 30, 2014

2014-014. **FINDING** (Inadequate Control over Voucher Processing) (continued)

- Three of 147 (2%) vouchers tested, totaling \$27,815, were for the purchase of electronic data processing equipment which the auditor was unable to physically examine and, therefore, was unable to determine the validity of the transaction. The Board did not provide auditors with the tag numbers or the location for the items purchased for inspection by the auditors.

The Illinois State Auditing Act (30 ILCS 5/3-12) states that at the request of the Auditor General, each State agency shall, without delay, make available to the Auditor General or his or her designated representative any record or information requested.

- Four of 147 (3%) vouchers tested, totaling \$1,498, were improperly charged to an incorrect detail object code.

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

- Three of 147 (2%) vouchers tested, totaling \$161,344, did not have sufficient supporting documentation. Specifically, the vouchers did not contain schedules supporting a telecommunications services invoice and schedules indicating the number and type of laboratory tests conducted each month. Therefore, the auditor was unable to determine whether the telecommunications expenditures were reasonable and necessary and whether the laboratory services billed were the laboratory services that were performed.

The Code (74 Ill. Admin. Code 900.70(a) and 74 Ill. Admin. Code 900.70(c)) requires the Board not approve improper bills for payment and notify the vendor of the invoice's defect where a bill lacks sufficient and/or correct information to process the bill.

- In reviewing reconciling items for equipment items capitalized within the Board's property listing and the State Comptroller's records, the auditors identified a safe purchased in Fiscal Year 2014, totaling \$285, that was improperly charged against the Board's commodities appropriation using a commodities detail object code as opposed to the Board's equipment appropriation using an equipment detail object code.

STATE OF ILLINOIS
ILLINOIS RACING BOARD
SCHEDULE OF FINDINGS - STATE COMPLIANCE
For the Two Years Ended June 30, 2014

2014-014. **FINDING** (Inadequate Control over Voucher Processing) (continued)

The State Finance Act (30 ILCS 105/20) requires the Board charge purchases of tangible personal property items not of consumable nature in excess of \$100 to the Board's equipment appropriation. The State Finance Act (30 ILCS 105/15b) only allows the Board to charge consumable items or equipment with a unit value of less than \$100 to the Board's commodities appropriation.

- In performing analytical reviews of the Board's grants, the auditors noted the Board changed its past practice of coding grants paid from the Quarter Horse Purse Fund to one racetrack as "nontaxable grants and awards, not elsewhere classified" to "shared revenue payments" in Fiscal Year 2014. SAMS (Procedure 11.50.30) limits the classification of grants as "shared revenue payments" to the distribution by the State of "taxes collected on behalf of other governmental units, including local governments." As the racetrack is a corporation and not a government, this grant expenditure classification, totaling \$40,500, was improper.

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

Board officials stated the voucher processing exceptions noted by the auditors were caused by human error and misunderstanding.

Failure to revoke the signature authority of individuals upon their separation from State employment, review and approve vouchers timely, retain documentation supporting the invoice, obtain proper approvals prior to payment, properly code invoices, and charge costs against the proper appropriation line item represents noncompliance with State laws, rules, and regulations and could lead to errors or other irregularities. Additionally, as the Board did not provide all requested information to enable testing, the auditors were unable to complete their audit procedures and provide useful and relevant feedback to the General Assembly regarding the Board's expenditures for electronic data processing equipment. (Finding Code No. 2014-014, 12-15, 10-7)

STATE OF ILLINOIS
ILLINOIS RACING BOARD
SCHEDULE OF FINDINGS - STATE COMPLIANCE
For the Two Years Ended June 30, 2014

2014-014. **FINDING** (Inadequate Control over Voucher Processing) (continued)

RECOMMENDATION

We recommend the Board:

- revoke signature authority for separated employees, including employees with signature authority for the Board who worked for other State agencies, timely;
- implement controls to ensure all proper bills are supported by adequate documentation, reviewed by appropriate personnel, approved for payment within 30 days, and properly coded to the correct appropriation and detail object code; and,
- ensure auditor requests to examine purchases are fulfilled.

BOARD RESPONSE

The Board will continue to work with Shared Services to obtain regular reports on access to system authorities granted and outstanding. As required pursuant to Part IV, Section B(3) of the Interagency Agreement among the Department of Revenue..., Shared Services will notify the Board each time a Shared Services employee with signature authority separates from employment and request the Board authorize signature authority for a new Shared Services employee, if required.

The Board receives and processes vouchers on a weekly basis and submits them to Shared Services. Shared Services forwards the vouchers to the Comptroller for payment. With few exceptions, all vouchers are approved and submitted to Shared Services and the Comptroller within the 30-day window. However, at times additional research of invoices occurs in response to questions raised regarding billed items. Time and effort is spent investigating the issues to ensure proper billing and payment, which may result in delayed processing. The Board will ensure that any invoices it receives containing errors needing correction will be returned to the vendor via the procedures for returning an improper invoice.

Regarding the Quarter Horse Purse Fund, the Board worked with the Comptroller's Office to determine the appropriate coding; provided, however, the Board will continue to evaluate and address any changes needed to ensure payments are properly coded.

STATE OF ILLINOIS
ILLINOIS RACING BOARD
SCHEDULE OF FINDINGS - STATE COMPLIANCE
For the Two Years Ended June 30, 2014

2014-015. **FINDING** (Need to Enhance Control over Confidential Information)

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

During testing, the auditors noted the following:

- The Board failed to utilize redaction when displaying confidential information within computer-based applications. Furthermore, social security numbers were printed on license application receipts and some internal reports.
- The Board does not encrypt laptops or other portable media.
- The Board had not performed a risk assessment of its physical space or computing resources to identify confidential or personal information to ensure such information is protected from unauthorized disclosure.
- Confidential and personal information is sent in clear text over the State's Intranet, primarily to the Administrative and Regulatory Shared Services Center at the Department of Revenue. Although the information, if properly coded, is secured during transmission, emails and attachments that are not encrypted could be exposed within the in- or out-boxes and on backup media and archives.

The Board has the responsibility to ensure confidential information is protected from disclosure and the provisions in the Act are followed. In addition, the Identity Protection Act (5 ILCS 179) generally prohibits the printing of social security numbers on documents delivered to individuals. A comprehensive risk assessment would help the Board identify instances where confidential information is exposed and promote the implementation of encryption software on the Board's computers and confidential e-mail attachments.

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

Failure to establish effective controls over the protection of confidential information could result in identity theft or unintended use and constitutes a breach of State law. (Finding Code No. 2014-015, 12-16, 10-8)

STATE OF ILLINOIS
ILLINOIS RACING BOARD
SCHEDULE OF FINDINGS - STATE COMPLIANCE
For the Two Years Ended June 30, 2014

2014-015. **FINDING** (Need to Enhance Control over Confidential Information) (continued)

RECOMMENDATION

We recommend the Board complete a formal risk assessment of its physical and computing environment to ensure adequate security controls are applied. The Board should ensure all confidential information is properly secured (encrypted during transmission and at rest) and ensure compliance with the requirements of the Identity Protection Act.

BOARD RESPONSE

The Board will continue to work with the Department of Central Management Services to assess risk and needs for the purpose of ensuring personal information protection of vendors and employees.

STATE OF ILLINOIS
ILLINOIS RACING BOARD
PRIOR FINDINGS NOT REPEATED
For the Two Years Ended June 30, 2014

A. **FINDING** (Inadequate Monitoring of Horse Racing Equity Trust Fund Moneys)

During the prior examination, the Illinois Racing Board (Board) did not adequately monitor the expenditure of grant funds by organization licensees (racetracks) received from the Horse Racing Equity Trust Fund. (Finding Code No. 12-4)

Status: Implemented

During the current examination, the auditors' testing indicated the Board monitored expenditures of grant funds by organization licensees received from the Horse Racing Equity Trust Fund.

B. **FINDING** (Excess Cash within the Racing Board Fingerprint Fund)

During the prior examination, the Illinois Racing Board (Board) did not comply with fingerprint fee requirements or properly cease the operation of the Racing Board Fingerprint Fund. (Finding Code No. 12-6)

Status: Implemented

During the current examination, the auditors' testing indicated the fingerprinting fee collected by the Board did not exceed the amount charged to the Board by the Department of State Police for fingerprint background checks. Further, the auditors' testing noted the Board notified the Office of the State Comptroller that the Racing Board Fingerprint Fund was no longer needed.

C. **FINDING** (Failure to Require Timely Payment of the Annual Charity Assessment)

During the prior examination, the Board did not require an organization licensee (racetrack) pay the annual charity assessment in a timely manner. (Finding Code No. 12-8)

Status: Implemented

During the current examination, the auditors' testing indicated the Board required organization licensees to pay the annual charity assessment in a timely manner.

STATE OF ILLINOIS
ILLINOIS RACING BOARD
PRIOR FINDINGS NOT REPEATED
For the Two Years Ended June 30, 2014

D. **FINDING** (Inadequate Controls over Stewards' Rulings)

During the prior examination, the Illinois Racing Board (Board) did not exercise adequate internal control over Stewards' Rulings. The auditors noted the rulings were not adequately monitored and protected or inputted timely into the Board's Pari-Mutuel Information and Tracking System. (Finding Code No. 12-9)

Status: Implemented

During the current examination, the auditors' sample testing indicated the Board had improved its internal controls over Steward's Rulings.

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

During the prior examination, the Illinois Racing Board (Board) did perform an evaluation of its internal fiscal and administrative controls in Fiscal Year 2011 and the Board's Executive Director did not timely prepare and file the Board's annual internal control certification with the Auditor General in Fiscal Year 2012. (Finding Code No. 12-12)

Status: Implemented

During the current examination, the auditors' testing indicated the Board performed an evaluation of its internal fiscal and administrative controls and the Board's Executive Director timely prepared and filed the required annual internal control certification with the Auditor General.

F. **FINDING** (Inadequate Controls over the Horse Racing Equity Trust Fund)

During the prior examination, the Illinois Racing Board (Board) did not ensure distributions to the organization licensees (racetracks) from the Horse Racing Equity Trust Fund were timely and complete. (Finding No. 12-13)

Status: Implemented

During the current examination, the auditors' testing indicated distributions from the Horse Racing Equity Trust Fund were complete and timely.

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2014

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

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

- Fiscal Schedules and Analysis:
 - Schedule of Appropriations, Expenditures, and Lapsed Balances – Fiscal Year 2014
 - Schedule of Appropriations, Expenditures, and Lapsed Balances – Fiscal Year 2013
 - Comparative Schedule of Net Appropriations, Expenditures, and Lapsed Balances
 - Schedule of Changes in State Property
 - Comparative Schedule of Cash Receipts and Reconciliation of Cash Receipts to Deposits Remitted to the State Comptroller
 - Analysis of Significant Variations in Expenditures
 - Analysis of Significant Variations in Receipts
 - Analysis of Significant Lapse Period Spending
 - Analysis of Accounts Receivable

- Analysis of Operations (Not Examined):
 - Board Functions and Planning Program (Not Examined)
 - Average Number of Employees (Not Examined)
 - Horse Racing Statistics (Not Examined)
 - Calendar Year 2004 - 2013 Purses, Commissions, and State Revenue (Not Examined)
 - Calendar Year 2013 Comparison of Wagering Pools, Combined Live Racing, and Simulcasts (Not Examined)
 - Calendar Year 2013 Advance Deposit Wagering Statistics (Not Examined)
 - Calendar Year 2013 Summary of Surcharges and Revenues to Local Governments from Off-Track Parlors (Not Examined)
 - Calendar Year 2013 Activity from All Locations (Not Examined)
 - Calendar Year 2012 Comparison of Wagering Pools, Combined Live Racing, and Simulcasts (Not Examined)
 - Calendar Year 2012 Advance Deposit Wagering Statistics (Not Examined)
 - Calendar Year 2012 Summary of Surcharges and Revenues to Local Governments from Off-Track Parlors (Not Examined)
 - Calendar Year 2012 Activity from All Locations (Not Examined)
 - Service Efforts and Accomplishments (Not Examined)

The accountant's report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the accountants have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2014, and June 30, 2013, accompanying supplementary information in Schedules 1 through 9. However, the accountants do not express an opinion on the supplementary information. The accountant's report also states that they have not applied procedures to the Analysis of Operations Section, and accordingly, they do not express an opinion or provide any assurance on it.

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Appropriations for Fiscal Year 2014

SCHEDULE 1

Fourteen Months Ended August 31, 2014

Public Act 98-0064 and Public Act 98-0591	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed
FISCAL YEAR 2014					
<u>APPROPRIATED FUNDS</u>					
Horse Racing Fund - 632					
Personal Services	\$ 1,083,300	\$ 942,932	\$ 40,691	\$ 983,623	\$ 99,677
Employee Retirement					
Contributions Paid by Employer	436,700	381,457	16,422	397,879	38,821
State Contributions to Social Security	82,900	69,059	2,981	72,040	10,860
Group Insurance	368,000	283,735	11,746	295,481	72,519
Contractual Services	198,200	149,317	7,594	156,911	41,289
Travel	26,400	19,128	5,205	24,333	2,067
Commodities	3,500	1,642	1,231	2,873	627
Printing	1,000	664	-	664	336
Equipment	2,300	-	-	-	2,300
Electronic Data Processing	60,000	44,616	15,318	59,934	66
Telecommunications	92,600	64,793	14,548	79,341	13,259
Operation of Automotive Equipment	12,000	9,809	1,027	10,836	1,164
Refunds	1,300	250	-	250	1,050
Expenses Related to the Laboratory Program	1,795,500	1,135,168	322,575	1,457,743	337,757
Expenses Related to the Regulation of Racing	3,573,200	2,815,451	175,764	2,991,215	581,985
Distributions to Local Governments	500,000	290,522	29,947	320,469	179,531
Expenses Related to Shared Services	194,400	95,494	9,613	105,107	89,293
Total, Horse Racing Fund	<u>\$ 8,431,300</u>	<u>\$ 6,304,037</u>	<u>\$ 654,662</u>	<u>\$ 6,958,699</u>	<u>\$ 1,472,601</u>
Horse Racing Equity Fund - 630					
Disbursement of Receipts to Eligible Tracks	<u>\$ 23,000,000</u>	<u>\$ 23,000,000</u>	<u>\$ -</u>	<u>\$ 23,000,000</u>	<u>\$ -</u>
Total, Horse Racing Equity Fund	<u>\$ 23,000,000</u>	<u>\$ 23,000,000</u>	<u>\$ -</u>	<u>\$ 23,000,000</u>	<u>\$ -</u>

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Appropriations for Fiscal Year 2014

SCHEDULE 1

Fourteen Months Ended August 31, 2014

Public Act 98-0064 and Public Act 98-0591 FISCAL YEAR 2014	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed
<u>APPROPRIATED FUNDS (continued)</u>					
Racing Board Fingerprint Fund - 248					
For Deposit into the Horse Racing Fund	\$ 135,000	\$ 134,908	\$ -	\$ 134,908	\$ 92
Total, Racing Board Fingerprint Fund	<u>\$ 135,000</u>	<u>\$ 134,908</u>	<u>\$ -</u>	<u>\$ 134,908</u>	<u>\$ 92</u>
SUBTOTAL - APPROPRIATED FUNDS	<u><u>\$ 31,566,300</u></u>	<u><u>\$ 29,438,945</u></u>	<u><u>\$ 654,662</u></u>	<u><u>\$ 30,093,607</u></u>	<u><u>\$ 1,472,693</u></u>
<u>NONAPPROPRIATED FUNDS</u>					
Standardbred Purse Fund - 217					
Awards and Grants		\$ 276,301	\$ 56,125	\$ 332,426	
Total, Standardbred Purse Fund		<u>\$ 276,301</u>	<u>\$ 56,125</u>	<u>\$ 332,426</u>	
Illinois Racing Board Charity Fund - 271					
Grant to a Non-Profit Organization		\$ 750,000	\$ -	\$ 750,000	
Total, Illinois Racing Board Charity Fund		<u>\$ 750,000</u>	<u>\$ -</u>	<u>\$ 750,000</u>	
Quarter Horse Purse Fund - 785					
Awards and Grants		\$ -	\$ 40,500	\$ 40,500	
Total, Quarter Horse Purse Fund		<u>\$ -</u>	<u>\$ 40,500</u>	<u>\$ 40,500</u>	
SUBTOTAL - NONAPPROPRIATED FUNDS		<u><u>\$ 1,026,301</u></u>	<u><u>\$ 96,625</u></u>	<u><u>\$ 1,122,926</u></u>	
TOTAL - ALL FUNDS, FISCAL YEAR 2014		<u><u>\$ 30,465,246</u></u>	<u><u>\$ 751,287</u></u>	<u><u>\$ 31,216,533</u></u>	

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

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

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Appropriations for Fiscal Year 2013

SCHEDULE 2

Fourteen Months Ended August 31, 2013

Public Act 97-0727	Appropriations	Expenditures	Lapse Period Expenditures	Total Expenditures	Balances
FISCAL YEAR 2013	(Net of Transfers)	Through June 30	July 1 to August 31	14 Months Ended August 31	Lapsed
APPROPRIATED FUNDS					
Horse Racing Fund - 632					
Personal Services	\$ 1,102,200	\$ 921,479	\$ 42,318	\$ 963,797	\$ 138,403
Employee Retirement					
Contributions Paid by Employer	418,700	351,273	16,095	367,368	51,332
State Contributions to Social Security	82,700	68,480	3,132	71,612	11,088
Group Insurance	345,000	303,466	15,083	318,549	26,451
Contractual Services	198,200	150,193	19,819	170,012	28,188
Travel	22,400	15,958	4,315	20,273	2,127
Commodities	3,500	1,308	-	1,308	2,192
Printing	1,000	37	600	637	363
Equipment	2,300	-	-	-	2,300
Electronic Data Processing	60,000	45,265	9,013	54,278	5,722
Telecommunications	93,000	67,770	13,819	81,589	11,411
Operation of Automotive Equipment	12,000	9,335	2,449	11,784	216
Refunds	300	-	-	-	300
Expenses Related to the Laboratory Program	1,943,500	1,364,463	345,398	1,709,861	233,639
Expenses Related to the Regulation of Racing	3,681,100	3,108,931	187,407	3,296,338	384,762
Distributions to Local Governments	500,000	231,003	60,657	291,660	208,340
Expenses Related to Shared Services	113,300	85,103	3,558	88,661	24,639
Total, Horse Racing Fund	<u>\$ 8,579,200</u>	<u>\$ 6,724,064</u>	<u>\$ 723,663</u>	<u>\$ 7,447,727</u>	<u>\$ 1,131,473</u>
SUBTOTAL - APPROPRIATED FUNDS	<u>\$ 8,579,200</u>	<u>\$ 6,724,064</u>	<u>\$ 723,663</u>	<u>\$ 7,447,727</u>	<u>\$ 1,131,473</u>

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Appropriations for Fiscal Year 2013

SCHEDULE 2

Fourteen Months Ended August 31, 2013

Public Act 97-0727	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed
FISCAL YEAR 2013					
<u>NONAPPROPRIATED FUNDS</u>					
Standardbred Purse Fund - 217					
Awards and Grants		\$ -	\$ 116,160	\$ 116,160	
Total, Standardbred Purse Fund		<u>\$ -</u>	<u>\$ 116,160</u>	<u>\$ 116,160</u>	
Illinois Racing Board Charity Fund - 271					
Grant to a Non-Profit Organization		\$ 750,000	\$ -	\$ 750,000	
Total, Illinois Racing Board Charity Fund		<u>\$ 750,000</u>	<u>\$ -</u>	<u>\$ 750,000</u>	
Horse Racing Equity Trust Fund - 313					
Disbursement of Receipts to Eligible Tracks		\$ 2,414,953	\$ 6	\$ 2,414,959	
Total, Horse Racing Equity Trust Fund		<u>\$ 2,414,953</u>	<u>\$ 6</u>	<u>\$ 2,414,959</u>	
Quarter Horse Purse Fund - 785					
Awards and Grants		\$ 81,150	\$ -	\$ 81,150	
Total, Quarter Horse Purse Fund		<u>\$ 81,150</u>	<u>\$ -</u>	<u>\$ 81,150</u>	
SUBTOTAL - NONAPPROPRIATED FUNDS		<u>\$ 3,246,103</u>	<u>\$ 116,166</u>	<u>\$ 3,362,269</u>	
TOTAL - ALL FUNDS, FISCAL YEAR 2013		<u>\$ 9,970,167</u>	<u>\$ 839,829</u>	<u>\$ 10,809,996</u>	

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

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

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

SCHEDULE 3

	Fiscal Year		
	2014	2013	2012
	P.A. 98-0064 P.A. 98-0591	P.A. 97-0727	P.A. 97-0062
<u>APPROPRIATED FUNDS</u>			
Horse Racing Fund - 632			
Appropriations	\$ 8,431,300	\$ 8,579,200	\$ 8,611,600
<u>Expenditures</u>			
Personal Services	\$ 983,623	\$ 963,797	\$ 929,713
Employee Retirement			
Contributions Paid by Employer	397,879	367,368	318,713
State Contributions to Social Security	72,040	71,612	69,321
Group Insurance	295,481	318,549	214,122
Contractual Services	156,911	170,012	144,894
Travel	24,333	20,273	19,705
Commodities	2,873	1,308	2,872
Printing	664	637	257
Equipment	-	-	-
Electronic Data Processing	59,934	54,278	55,577
Telecommunications	79,341	81,589	80,787
Operation of Automotive Equipment	10,836	11,784	13,436
Refunds	250	-	-
Expenses Related to the Laboratory Program	1,457,743	1,709,861	1,728,957
Expenses Related to the Regulation of Racing	2,991,215	3,296,338	3,091,187
Distributions to Local Governments	320,469	291,660	-
Expenses Related to Shared Services	105,107	88,661	80,778
Total Horse Racing Fund Expenditures	<u>\$ 6,958,699</u>	<u>\$ 7,447,727</u>	<u>\$ 6,750,319</u>
Lapsed Balances	<u>\$ 1,472,601</u>	<u>\$ 1,131,473</u>	<u>\$ 1,861,281</u>

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

SCHEDULE 3

	Fiscal Year		
	2014	2013	2012
	P.A. 98-0064 P.A. 98-0591	P.A. 97-0727	P.A. 97-0062
<u>APPROPRIATED FUNDS (continued)</u>			
Horse Racing Equity Fund - 630			
Appropriations	\$ 23,000,000	\$ -	\$ -
<u>Expenditures</u>			
Disbursement of Receipts to Eligible Tracks	\$ 23,000,000	\$ -	\$ -
Total Horse Racing Equity Fund Expenditures	\$ 23,000,000	\$ -	\$ -
Lapsed Balances	\$ -	\$ -	\$ -
Racing Board Fingerprint Fund - 248			
Appropriations	\$ 135,000	\$ -	\$ -
<u>Expenditures</u>			
For Deposit into the Horse Racing Fund	\$ 134,908	\$ -	\$ -
Total Racing Board Fingerprint Fund Expenditures	\$ 134,908	\$ -	\$ -
Lapsed Balances	\$ 92	\$ -	\$ -
<u>TOTAL - APPROPRIATED FUNDS</u>			
Total Appropriations	\$ 31,566,300	\$ 8,579,200	\$ 8,611,600
Total Appropriated Expenditures	\$ 30,093,607	\$ 7,447,727	\$ 6,750,319
Lapsed Balances	\$ 1,472,693	\$ 1,131,473	\$ 1,861,281

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

SCHEDULE 3

	Fiscal Year		
	2014	2013	2012
<u>NONAPPROPRIATED FUNDS</u>			
Standardbred Purse Fund - 217			
<u>Expenditures</u>			
Awards and Grants	\$ 332,426	\$ 116,160	\$ -
Total Standardbred Purse Fund Expenditures	\$ 332,426	\$ 116,160	\$ -
Racing Board Fingerprint Fund - 248			
<u>Expenditures</u>			
Contractual Services	\$ -	\$ -	\$ 58,135
Total Racing Board Fingerprint Fund Expenditures	\$ -	\$ -	\$ 58,135
Illinois Racing Board Charity Fund - 271			
<u>Expenditures</u>			
Grant to a Non-Profit Organization	\$ 750,000	\$ 750,000	\$ 750,000
Total Illinois Racing Board Charity Fund Expenditures	\$ 750,000	\$ 750,000	\$ 750,000
Illinois Racing Board Grant Fund - 280			
<u>Expenditures</u>			
Shared Revenue Payments	\$ -	\$ -	\$ 315,822
Total Illinois Racing Board Grant Fund Expenditures	\$ -	\$ -	\$ 315,822
Horse Racing Equity Trust Fund - 313			
<u>Expenditures</u>			
Disbursement of Receipts to Eligible Tracks	\$ -	\$ 2,414,959	\$ 1,613,298
Total Horse Racing Equity Fund Expenditures	\$ -	\$ 2,414,959	\$ 1,613,298

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

SCHEDULE 3

	Fiscal Year		
	2014	2013	2012
<u>NONAPPROPRIATED FUNDS (continued)</u>			
Quarter Horse Purse Fund - 785			
<u>Expenditures</u>			
Awards and Grants	\$ 40,500	\$ 81,150	\$ 257,900
Total Quarter Horse Purse Fund Expenditures	<u>\$ 40,500</u>	<u>\$ 81,150</u>	<u>\$ 257,900</u>
Total Nonappropriated Expenditures	<u>\$ 1,122,926</u>	<u>\$ 3,362,269</u>	<u>\$ 2,995,155</u>
GRAND TOTAL EXPENDITURES - ALL FUNDS	<u><u>\$ 31,216,533</u></u>	<u><u>\$ 10,809,996</u></u>	<u><u>\$ 9,745,474</u></u>
<u>STATE OFFICERS' SALARIES</u>			
Horse Racing Fund - 632 (State Comptroller)			
Appropriations	<u>\$ 137,800</u>	<u>\$ 137,800</u>	<u>\$ 137,800</u>
<u>Expenditures</u>			
Illinois Racing Board Member Per Diem	<u>\$ 32,400</u>	<u>\$ 25,800</u>	<u>\$ 26,400</u>
Total Horse Racing Fund Expenditures	<u>\$ 32,400</u>	<u>\$ 25,800</u>	<u>\$ 26,400</u>
Lapsed Balances	<u>\$ 105,400</u>	<u>\$ 112,000</u>	<u>\$ 111,400</u>

- Note 1: The data in this schedule was taken from the State Comptroller's records and reconciled to the Board's records.
- Note 2: Expenditure amounts are vouchers approved for payment by the Board and submitted to the State Comptroller for payment to the vendor.
- Note 3: The total expenditures and lapsed balances for Fiscal Year 2012 do not reflect interest payments approved by the Board and submitted to the State Comptroller for payment after August 31.

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
SCHEDULE OF CHANGES IN STATE PROPERTY
For the Two Years Ended June 30, 2014

SCHEDULE 4

		Equipment
Balance at July 1, 2012	\$	475,127
Additions		64,987
Deletions		(5,860)
Net Transfers		(49,878)
		<hr style="border-top: 1px solid black;"/>
Balance at June 30, 2013	\$	484,376
		<hr style="border-top: 3px double black;"/>
Balance at July 1, 2013	\$	484,376
Additions		4,934
Deletions		(16,801)
Net Transfers		(101,891)
		<hr style="border-top: 1px solid black;"/>
Balance at June 30, 2014	\$	370,618
		<hr style="border-top: 3px double black;"/>

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

STATE OF ILLINOIS SCHEDULE 5
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
**COMPARATIVE SCHEDULE OF CASH RECEIPTS AND RECONCILIATION OF
CASH RECEIPTS TO DEPOSITS REMITTED TO THE STATE COMPTROLLER**
For the Fiscal Year Ended June 30,

	Fiscal Year		
	2014	2013	2012
General Revenue Fund - 001			
Admission Tax - Racetracks	\$ -	\$ 20,900	\$ 81,225
Fines and Penalties	-	5,970	94,250
Occupation Licenses	-	24,317	193,060
Organization Licenses	-	1,400	83,495
Miscellaneous	-	15	2,380
Photo Identification Fee	-	701	2,393
Total Receipts - Fund 001	<u>\$ -</u>	<u>\$ 53,303</u>	<u>\$ 456,803</u>
Receipts, per Board Records	\$ -	\$ 53,303	\$ 456,803
Add: Deposits in Transit, Beginning of the Year	-	13,352	5,937
Less: Deposits in Transit, End of the Year	-	-	13,352
Less: Correction of a Prior Year Error	-	-	14,000
Deposits, Recorded by the State Comptroller	<u>\$ -</u>	<u>\$ 66,655</u>	<u>\$ 435,388</u>
Racing Board Fingerprint Fund - 248			
Fingerprint Cards	\$ -	\$ 14,580	\$ 69,885
Total Receipts - Fund 248	<u>\$ -</u>	<u>\$ 14,580</u>	<u>\$ 69,885</u>
Receipts, per Board Records	\$ -	\$ 14,580	\$ 69,885
Add: Deposits in Transit, Beginning of the Year	-	1,485	360
Less: Deposits in Transit, End of the Year	-	-	1,485
Deposits, Recorded by the State Comptroller	<u>\$ -</u>	<u>\$ 16,065</u>	<u>\$ 68,760</u>
Illinois Racing Board Grant Fund - 280			
Admission Tax - OTBs	\$ -	\$ 3,478	\$ 357,271
Total Receipts - Fund 280	<u>\$ -</u>	<u>\$ 3,478</u>	<u>\$ 357,271</u>
Receipts, per Board Records	\$ -	\$ 3,478	\$ 357,271
Add: Deposits in Transit, Beginning of the Year	-	11,534	6,825
Less: Deposits in Transit, End of the Year	-	-	11,534
Deposits, Recorded by the State Comptroller	<u>\$ -</u>	<u>\$ 15,012</u>	<u>\$ 352,562</u>
Horse Racing Equity Trust Fund - 313			
3% Tax on Adjusted Gross Receipts	\$ -	\$ -	\$ 1,187,626
Total Receipts - Fund 313	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,187,626</u>
Receipts, per Board Records	\$ -	\$ -	\$ 1,187,626
Add: Deposits in Transit, Beginning of the Year	-	-	428,320
Less: Deposits in Transit, End of the Year	-	-	-
Deposits, Recorded by the State Comptroller	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,615,946</u>

STATE OF ILLINOIS SCHEDULE 5
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
**COMPARATIVE SCHEDULE OF CASH RECEIPTS AND RECONCILIATION OF
CASH RECEIPTS TO DEPOSITS REMITTED TO THE STATE COMPTROLLER**
For the Fiscal Year Ended June 30,

	Fiscal Year		
	2014	2013	2012
Illinois Racing Board Charity Fund - 271			
Annual Charity Assessment	\$ 750,000	\$ 750,000	\$ 750,000
Total Receipts - Fund 271	<u>\$ 750,000</u>	<u>\$ 750,000</u>	<u>\$ 750,000</u>
Receipts, per Board Records	\$ 750,000	\$ 750,000	\$ 750,000
Add: Deposits in Transit, Beginning of the Year	-	-	-
Less: Deposits in Transit, End of the Year	-	-	-
Deposits, Recorded by the State Comptroller	<u>\$ 750,000</u>	<u>\$ 750,000</u>	<u>\$ 750,000</u>
Horse Racing Fund - 632			
Admission Tax - Racetracks	\$ 77,577	\$ 56,881	\$ -
Admission Tax - OTBs	322,133	291,660	-
Fines and Penalties	75,275	87,080	-
Occupation Licenses	191,450	164,418	-
Organization Licenses	90,085	89,650	14,500
Miscellaneous	2,337	960	-
Fingerprint Cards	41,950	44,240	-
Photo Identification Fee	644	3,099	-
0.2% Winning Wager Surcharge	364,989	-	-
Transfer from the Racing Board Fingerprint Fund	134,908	-	-
Reimbursements, Jury Duty, and Recoveries	27	-	128
Prior Year Refunds	-	-	122
Total Receipts - Fund 632	<u>\$ 1,301,375</u>	<u>\$ 737,988</u>	<u>\$ 14,750</u>
Receipts, per Board Records	\$ 1,301,375	\$ 737,988	\$ 14,750
Add: Deposits in Transit, Beginning of the Year	12,546	-	-
Less: Deposits in Transit, End of the Year	27,874	12,546	-
Add: Correction of a Prior Year Error	-	-	14,000
Deposits, Recorded by the State Comptroller	<u>\$ 1,286,047</u>	<u>\$ 725,442</u>	<u>\$ 28,750</u>
Quarter Horse Purse Fund - 785			
0.2% Winning Wager Surcharge	\$ 52,387	\$ -	\$ -
Total Receipts - Fund 785	<u>\$ 52,387</u>	<u>\$ -</u>	<u>\$ -</u>
Receipts, per Board Records	\$ 52,387	\$ -	\$ -
Add: Deposits in Transit, Beginning of the Year	-	-	-
Less: Deposits in Transit, End of the Year	-	-	-
Deposits, Recorded by the State Comptroller	<u>\$ 52,387</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF ILLINOIS SCHEDULE 5
 ILLINOIS RACING BOARD
 COMPLIANCE EXAMINATION
**COMPARATIVE SCHEDULE OF CASH RECEIPTS AND RECONCILIATION OF
 CASH RECEIPTS TO DEPOSITS REMITTED TO THE STATE COMPTROLLER**
 For the Fiscal Year Ended June 30,

	Fiscal Year		
	2014	2013	2012
GRAND TOTAL - ALL FUNDS			
Total Cash Receipts, per Board Records	\$ 2,103,762	\$ 1,559,349	\$ 2,836,335
Add: Deposits in Transit, Beginning of the Year	12,546	26,371	441,442
Less: Deposits in Transit, End of the Year	27,874	12,546	26,371
Total Deposits, Recorded by the State Comptroller	\$ 2,088,434	\$ 1,573,174	\$ 3,251,406

Note 1: The Board's receipt records contain errors and discrepancies, as noted in Finding 2014-002.

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

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2014

SCHEDULE 6

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2013 AND 2014

Horse Racing Equity Fund - 630

Disbursement of Receipts to Eligible Tracks

During Fiscal Year 2014, the Board made a one-time \$23 million distribution to the racetracks, purse accounts, and the State's fairs run by the Department of Agriculture. The cash to distribute from the Horse Racing Equity Fund came from a one-time transfer from the State Gaming Fund pursuant to Public Act 098-0018, which was codified within the Riverboat Gambling Act (230 ILCS 10/13(c-30)).

Racing Board Fingerprint Fund - 248 (Appropriated Expenditures)

For Deposit into the Horse Racing Fund

During Fiscal Year 2014, the Board made a one-time transfer of the remaining cash within the Racing Board Fingerprint Fund after the Board settled the Racing Board Fingerprint Fund's final obligations as required by Public Act 098-0591. Currently, the Board collects fingerprint fees from licensees and distributes collections to the Department of State Police for completed background checks from the Horse Racing Fund as required by the Illinois Horse Racing Act of 1975 (230 ILCS 5/28(h)).

Standardbred Purse Fund - 217

Awards and Grants

The amounts distributed in Fiscal Year 2014 increased because Fiscal Year 2014 was the first full year where receipts were deposited into the Standardbred Purse Fund, which the Board then distributes to harness racetracks to support purses pursuant to the Illinois Horse Racing Act of 1975 (230 ILCS 5/27(a-5)).

Horse Racing Equity Trust Fund - 313

Disbursement of Receipts to Eligible Tracks

The Board did not have any disbursements during Fiscal Year 2014 because the last of the cash receipts into the Horse Racing Equity Trust Fund were disbursed in Fiscal Year 2013.

Quarter Horse Purse Fund - 785

Awards and Grants

The amounts distributed in Fiscal Year 2014 decreased after Public Act 098-0624 reconstituted the Quarter Horse Purse Fund with a new revenue source, a portion of the new 0.2% surcharge on winning wagers, which the Board then distributes to the racetrack running quarter horse races to support purses pursuant to the Illinois Horse Racing Act of 1975 (230 ILCS 5/27(a-5)).

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2014

SCHEDULE 6

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2012 AND 2013

Horse Racing Fund - 632

Group Insurance

During Fiscal Year 2013, the Board's group insurance expenditures increased due to the general increase in the cost of group insurance for covering the Board's employees and their dependents and the Board hiring two new employees to replace staff who separated from the Board in Fiscal Year 2012.

Distributions to Local Governments

The amounts distributed in Fiscal Year 2013 increased because Fiscal Year 2013 was the first year where Admission Tax receipts from off-track betting parlors were deposited into the Horse Racing Fund, which the Board then distributes to the City of Chicago and Cook County pursuant to the Illinois Horse Racing Act of 1975 (230 ILCS 5/27(f)) and the Illinois Administrative Code (11 Ill. Admin. Code 1325.80(d) and 11 Ill. Admin. Code 1428.10(d)).

Racing Board Fingerprint Fund - 248 (Nonappropriated Expenditures)

Contractual Services

The decrease was due to the Board ceasing the operations of the Racing Board Fingerprint Fund at the conclusion of Fiscal Year 2012, when the Board settled the Racing Board Fingerprint Fund's final obligations. Beginning in Fiscal Year 2013, the Board collected fingerprint fees from licensees and distributed these collections to the Department of State Police for completed background checks from the Horse Racing Fund as required by the Illinois Horse Racing Act of 1975 (230 ILCS 5/28(h)).

Standardbred Purse Fund - 217

Awards and Grants

The amounts distributed in Fiscal Year 2013 increased because Fiscal Year 2013 was the first year where Public Act 097-1060 mandated the distribution of the additional 0.25% pari-mutuel tax on Advanced Deposit Wagering after August 24, 2012, be split equally between the purse accounts of the harness racetracks. However, Public Act 097-1060 did not specify a mechanism to accomplish this mandate, which resulted in the General Assembly mandating the allocation of this cash into the Standardbred Purse Fund created by Public Act 098-0018. After the receipts are deposited, the Board distributes the cash receipts to harness racetracks to support purses pursuant to the Illinois Horse Racing Act of 1975 (230 ILCS 5/27(a-5)). Prior to Public Act 097-1060, the additional 0.25% pari-mutuel tax on Advanced Deposit Wagering only funded the Quarter Horse Purse Fund.

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2014

SCHEDULE 6

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2012 AND 2013 (continued)

Horse Racing Equity Trust Fund - 313

Disbursement of Receipts to Eligible Tracks

During Fiscal Year 2013, the increase was due to the Board making the final distribution of the undistributed receipts previously ordered held by the Circuit Court of Cook County on August 9, 2011, after all appeals had been concluded. The revenue source for disbursements from the Horse Racing Equity Trust Fund had previously ceased by operation of law when the tenth riverboat in Des Plaines began operations on July 18, 2011.

Quarter Horse Purse Fund - 785

Awards and Grants

The amounts distributed in Fiscal Year 2013 decreased when Public Act 097-1060 changed the allocation of the additional 0.25% pari-mutuel tax on Advanced Deposit Wagering after August 24, 2012, to support the purse accounts of the harness racetracks as opposed to the Quarter Horse Purse Fund. As this was the Board's only revenue source for the Quarter Horse Purse Fund, the Board made a final disbursement of the last cash receipts to the racetrack running quarter horse races to support purses pursuant to the Illinois Horse Racing Act of 1975 (230 ILCS 5/27(a-5)).

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2014

SCHEDULE 7

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2013 AND 2014

General Revenue Fund - 001

Admission Tax - Racetracks, Fines and Penalties, Occupation Licenses, Organization Licenses, Photo Identification Fee, and Miscellaneous

Public Act 097-1060, effective August 24, 2012, changed the allocation of receipts collected by the Board from the General Revenue Fund to the Horse Racing Fund. As such, the decrease in receipts was due to the Board depositing a full year of cash receipts into the Horse Racing Fund that would have previously been deposited into the General Revenue Fund.

Racing Board Fingerprint Fund - 248

Fingerprint Cards

The decrease was due to the Board ceasing the operations of the Racing Board Fingerprint Fund at the conclusion of Fiscal Year 2012, when the Board settled the Racing Board Fingerprint Fund's final obligations. Beginning in Fiscal Year 2013, the Board collected fingerprint fees from licensees and distributed these collections to the Department of State Police for completed background checks from the Horse Racing Fund as required by the Illinois Horse Racing Act of 1975 (230 ILCS 5/28(h)). As such, the decrease in receipts was due to the Board not depositing any receipts during Fiscal Year 2014 as opposed to the Board's deposit of receipts related to Fiscal Year 2012 collections in Fiscal Year 2013.

Illinois Racing Board Grant Fund - 280

Admission Tax - OTBs

The decrease was due to the Board ceasing the operations of the Illinois Racing Board Grant Fund at the conclusion of Fiscal Year 2012, when the Board settled the Illinois Racing Board Grant Fund's final obligations. Beginning in Fiscal Year 2013, OTB (off track betting parlor) Admission Tax receipts were deposited into the Horse Racing Fund, which the Board then distributed to the City of Chicago and Cook County pursuant to the Illinois Horse Racing Act of 1975 (230 ILCS 5/27(f)) and the Illinois Administrative Code (11 Ill. Admin. Code 1325.80(d) and 11 Ill. Admin. Code 1428.10(d)). As such, the decrease in receipts was due to the Board not depositing any receipts during Fiscal Year 2014 as opposed to the Board's deposit of receipts related to Fiscal Year 2012 collections in Fiscal Year 2013.

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2014

SCHEDULE 7

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2013 AND 2014 (continued)

Horse Racing Fund - 632

Admission Tax - Racetracks, Admission Tax - OTBs, and Occupation Licenses

Public Act 097-1060, effective August 24, 2012, changed the allocation of receipts collected by the Board from the General Revenue Fund to the Horse Racing Fund. As such, the increase in receipts was due to the Board depositing a full year of cash receipts into the Horse Racing Fund that would have previously been deposited into the General Revenue Fund.

Fines and Penalties

The decrease in fines and penalties is due to the declining number of racing opportunities within the State resulting in a decline in the number of noted violations of the Board's rules.

0.2% Winning Wager Surcharge

Public Act 097-0624, effective January 29, 2014, imposed a surcharge of 0.2% on all winning wagers within the State with the Board allocating \$100,000 annually to the Quarter Horse Purse Fund and the remainder to the Horse Racing Fund. As such, the increase in receipts was due to the Board depositing about five months of cash receipts into the Horse Racing Fund that would not have previously been collected by the Board.

Transfer from the Racing Board Fingerprint Fund

During Fiscal Year 2014, the Board made a one-time transfer of the remaining cash within the Racing Board Fingerprint Fund after the Board settled the Racing Board Fingerprint Fund's final obligations as required by Public Act 098-0591. Today, the Board collects fingerprint fees from licensees and distributes collections to the Department of State Police for completed background checks from the Horse Racing Fund as required by the Illinois Horse Racing Act of 1975 (230 ILCS 5/28(h)).

Quarter Horse Purse Fund - 785

0.2% Winning Wager Surcharge

Public Act 097-0624, effective January 29, 2014, imposed a surcharge of 0.2% on all winning wagers within the State with the Board allocating \$100,000 annually to the Quarter Horse Purse Fund and the remainder to the Horse Racing Fund. As such, the increase in receipts was due to the Board depositing about five months of cash receipts into the Quarter Horse Purse Fund that would not have previously been collected by the Board.

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2014

SCHEDULE 7

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2012 AND 2013

General Revenue Fund - 001

Admission Tax - Racetracks, Fines and Penalties, Occupation Licenses, Organization Licenses, Photo Identification Fee, and Miscellaneous

Public Act 097-1060, effective August 24, 2012, changed the allocation of receipts collected by the Board from the General Revenue Fund to the Horse Racing Fund. As such, the decrease in receipts was due to the Board only depositing about two months of cash receipts into the General Revenue Fund during Fiscal Year 2013 as opposed to a full year of receipts in Fiscal Year 2012.

Racing Board Fingerprint Fund - 248

Fingerprint Cards

The decrease was due to the Board ceasing the operations of the Racing Board Fingerprint Fund at the conclusion of Fiscal Year 2012, when the Board settled the Racing Board Fingerprint Fund's final obligations. Beginning in Fiscal Year 2013, the Board collected fingerprint fees from licensees and distributed these collections to the Department of State Police for completed background checks from the Horse Racing Fund as required by the Illinois Horse Racing Act of 1975 (230 ILCS 5/28(h)). As such, the decrease in receipts was due to the Board only depositing cash receipts in-transit at the end of Fiscal Year 2012 in Fiscal Year 2013 as opposed to a full year of receipts in Fiscal Year 2012.

Illinois Racing Board Grant Fund - 280

Admission Tax - OTBs

The decrease was due to the Board ceasing the operations of the Illinois Racing Board Grant Fund at the conclusion of Fiscal Year 2012, when the Board settled the Illinois Racing Board Grant Fund's final obligations. Beginning in Fiscal Year 2013, OTB (off track betting parlor) Admission Tax receipts were deposited into the Horse Racing Fund, which the Board then distributed to the City of Chicago and Cook County pursuant to the Illinois Horse Racing Act of 1975 (230 ILCS 5/27(f)) and the Illinois Administrative Code (11 Ill. Admin. Code 1325.80(d) and 11 Ill. Admin. Code 1428.10(d)). As such, the decrease in receipts was due to the Board only depositing cash receipts in-transit at the end of Fiscal Year 2012 in Fiscal Year 2013 as opposed to a full year of receipts in Fiscal Year 2012.

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2014

SCHEDULE 7

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2012 AND 2013 (continued)

Horse Racing Equity Trust Fund - 313

3% Tax on Adjusted Gross Receipts

During Fiscal Year 2012, the funding source for receipts to distribute to the racetracks ceased by operation of law when the tenth riverboat in Des Plaines began operations on July 18, 2011. As such, the decrease in receipts was due to the Board not depositing any receipts during Fiscal Year 2013 as opposed to the Board's deposit of 18 days of receipts in Fiscal Year 2012.

Horse Racing Fund - 632

Admission Tax - Racetracks, Fines and Penalties, Occupation Licenses, Organization Licenses, Photo Identification Fee, and Miscellaneous

Public Act 097-1060, effective August 24, 2012, changed the allocation of receipts collected by the Board from the General Revenue Fund to the Horse Racing Fund. As such, the increase in receipts was due to the Board depositing about ten months of cash receipts into the Horse Racing Fund that would have previously been deposited into the General Revenue Fund.

Fingerprint Cards

The increase was due to the Board ceasing the operations of the Racing Board Fingerprint Fund at the conclusion of Fiscal Year 2012, when the Board settled the Racing Board Fingerprint Fund's final obligations. Beginning in Fiscal Year 2013, the Board collected fingerprint fees from licensees and distributed these collections to the Department of State Police for completed background checks from the Horse Racing Fund as required by the Illinois Horse Racing Act of 1975 (230 ILCS 5/28(h)). As such, the increase in receipts was due to the Board depositing a full year of cash receipts into the Horse Racing Fund that would have previously been deposited into the Racing Board Fingerprint Fund.

Admission Tax - OTBs

The increase was due to the Board ceasing the operations of the Illinois Racing Board Grant Fund at the conclusion of Fiscal Year 2012, when the Board settled the Illinois Racing Board Grant Fund's final obligations. Beginning in Fiscal Year 2013, OTB (off track betting parlor) Admission Tax receipts were deposited into the Horse Racing Fund, which the Board then distributed to the City of Chicago and Cook County pursuant to the Illinois Horse Racing Act of 1975 (230 ILCS 5/27(f)) and the Illinois Administrative Code (11 Ill. Admin. Code 1325.80(d) and 11 Ill. Admin. Code 1428.10(d)). As such, the increase in receipts was due to the Board depositing a full year of cash receipts into the Horse Racing Fund that would have previously been deposited into the Illinois Racing Board Grant Fund.

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2014

SCHEDULE 8

FISCAL YEAR 2014

Horse Racing Fund - 632

Travel

The significant spending occurred due to staff and Board members who submitted several Fiscal Year 2014 travel reimbursement requests late.

Commodities

The significant spending occurred due to the Board ordering office supplies at the end of Fiscal Year 2014 where the invoices were not received and paid until the Lapse Period.

Electronic Data Processing

The significant spending was due to late receipt of several invoices from the Department of Central Management Services that were paid during the Lapse Period.

Expenses Related to the Laboratory Program

The significant spending was due to late receipt of May 2014 and June 2014 invoices from the University of Illinois that were paid during the Lapse Period.

Quarter Horse Purse Fund - 785

Awards and Grants

The significant lapse period spending occurred due to a one time reimbursement request for the racetrack running quarter horse races being processed in late June 2014 and paid during the Lapse Period.

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2014

SCHEDULE 8

FISCAL YEAR 2013

Horse Racing Fund - 632

Travel

The significant spending occurred due to staff and Board members who submitted several Fiscal Year 2013 travel reimbursement requests late.

Printing

The significant spending occurred due to the Board receiving an invoice for the printing of new administrative forms in late June 2013 that was paid during the Lapse Period.

Operation of Auto Equipment

The significant spending was due to late receipt of May 2013 and June 2013 invoices from the Department of Central Management Services that were paid during the Lapse Period.

Expenses Related to the Laboratory Program

The significant spending was due to late receipt of May 2013 and June 2013 invoices from the University of Illinois that were paid during the Lapse Period.

Distributions to Local Governments

The significant spending occurred due to the Board's untimely processing of the distributions due from May 2013 admission tax from off-track betting parlors to the City of Chicago and Cook County during the Lapse Period (see Finding 2014-005 for additional information).

Standardbred Purse Fund - 217

Awards and Grants

Public Act 097-1060 changed the allocation of receipts from the additional 0.25% pari-mutuel tax on Advanced Deposit Wagering after August 26, 2012, from the Quarter Horse Purse Fund to an equal distribution between the purse accounts of the harness racetracks. However, Public Act 097-1060 did not specify a mechanism to accomplish this mandate, which resulted in the General Assembly mandating the allocation of this cash into the Standardbred Purse Fund created by Public Act 098-0018. After Public Act 098-0018 was passed, the Department of Revenue began depositing this cash into the Standardbred Purse Fund in late June 2013. After the receipts are deposited, the Board distributes the cash receipts to harness racetracks to support purses pursuant to the Illinois Horse Racing Act of 1975 (230 ILCS 5/27(a-5)).

As the Fiscal Year 2013 receipts were not deposited until late June 2013, the Board disbursed all of the receipts collected to the harness racetracks during the Lapse Period.

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

SCHEDULE 9

	Fiscal Year		
	2014	2013	2012
<hr/>			
General Revenue Fund - 001			
NOT IN PROTEST (in thousands)			
Receivables Not Past Due	\$ -	\$ -	\$ 8
1 - 90 Days	-	-	7
91 - 180 Days	-	-	-
181 Days - 1 Year	-	-	3
1 Year <= 2 Years	-	-	2
2 Years <= 3 Years	-	-	1
3 Years <= 4 Years	-	-	2
4 Years <= 5 Years	-	-	1
5 Years <= 10 Years	-	-	8
> 10 Years	-	-	-
	<hr/>	<hr/>	<hr/>
Gross Receivables - Fund 001	\$ -	\$ -	\$ 32
Less: Allowance for Doubtful Accounts	-	-	15
	<hr/>	<hr/>	<hr/>
Net Receivables - Fund 001	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17</u>
<hr/>			
General Revenue Fund - 001			
IN PROTEST (in thousands)			
Receivables Not Past Due	\$ -	\$ -	\$ -
1 - 90 Days	-	-	-
91 - 180 Days	-	-	-
181 Days - 1 Year	-	-	-
1 Year <= 2 Years	-	-	-
2 Years <= 3 Years	-	-	-
3 Years <= 4 Years	-	-	-
4 Years <= 5 Years	-	-	-
5 Years <= 10 Years	-	-	-
> 10 Years	-	-	-
	<hr/>	<hr/>	<hr/>
Gross Receivables - Fund 001	\$ -	\$ -	\$ -
Less: Allowance for Doubtful Accounts	-	-	-
	<hr/>	<hr/>	<hr/>
Net Receivables - Fund 001	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note 1: The not-in-protest amounts represent receivables related to the racetrack admission tax, excess daily handle tax, fines imposed by the Board, and improper receivables for cash in-transit from the tracks to the State Treasury (see Finding 2014-007 for more information). The in-protest amounts represent receivables related to fines imposed by the Board for noted violations of the Illinois Horse Racing Act of 1975 or the Board's adopted regulations where the licensee is protesting the penalty.

Note 2: The auditors were unable to determine the amount of receivables owed due to the Board not maintaining or properly reporting all accounts receivable to the Office of the State Comptroller (see Finding 2014-007 for more information).

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

SCHEDULE 9

	Fiscal Year		
	2014	2013	2012
<hr/>			
Horse Racing Fund - 632			
NOT IN PROTEST (in thousands)			
Receivables Not Past Due	\$ 20	\$ 20	\$ 3
1 - 90 Days	1	10	-
91 - 180 Days	-	1	-
181 Days - 1 Year	2	-	-
1 Year <= 2 Years	1	2	-
2 Years <= 3 Years	2	-	-
3 Years <= 4 Years	-	1	-
4 Years <= 5 Years	1	-	-
5 Years <= 10 Years	6	7	-
> 10 Years	-	1	-
	<hr/>	<hr/>	<hr/>
Gross Receivables - Fund 632	\$ 33	\$ 42	\$ 3
Less: Allowance for Doubtful Accounts	<hr/> 10	<hr/> 10	<hr/> -
Net Receivables - Fund 632	<hr/> <u>\$ 23</u>	<hr/> <u>\$ 32</u>	<hr/> <u>\$ 3</u>
<hr/>			
Horse Racing Fund - 632			
IN PROTEST (in thousands)			
Receivables Not Past Due	\$ -	\$ -	\$ -
1 - 90 Days	-	-	-
91 - 180 Days	-	1	-
181 Days - 1 Year	-	-	-
1 Year <= 2 Years	-	-	-
2 Years <= 3 Years	-	-	-
3 Years <= 4 Years	-	-	-
4 Years <= 5 Years	-	-	-
5 Years <= 10 Years	-	-	-
> 10 Years	-	-	-
	<hr/>	<hr/>	<hr/>
Gross Receivables - Fund 632	\$ -	\$ 1	\$ -
Less: Allowance for Doubtful Accounts	<hr/> -	<hr/> -	<hr/> -
Net Receivables - Fund 632	<hr/> <u>\$ -</u>	<hr/> <u>\$ 1</u>	<hr/> <u>\$ -</u>

Note 1: The not-in-protest amounts represent receivables related to the racetrack admission tax, excess daily handle tax, fines imposed by the Board, inter-track wagering location admission fees imposed by local governments, and improper receivables for cash in-transit from the tracks to the State Treasury (see Finding 2014-007 for more information). The in-protest amounts represent receivables related to fines imposed by the Board for noted violations of the Illinois Horse Racing Act of 1975 or the Board's adopted regulations where the licensee is protesting the penalty.

Note 2: The auditors were unable to determine the amount of receivables owed due to the Board not maintaining or properly reporting all accounts receivable to the Office of the State Comptroller (see Finding 2014-007 for more information).

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

SCHEDULE 9

	Fiscal Year		
	2014	2013	2012
<hr/>			
Illinois Racing Board Charity Fund - 271			
NOT IN PROTEST (in thousands)			
Receivables Not Past Due	\$ 750	\$ 750	\$ 750
1 - 90 Days	-	-	-
91 - 180 Days	-	-	-
181 Days - 1 Year	-	-	-
1 Year <= 2 Years	-	-	-
2 Years <= 3 Years	-	-	-
3 Years <= 4 Years	-	-	-
4 Years <= 5 Years	-	-	-
5 Years <= 10 Years	-	-	-
> 10 Years	-	-	-
	<hr/>	<hr/>	<hr/>
Gross Receivables - Fund 271	\$ 750	\$ 750	\$ 750
Less: Allowance for Doubtful Accounts	<hr/> -	<hr/> -	<hr/> -
Net Receivables - Fund 271	<hr/> <u>\$ 750</u>	<hr/> <u>\$ 750</u>	<hr/> <u>\$ 750</u>

- Note 1: The not-in-protest amounts represent receivables related to the annual charity assessment of \$750 thousand imposed upon the racetracks by the Illinois Horse Racing Act of 1975 (230 ILCS 5/31.1) billed before June 30 and collected in July.
- Note 2: The auditors were unable to determine the amount of receivables owed due to the Board not maintaining or properly reporting all accounts receivable to the Office of the State Comptroller (see Finding 2014-007 for more information).

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
BOARD FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended June 30, 2014

(NOT EXAMINED)

Board Functions

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

The primary duties of the Board include:

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

Currently, the Board oversees live racing at five racetracks, the Illinois State Fair, the DuQuoin State Fair, and the Brown County Fair. The Board is responsible for regulation of 27 inter-track wagering facilities and five advance deposit wagering licensees.

Planning Program

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

STATE OF ILLINOIS
 ILLINOIS RACING BOARD
 COMPLIANCE EXAMINATION
AVERAGE NUMBER OF EMPLOYEES
 For the Two Years Ended June 30, 2014

(NOT EXAMINED)

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

<u>Division</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Full-Time, Central Office	14	14	14
Part-Time, Central Office	0	0	2
Per Diem, Upstate Racetracks	23	23	28
Per Diem, Downstate Racetrack	12	10	7
Total Board Employees	<u>49</u>	<u>47</u>	<u>51</u>

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
HORSE RACING STATISTICS
For the Two Years Ended June 30, 2014

(NOT EXAMINED)

Calendar Year 2004 – 2013 Purses, Commissions, and State Revenue

	<u>HARNESS PURSES DISTRIBUTED</u>	<u>THOROUGHBRED PURSES DISTRIBUTED</u>	<u>TOTAL PURSES DISTRIBUTED</u>	<u>TRACK/OTB COMMISSIONS FROM TAKEOUT</u>
2004	\$ 40,178,599	\$ 57,231,170	\$ 97,409,769	\$ 95,847,940
2005	\$ 34,906,211	\$ 57,250,778	\$ 92,156,989	\$ 90,580,281
2006	\$ 31,810,706	\$ 57,314,077	\$ 89,124,783	\$ 84,895,542
2007	\$ 31,307,830	\$ 54,064,946	\$ 85,372,776	\$ 83,365,559
2008	\$ 29,256,533	\$ 50,490,454	\$ 79,746,987	\$ 73,222,359
2009	\$ 23,857,985	\$ 48,949,553	\$ 72,807,538	\$ 64,263,913
2010	\$ 15,598,812	\$ 38,792,651	\$ 54,391,463	\$ 58,298,618
2011	\$ 18,990,581	\$ 44,263,896	\$ 63,254,477	\$ 53,951,487
2012	\$ 24,325,816	\$ 54,189,232	\$ 78,515,049	\$ 51,735,828
2013	\$ 23,677,385	\$ 48,359,376	\$ 72,036,761	\$ 49,103,370

	<u>% OF HANDLE ON IL. RACES</u>	<u>ILLINOIS HANDLE</u>	<u>STATE REVENUE</u>	<u>PAYOUT TO THE PUBLIC</u>
2004	31%	\$ 1,059,383,287	\$ 12,757,741	\$ 821,615,350
2005	30%	\$ 1,002,819,877	\$ 11,794,271	\$ 777,582,763
2006	27%	\$ 952,119,485	\$ 10,347,144	\$ 736,885,775
2007	27%	\$ 928,898,436	\$ 8,939,122	\$ 720,155,792
2008	27%	\$ 818,655,036	\$ 7,950,361	\$ 634,543,073
2009	26%	\$ 736,740,493	\$ 7,138,525	\$ 570,551,890
2010	22%	\$ 725,792,958	\$ 7,440,095	\$ 562,772,095
2011	23%	\$ 687,899,890	\$ 7,819,520	\$ 533,744,072
2012	24%	\$ 672,902,967	\$ 7,459,312	\$ 522,992,947
2013	23%	\$ 617,943,710	\$ 6,382,511	\$ 479,776,526

Note 1: The total handle after October 2009 was increased by Advance Deposit Wagering.

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
HORSE RACING STATISTICS
For the Two Years Ended June 30, 2014

(NOT EXAMINED)

Calendar Year 2013 Comparison of Wagering Pools, Combined Live Racing, and Simulcasts

THOROUGHBRED		TOTAL HANDLE	ON TRACK		INTER TRACK		OFF TRACK	
%	MEETS		%	%	%	%		
Arlington International Racecourse								
38.1%	WIN, PLACE, SHOW	\$ 79,098,913	\$ 28,627,736	36.2%	\$ 14,992,837	19.0%	\$ 35,478,340	44.9%
28.0%	2-HORSE	\$ 58,109,859	\$ 14,341,101	24.7%	\$ 11,914,669	20.5%	\$ 31,854,089	54.8%
33.9%	3-HORSE	\$ 70,286,036	\$ 16,378,875	23.3%	\$ 13,780,470	19.6%	\$ 40,126,691	57.1%
	TOTAL HANDLE	\$ 207,494,808	\$ 59,347,712	28.6%	\$ 40,687,976	19.6%	\$ 107,459,120	51.8%
Hawthorne Racecourse								
33.4%	WIN, PLACE, SHOW	\$ 59,514,299	\$ 11,025,016	18.5%	\$ 15,220,376	25.6%	\$ 33,268,907	55.9%
29.5%	2-HORSE	\$ 52,506,136	\$ 6,762,943	12.9%	\$ 13,276,049	25.3%	\$ 32,467,145	61.8%
37.1%	3-HORSE	\$ 66,015,168	\$ 6,958,545	10.5%	\$ 17,672,811	26.8%	\$ 41,383,812	62.7%
	TOTAL HANDLE	\$ 178,035,603	\$ 24,746,504	13.9%	\$ 46,169,236	25.9%	\$ 107,119,864	60.2%
Fairmount Park								
46.1%	WIN, PLACE, SHOW	\$ 4,447,852	\$ 3,593,323	80.8%	\$ 306,279	6.9%	\$ 548,250	12.3%
27.2%	2-HORSE	\$ 2,626,838	\$ 1,867,011	71.1%	\$ 198,349	7.6%	\$ 561,478	21.4%
26.7%	3-HORSE	\$ 2,571,957	\$ 1,789,453	69.6%	\$ 197,629	7.7%	\$ 584,874	22.7%
	TOTAL HANDLE	\$ 9,646,647	\$ 7,249,787	75.2%	\$ 702,257	7.3%	\$ 1,694,602	17.6%
THOROUGHBRED TOTAL								
36.2%	WIN, PLACE, SHOW	\$ 143,061,064	\$ 43,246,075	30.2%	\$ 30,519,492	21.3%	\$ 69,295,497	48.4%
28.7%	2-HORSE	\$ 113,242,833	\$ 22,971,054	20.3%	\$ 25,389,067	22.4%	\$ 64,882,712	57.3%
35.1%	3-HORSE	\$ 138,873,161	\$ 25,126,874	18.1%	\$ 31,650,910	22.8%	\$ 82,095,377	59.1%
	TOTAL HANDLE	\$ 395,177,057	\$ 91,344,003	23.1%	\$ 87,559,469	22.2%	\$ 216,273,586	54.7%

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
HORSE RACING STATISTICS
For the Two Years Ended June 30, 2014

(NOT EXAMINED)

Calendar Year 2013 Comparison of Wagering Pools, Combined Live Racing, and Simulcasts

<u>%</u>	<u>HARNESS MEETS</u>	<u>TOTAL HANDLE</u>	<u>ON TRACK</u>	<u>%</u>	<u>INTER TRACK</u>	<u>%</u>	<u>OFF TRACK</u>	<u>%</u>
Balmoral Racing Club								
30.1%	WIN, PLACE, SHOW	\$ 27,038,257	\$ 3,574,668	13.2%	\$ 7,844,160	29.0%	\$ 15,619,429	57.8%
25.8%	2-HORSE	\$ 23,170,711	\$ 2,650,118	11.4%	\$ 6,479,386	28.0%	\$ 14,041,207	60.6%
44.1%	3-HORSE	\$ 39,657,183	\$ 4,649,236	11.7%	\$ 10,638,712	26.8%	\$ 24,369,235	61.4%
	TOTAL HANDLE	\$ 89,866,151	\$ 10,874,022	12.1%	\$ 24,962,258	27.8%	\$ 54,029,871	60.1%
Maywood Park Trotting Association								
31.3%	WIN, PLACE, SHOW	\$ 17,597,836	\$ 2,917,105	16.6%	\$ 4,320,741	24.6%	\$ 10,359,990	58.9%
25.9%	2-HORSE	\$ 14,580,050	\$ 2,156,559	14.8%	\$ 3,187,324	21.9%	\$ 9,236,167	63.3%
42.8%	3-HORSE	\$ 24,072,899	\$ 3,144,396	13.1%	\$ 5,554,024	23.1%	\$ 15,374,478	63.9%
	TOTAL HANDLE	\$ 56,250,785	\$ 8,218,060	14.6%	\$ 13,062,089	23.2%	\$ 34,970,635	62.2%
Illinois State Fair (Springfield)								
37.9%	WIN, PLACE, SHOW	\$ 213,299	\$ 180,572	84.7%	\$ 15,040	7.1%	\$ 17,687	8.3%
27.7%	2-HORSE	\$ 156,164	\$ 118,653	76.0%	\$ 13,968	8.9%	\$ 23,543	15.1%
34.4%	3-HORSE	\$ 193,344	\$ 139,151	72.0%	\$ 20,363	10.5%	\$ 33,831	17.5%
	TOTAL HANDLE	\$ 562,807	\$ 438,376	77.9%	\$ 49,371	8.8%	\$ 75,061	13.3%
DuQuoin State Fair								
37.9%	WIN, PLACE, SHOW	\$ 52,773	\$ 38,415	72.8%	\$ 6,254	11.9%	\$ 8,104	15.4%
29.4%	2-HORSE	\$ 41,001	\$ 27,715	67.6%	\$ 4,350	10.6%	\$ 8,936	21.8%
32.7%	3-HORSE	\$ 45,605	\$ 30,074	65.9%	\$ 4,641	10.2%	\$ 10,890	23.9%
	TOTAL HANDLE	\$ 139,379	\$ 96,204	69.0%	\$ 15,245	10.9%	\$ 27,930	20.0%

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
HORSE RACING STATISTICS
For the Two Years Ended June 30, 2014

(NOT EXAMINED)

Calendar Year 2013 Comparison of Wagering Pools, Combined Live Racing, and Simulcasts

HARNESS MEETS		TOTAL HANDLE	ON TRACK		INTER TRACK		OFF TRACK	
%	(continued)		%	%	%	%		
Brown County Fair								
66.0%	WIN, PLACE, SHOW	\$ 7,193	\$ 7,193	100.0%	\$ -	0.0%	\$ -	0.0%
30.1%	2-HORSE	\$ 3,277	\$ 3,277	100.0%	\$ -	0.0%	\$ -	0.0%
3.9%	3-HORSE	\$ 429	\$ 429	100.0%	\$ -	0.0%	\$ -	0.0%
	TOTAL HANDLE	\$ 10,899	\$ 10,899	100.0%	\$ -	0.0%	\$ -	0.0%
HARNESS TOTAL								
30.6%	WIN, PLACE, SHOW	\$ 44,909,358	\$ 6,717,953	15.0%	\$ 12,186,195	27.1%	\$ 26,005,210	57.9%
25.8%	2-HORSE	\$ 37,951,203	\$ 4,956,322	13.1%	\$ 9,685,028	25.5%	\$ 23,309,853	61.4%
43.6%	3-HORSE	\$ 63,969,460	\$ 7,963,286	12.4%	\$ 16,217,741	25.4%	\$ 39,788,433	62.2%
	TOTAL HANDLE	\$ 146,830,020	\$ 19,637,561	13.4%	\$ 38,088,964	25.9%	\$ 89,103,496	60.7%
TOTAL - ALL MEETS								
34.7%	WIN, PLACE, SHOW	\$ 187,970,422	\$ 49,964,028	26.6%	\$ 42,705,687	22.7%	\$ 95,300,707	50.7%
27.9%	2-HORSE	\$ 151,194,035	\$ 27,927,376	18.5%	\$ 35,074,095	23.2%	\$ 88,192,564	58.3%
37.4%	3-HORSE	\$ 202,842,621	\$ 33,090,160	16.3%	\$ 47,868,651	23.6%	\$ 121,883,810	60.1%
	TOTAL HANDLE	\$ 542,007,078	\$ 110,981,564	20.5%	\$ 125,648,433	23.2%	\$ 305,377,081	56.3%

Total Handle - All Meets (above)..... \$ 542,007,078
Total Handle - Advance Deposit Wagering..... \$ 75,936,632
TOTAL ILLINOIS HANDLE..... \$ 617,943,710

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
HORSE RACING STATISTICS
For the Two Years Ended June 30, 2014

(NOT EXAMINED)

Calendar Year 2013 Comparison of Wagering Pools, Combined Live Racing, and Simulcasts

	<u>TOTAL HANDLE</u>	<u>ON TRACK</u>	<u>%</u>	<u>INTER TRACK</u>	<u>%</u>	<u>OFF TRACK</u>	<u>%</u>
LIVE ILLINOIS RACING							
39.2% WIN, PLACE, SHOW	\$ 51,420,046	\$ 29,037,006	56.5%	\$ 6,478,457	12.6%	\$ 15,904,583	30.9%
25.9% 2-HORSE	\$ 34,036,621	\$ 14,859,035	43.7%	\$ 5,406,208	15.9%	\$ 13,771,378	40.5%
34.9% 3-HORSE	\$ 45,807,189	\$ 17,304,530	37.8%	\$ 7,783,060	17.0%	\$ 20,719,600	45.2%
TOTAL HANDLE	\$ 131,263,856	\$ 61,200,571	46.6%	\$ 19,667,725	15.0%	\$ 50,395,561	38.4%
SIMULCAST RACES							
33.2% WIN, PLACE, SHOW	\$ 136,550,376	\$ 20,927,022	15.3%	\$ 36,227,230	26.5%	\$ 79,396,124	58.1%
28.5% 2-HORSE	\$ 117,157,414	\$ 13,068,341	11.2%	\$ 29,667,887	25.3%	\$ 74,421,186	63.5%
38.2% 3-HORSE	\$ 157,035,432	\$ 15,785,630	10.1%	\$ 40,085,591	25.5%	\$ 101,164,211	64.4%
TOTAL HANDLE	\$ 410,743,222	\$ 49,780,993	12.1%	\$ 105,980,708	25.8%	\$ 254,981,521	62.1%

AVERAGE TAKEOUT RATES WHEN SIMULCASTING OUT-OF-STATE RACES

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

	<u>WIN, PLACE, SHOW</u>	<u>2- HORSE</u>	<u>3- HORSE</u>
ILLINOIS THOROUGHBRED MEETS	16.87%	20.41%	24.40%
ILLINOIS HARNESS MEETS	17.25%	20.99%	24.39%
TOTAL ILLINOIS MEETS	16.96%	20.55%	24.40%

Note 1: In 2013, \$75,936,632 of Advance Deposit Wagering handle is not included in the individual meet data above.

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

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
HORSE RACING STATISTICS
For the Two Years Ended June 30, 2014

(NOT EXAMINED)

Calendar Year 2013 Advance Deposit Wagering Statistics

Advance Deposit Wagering (ADW) officially began in Illinois on October 13, 2009. Five companies were licensed in 2013 as ADW providers. Illinois patrons place funds into an account and then wager on races using a telephone or internet device such as a computer or personal digital assistant. Each ADW provider must have a contract with an Illinois racetrack and their affiliated Illinois horsemen association.

<u>ADW Provider (Track)</u>	<u>Total Handle</u>	<u>Average Daily Handle</u>	<u>State Tax</u>	<u>Daily Tax Average</u>
Twin Spires (Arlington)	\$ 31,885,273	\$ 141,712	\$ 557,979	\$ 2,480
Youbet (Arlington)	8,723,427	52,869	152,660	925
TVG (Fairmount)	23,822,540	110,803	416,886	1,939
Xpressbet (Hawthorne)	10,673,601	47,438	186,774	830
Betzotic (Balmoral/Maywood)	831,791	5,231	14,550	92
TOTAL, ALL RACES:	\$ 75,936,632	\$ 337,496	\$ 1,328,849	\$ 5,906

<u>Illinois Races vs. Out-of-State Races</u>	<u>Total Handle</u>	<u>Percentage</u>
ADW Handle on Arlington Races	\$ 5,446,746	
ADW Handle on Hawthorne Races	2,379,463	
ADW Handle on Balmoral Races	2,153,305	
ADW Handle on Maywood Races	1,070,346	
ADW Handle on Fairmount Races	388,516	
TOTAL, ILLINOIS RACES:	11,438,375	15%
ADW Handle on Out-of-State Races:	64,498,257	85%
TOTAL, ALL RACES:	\$ 75,936,632	100%

<u>ADW Wagering Pools</u>	<u>Total Handle</u>	<u>Percentage of Total Handle</u>
Win, Place, Show	\$ 27,061,142	35.64%
2-Horse	19,119,143	25.18%
3-Horse	29,756,347	39.19%
	\$ 75,936,632	100.00%

Note 1: YouBet was acquired by Twin Spires and ceased operations on October 31, 2013.

Note 2: Betzotic began operations on July 25, 2013.

Note 3: ADW expired on January 1, 2013, and was not reauthorized until June 7, 2013.

Note 4: Due to rounding, the amounts shown may not add precisely.

STATE OF ILLINOIS
ILLINOIS RACING BOARD
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HORSE RACING STATISTICS
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Calendar Year 2013 Summary of Surcharges and Revenues to Local Governments from Off-Track Parlors

CITY	DATE <u>OPENED</u>	DATE <u>CLOSED</u>	COUNTY	<u>HANDLE</u>	SURCHARGE ON <u>WINNINGS</u>	TO CITY (1% OF <u>HANDLE</u>)	TO COUNTY (1% OF <u>HANDLE</u>)	OVER/ (UNDER) TO <u>LICENSEE</u>
Balmoral Park								
Crestwood	02/17/92		Cook	\$23,729,593	\$ 442,386	\$ 237,296	\$ 237,296	\$ (32,206)
Normal	07/13/06		McLean	4,491,245	83,352	44,912	44,912	(6,473)
Champaign	10/23/08		Champaign	4,219,862	76,860	42,199	42,199	(7,537)
Maywood								
Oakbrook Terrace	09/04/92		DuPage	24,625,806	465,314	246,258	246,258	(27,202)
Niles	04/24/06		Cook	26,821,538	506,909	268,215	268,215	(29,522)
Elk Grove Village	10/19/07		Cook	4,854,910	92,377	48,549	48,549	(4,721)
North Aurora	10/25/07		Kane	5,694,865	107,812	56,949	56,949	(6,085)
Hoffman Estates	11/02/12		Cook	4,264,056	81,677	42,641	42,641	(3,604)
Lockport	11/07/12		Will	4,881,994	89,365	48,820	48,820	(8,275)
Quad City Downs								
Rockford	11/18/87		Winnebago	11,341,915	216,000	113,419	113,419	(10,839)
South Elgin	12/07/02		Kane	6,475,798	120,489	64,758	64,758	(9,027)
McHenry	12/08/05		McHenry	7,335,381	116,561	73,354	73,354	(30,147)
Aurora	04/25/13		DuPage	5,305,086	104,655	53,051	53,051	(1,446)
Fairmont Park								
Springfield	05/05/88		Sangamon	5,141,671	97,278	51,417	51,417	(5,555)
Sauget	02/12/01		St. Clair	10,135,621	193,089	101,356	101,356	(9,623)
Alton	10/03/02		Madison	4,766,568	91,557	47,666	47,666	(3,774)

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Calendar Year 2013 Summary of Surcharges and Revenues to Local Governments from Off-Track Parlors

CITY	DATE <u>OPENED</u>	DATE <u>CLOSED</u>	COUNTY	<u>HANDLE</u>	SURCHARGE ON <u>WINNINGS</u>	TO CITY (1% OF <u>HANDLE</u>)	TO COUNTY (1% OF <u>HANDLE</u>)	OVER/ (UNDER) TO <u>LICENSEE</u>
Hawthorne								
Joliet	10/25/90		Will	11,710,016	219,350	117,100	117,100	(14,851)
Chicago, Corliss	04/18/91		Cook	23,069,965	420,766	230,700	230,700	(40,634)
Mokena	05/16/03		Will	9,494,734	175,963	94,947	94,947	(13,932)
Bolingbrook	04/06/13		Will	3,397,484	63,720	33,975	33,975	(4,230)
Glendale Heights	04/25/12		DuPage	10,536,622	196,233	105,366	105,366	(14,499)
Prospect Heights	04/25/12		Cook	8,564,094	162,238	85,641	85,641	(9,044)
Aurora	04/08/05	03/24/13	DuPage	2,047,599	38,233	20,476	20,476	(2,719)
Arlington Park								
Waukegan	12/30/88		Lake	20,120,730	361,501	201,207	201,207	(40,913)
Chicago, Weed St.	06/04/93		Cook	28,168,089	526,811	281,681	281,681	(36,551)
Hodgkins	12/10/07		Cook	16,515,128	309,898	165,151	165,151	(20,404)
Villa Park	07/12/11		DuPage	10,726,837	203,545	107,268	107,268	(10,991)
Orland Hills	04/21/12		Cook	6,939,876	131,730	69,399	69,399	(7,067)

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

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For the Two Years Ended June 30, 2014

(NOT EXAMINED)

Calendar Year 2013 Activity from All Locations

	THOROUGHbred	HARNESS	ADVANCE DEPOSIT	ALL
	<u>MEETS</u>	<u>MEETS</u>	<u>WAGERING</u>	<u>MEETS</u>
Live Programs Raced.....	8,426	8,420		16,846
Total Live Programs Raced + Dark Days.....	431	371		802
Live Races Run.....	2,286	3,072		5,358
Attendance.....	1,288,182	418,215		1,706,397
Admission Tax..... \$	75,693	\$ 7,779		83,472
License Fee..... \$	31,490	\$ 29,610		\$ 61,100
License Fee - Daily Handle..... \$	4,100	\$ -		\$ 4,100
Purses Distributed..... \$	48,359,376	\$ 23,677,385		\$ 72,036,761
Uncashed Tickets (2011)..... \$	1,949,970	\$ 727,277		\$ 2,677,247
Combined Illinois Handle..... \$	395,177,057	\$ 146,830,020	\$ 75,936,632	\$ 617,943,710
Commission (Take Out)..... \$	81,356,115	\$ 31,357,185	\$ 15,234,437	\$ 127,947,737
Track Commission..... \$	32,939,853	\$ 14,121,809	\$ 2,041,707	\$ 49,103,370
Purses Earned..... \$	30,574,186	\$ 11,926,891	\$ 2,041,707	\$ 44,542,785
Out-of-State Simulcast Fee..... \$	12,215,457	\$ 3,191,701	\$ 4,771,394	\$ 20,178,553
Pari-Mutuel Tax..... \$	5,626,618	\$ 2,116,784	\$ 1,328,849	\$ 9,072,251
Advance Deposit Wagering Fee..... \$	-	\$ -	\$ 5,050,778	\$ 5,050,778
Public Pool..... \$	313,820,943	\$ 115,472,835	\$ 60,702,195	\$ 489,995,973
Breakage..... \$	1,978,904	\$ 585,732	\$ 249,290	\$ 2,813,927
Surcharge..... \$	5,090,305	\$ 2,199,528	\$ 115,686	\$ 7,405,519
Payout to Public..... \$	306,751,733	\$ 112,687,574	\$ 60,337,219	\$ 479,776,526

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

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Calendar Year 2012 Comparison of Wagering Pools, Combined Live Racing, and Simulcasts

THOROUGHBRED		TOTAL HANDLE	ON TRACK		INTER TRACK		OFF TRACK	
%	MEETS		%	%	%	%		
Arlington International Racecourse								
37.4%	WIN, PLACE, SHOW	\$ 83,820,672	\$ 29,283,150	34.9%	\$ 16,668,501	19.9%	\$ 37,869,021	45.2%
28.2%	2-HORSE	\$ 63,287,653	\$ 16,007,560	25.3%	\$ 13,417,405	21.2%	\$ 33,862,688	53.5%
34.4%	3-HORSE	\$ 77,040,001	\$ 17,685,098	23.0%	\$ 15,120,171	19.6%	\$ 44,234,732	57.4%
	TOTAL HANDLE	\$ 224,148,326	\$ 62,975,808	28.1%	\$ 45,206,077	20.2%	\$ 115,966,441	51.7%
Hawthorne Racecourse								
33.6%	WIN, PLACE, SHOW	\$ 54,770,460	\$ 11,073,355	20.2%	\$ 14,110,499	25.8%	\$ 29,586,606	54.0%
29.6%	2-HORSE	\$ 48,352,429	\$ 6,686,563	13.8%	\$ 12,923,237	26.7%	\$ 28,742,629	59.4%
36.8%	3-HORSE	\$ 59,981,912	\$ 6,484,050	10.8%	\$ 16,055,895	26.8%	\$ 37,441,967	62.4%
	TOTAL HANDLE	\$ 163,104,801	\$ 24,243,968	14.9%	\$ 43,089,631	26.4%	\$ 95,771,202	58.7%
Fairmount Park								
47.7%	WIN, PLACE, SHOW	\$ 4,942,262	\$ 4,174,772	84.5%	\$ 248,503	5.0%	\$ 518,987	10.5%
25.9%	2-HORSE	\$ 2,684,426	\$ 1,976,180	73.6%	\$ 179,342	6.7%	\$ 528,904	19.7%
26.4%	3-HORSE	\$ 2,737,793	\$ 1,996,182	72.9%	\$ 170,076	6.2%	\$ 571,535	20.9%
	TOTAL HANDLE	\$ 10,364,481	\$ 8,147,134	78.6%	\$ 597,921	5.8%	\$ 1,619,426	15.6%
THOROUGHBRED TOTAL								
36.1%	WIN, PLACE, SHOW	\$ 143,533,394	\$ 44,531,277	31.0%	\$ 31,027,503	21.6%	\$ 67,974,614	47.4%
28.8%	2-HORSE	\$ 114,324,508	\$ 24,670,303	21.6%	\$ 26,519,984	23.2%	\$ 63,134,221	55.2%
35.1%	3-HORSE	\$ 139,759,706	\$ 26,165,330	18.7%	\$ 31,346,142	22.4%	\$ 82,248,234	58.8%
	TOTAL HANDLE	\$ 397,617,608	\$ 95,366,910	24.0%	\$ 88,893,629	22.4%	\$ 213,357,069	53.7%

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Calendar Year 2012 Comparison of Wagering Pools, Combined Live Racing, and Simulcasts

<u>%</u>	<u>HARNESS MEETS</u>	<u>TOTAL HANDLE</u>	<u>ON TRACK</u>	<u>%</u>	<u>INTER TRACK</u>	<u>%</u>	<u>OFF TRACK</u>	<u>%</u>
Balmoral Racing Club								
30.5%	WIN, PLACE, SHOW	\$ 28,441,379	\$ 4,200,853	14.8%	\$ 8,297,121	29.2%	\$ 15,943,405	56.1%
25.6%	2-HORSE	\$ 23,918,719	\$ 2,770,435	11.6%	\$ 6,748,331	28.2%	\$ 14,399,953	60.2%
43.9%	3-HORSE	\$ 40,993,193	\$ 5,120,433	12.5%	\$ 10,932,325	26.7%	\$ 24,940,435	60.8%
	TOTAL HANDLE	\$ 93,353,291	\$ 12,091,721	13.0%	\$ 25,977,777	27.8%	\$ 55,283,793	59.2%
Maywood Park Trotting Association								
31.1%	WIN, PLACE, SHOW	\$ 18,401,895	\$ 3,193,651	17.4%	\$ 4,900,755	26.6%	\$ 10,307,489	56.0%
26.2%	2-HORSE	\$ 15,475,820	\$ 2,253,870	14.6%	\$ 3,529,661	22.8%	\$ 9,692,289	62.6%
42.7%	3-HORSE	\$ 25,241,164	\$ 3,384,681	13.4%	\$ 5,731,491	22.7%	\$ 16,124,992	63.9%
	TOTAL HANDLE	\$ 59,118,879	\$ 8,832,202	14.9%	\$ 14,161,907	24.0%	\$ 36,124,770	61.1%
Illinois State Fair (Springfield)								
38.5%	WIN, PLACE, SHOW	\$ 191,182	\$ 161,060	84.2%	\$ 13,168	6.9%	\$ 16,954	8.9%
30.4%	2-HORSE	\$ 151,027	\$ 114,773	76.0%	\$ 13,479	8.9%	\$ 22,775	15.1%
31.1%	3-HORSE	\$ 154,658	\$ 113,986	73.7%	\$ 13,693	8.9%	\$ 26,980	17.4%
	TOTAL HANDLE	\$ 496,867	\$ 389,819	78.5%	\$ 40,340	8.1%	\$ 66,709	13.4%
DuQuoin State Fair								
38.2%	WIN, PLACE, SHOW	\$ 51,456	\$ 39,491	76.7%	\$ 4,966	9.7%	\$ 6,999	13.6%
31.5%	2-HORSE	\$ 42,391	\$ 29,777	70.2%	\$ 5,908	13.9%	\$ 6,706	15.8%
30.3%	3-HORSE	\$ 40,845	\$ 25,881	63.4%	\$ 7,036	17.2%	\$ 7,928	19.4%
	TOTAL HANDLE	\$ 134,692	\$ 95,149	70.6%	\$ 17,910	13.3%	\$ 21,633	16.1%

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Calendar Year 2012 Comparison of Wagering Pools, Combined Live Racing, and Simulcasts

HARNESS MEETS		TOTAL HANDLE	ON TRACK		INTER TRACK		OFF TRACK	
%	(continued)		%	%	%	%		
Brown County Fair								
62.8%	WIN, PLACE, SHOW	\$ 8,610	\$ 8,610	100.0%	\$ -	0.0%	\$ -	0.0%
32.8%	2-HORSE	\$ 4,494	\$ 4,494	100.0%	\$ -	0.0%	\$ -	0.0%
4.4%	3-HORSE	\$ 606	\$ 606	100.0%	\$ -	0.0%	\$ -	0.0%
	TOTAL HANDLE	\$ 13,710	\$ 13,710	100.0%	\$ -	0.0%	\$ -	0.0%
HARNESS TOTAL								
30.8%	WIN, PLACE, SHOW	\$ 47,094,522	\$ 7,603,665	16.1%	\$ 13,216,010	28.1%	\$ 26,274,847	55.8%
25.9%	2-HORSE	\$ 39,592,451	\$ 5,173,349	13.1%	\$ 10,297,379	26.0%	\$ 24,121,723	60.9%
43.4%	3-HORSE	\$ 66,430,466	\$ 8,645,586	13.0%	\$ 16,684,545	25.1%	\$ 41,100,335	61.9%
	TOTAL HANDLE	\$ 153,117,439	\$ 21,422,600	14.0%	\$ 40,197,934	26.3%	\$ 91,496,905	59.8%
TOTAL - ALL MEETS								
34.6%	WIN, PLACE, SHOW	\$ 190,627,916	\$ 52,134,942	27.3%	\$ 44,243,513	23.2%	\$ 94,249,461	49.4%
27.9%	2-HORSE	\$ 153,916,959	\$ 29,843,652	19.4%	\$ 36,817,363	23.9%	\$ 87,255,944	56.7%
37.4%	3-HORSE	\$ 206,190,171	\$ 34,810,916	16.9%	\$ 48,030,687	23.3%	\$ 123,348,568	59.8%
	TOTAL HANDLE	\$ 550,735,046	\$ 116,789,510	21.2%	\$ 129,091,563	23.4%	\$ 304,853,973	55.4%

Total Handle - All Meets (above)..... \$ 550,735,046
Total Handle - Advance Deposit Wagering..... \$ 122,167,920
TOTAL ILLINOIS HANDLE..... \$ 672,902,967

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	TOTAL HANDLE	ON TRACK	%	INTER TRACK	%	OFF TRACK	%
LIVE ILLINOIS RACING							
38.9% WIN, PLACE, SHOW	\$ 55,634,553	\$ 31,505,959	56.6%	\$ 7,092,734	12.7%	\$ 17,035,860	30.6%
25.7% 2-HORSE	\$ 36,846,613	\$ 15,988,257	43.4%	\$ 5,944,941	16.1%	\$ 14,913,415	40.5%
35.4% 3-HORSE	\$ 50,651,464	\$ 18,813,716	37.1%	\$ 8,717,833	17.2%	\$ 23,119,916	45.6%
TOTAL HANDLE	\$ 143,132,630	\$ 66,307,932	46.3%	\$ 21,755,508	15.2%	\$ 55,069,191	38.5%
SIMULCAST RACES							
33.1% WIN, PLACE, SHOW	\$ 134,993,363	\$ 20,628,983	15.3%	\$ 37,150,779	27.5%	\$ 77,213,601	57.2%
28.7% 2-HORSE	\$ 117,070,346	\$ 13,855,395	11.8%	\$ 30,872,422	26.4%	\$ 72,342,529	61.8%
38.2% 3-HORSE	\$ 155,538,707	\$ 15,997,200	10.3%	\$ 39,312,854	25.3%	\$ 100,228,653	64.4%
TOTAL HANDLE	\$ 407,602,416	\$ 50,481,578	12.4%	\$ 107,336,055	26.3%	\$ 249,784,783	61.3%

AVERAGE TAKEOUT RATES WHEN SIMULCASTING OUT-OF-STATE RACES

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

	<u>WIN, PLACE, SHOW</u>	<u>2- HORSE</u>	<u>3- HORSE</u>
ILLINOIS THOROUGHBRED MEETS	16.92%	20.49%	24.43%
ILLINOIS HARNESS MEETS	17.32%	21.11%	24.22%
TOTAL ILLINOIS MEETS	17.02%	20.64%	24.37%

Note 1: In 2012, \$122,167,920 of Advance Deposit Wagering handle is not included in the individual meet data above.

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

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Calendar Year 2012 Advance Deposit Wagering Statistics

Advance Deposit Wagering (ADW) officially began in Illinois on October 13, 2009. Five companies were licensed in 2012 as ADW providers. Illinois patrons place funds into an account and then wager on races using a telephone or internet device such as a computer or personal digital assistant. Each ADW provider must have a contract with an Illinois racetrack and their affiliated Illinois horsemen association.

<u>ADW Provider (Track)</u>	<u>Total Handle</u>	Average Daily <u>Handle</u>	<u>State Tax</u>	Daily Tax <u>Average</u>
Twin Spires (Arlington)	\$ 45,330,926	\$ 124,536	\$ 793,291	\$ 2,179
Youbet (Arlington)	20,293,337	55,751	355,133	976
TVG (Fairmount)	38,977,004	107,080	682,098	1,874
Xpressbet (Arlington)	15,853,902	43,555	277,443	762
Betzotic (Balmoral/Maywood)	1,712,751	4,705	29,973	82
TOTAL, ALL RACES:	<u>\$ 122,167,920</u>	<u>\$ 335,626</u>	<u>\$ 2,137,939</u>	<u>\$ 5,873</u>

<u>Illinois Races vs. Out-of-State Races</u>	<u>Total Handle</u>	<u>Percentage</u>
ADW Handle on Arlington Races	\$ 6,864,255	
ADW Handle on Hawthorne Races	4,375,988	
ADW Handle on Balmoral Races	4,219,111	
ADW Handle on Maywood Races	1,784,299	
ADW Handle on Fairmount Races	<u>536,586</u>	
TOTAL, ILLINOIS RACES:	17,780,238	15%
ADW Handle on Out-of-State Races:	<u>104,387,682</u>	85%
TOTAL, ALL RACES:	<u>\$ 122,167,920</u>	100%

<u>ADW Wagering Pools</u>	<u>Total Handle</u>	Percentage of <u>Total Handle</u>
Win, Place, Show	\$ 45,082,477	36.90%
2-Horse	30,601,949	25.05%
3-Horse	<u>46,483,494</u>	38.05%
	<u>\$ 122,167,920</u>	100.00%

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

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Calendar Year 2012 Summary of Surcharges and Revenues to Local Governments from Off-Track Parlors

CITY	<u>DATE</u> <u>OPENED</u>	<u>DATE</u> <u>CLOSED</u>	<u>COUNTY</u>	<u>HANDLE</u>	<u>SURCHARGE</u> <u>ON</u> <u>WINNINGS</u>	<u>TO CITY</u> <u>(1% OF</u> <u>HANDLE)</u>	<u>TO COUNTY</u> <u>(1% OF</u> <u>HANDLE)</u>	<u>OVER/</u> <u>(UNDER) TO</u> <u>LICENSEE</u>
Balmoral Park								
Crestwood	02/17/92		Cook	24,882,682	462,079	248,827	248,827	(35,575)
Normal	07/13/06		McLean	4,368,971	82,395	43,690	43,690	(4,985)
Champaign	10/23/08		Champaign	4,228,805	80,814	42,288	42,288	(3,762)
Maywood								
Oakbrook Terrace	09/04/92		DuPage	26,489,351	504,196	264,894	264,894	(25,591)
Niles	04/24/06		Cook	25,905,404	475,400	259,054	259,054	(42,709)
Elk Grove Village	10/19/07		Cook	5,879,510	111,091	58,795	58,795	(6,500)
North Aurora	10/25/07		Kane	6,098,859	116,748	60,989	60,989	(5,229)
Hoffman Estates	11/02/12		Cook	477,421	8,538	4,774	4,774	(1,010)
Lockport	11/07/12		Will	652,401	11,575	6,524	6,524	(1,473)
Quad City Downs								
Rockford	11/18/87		Winnebago	9,746,908	182,063	97,469	97,469	(12,875)
South Elgin	12/07/02		Kane	7,102,771	134,672	71,028	71,028	(7,384)
McHenry	12/08/05		McHenry	8,556,847	103,375	85,568	85,568	(67,761)
South Beloit	02/17/04	08/23/12	Winnebago	3,062,347	57,054	30,623	30,623	(4,193)
Lockport	01/31/07	11/06/12	Will	4,821,003	89,953	48,210	48,210	(6,467)

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
HORSE RACING STATISTICS
For the Two Years Ended June 30, 2014

(NOT EXAMINED)

Calendar Year 2012 Summary of Surcharges and Revenues to Local Governments from Off-Track Parlors

CITY	DATE <u>OPENED</u>	DATE <u>CLOSED</u>	COUNTY	<u>HANDLE</u>	SURCHARGE ON <u>WINNINGS</u>	TO CITY (1% OF <u>HANDLE</u>)	TO COUNTY (1% OF <u>HANDLE</u>)	OVER/ (UNDER) TO <u>LICENSEE</u>
Hawthorne								
Joliet	10/25/90		Will	12,102,375	225,345	121,024	121,024	(16,702)
Chicago, Corliss	04/18/91		Cook	23,867,879	435,986	238,679	238,679	(41,372)
Mokena	05/16/03		Will	10,894,647	205,543	108,946	108,946	(12,350)
Aurora	04/08/05		DuPage	7,566,305	146,376	75,663	75,663	(4,950)
Buffalo Grove	08/03/09	04/22/12	Lake	1,825,040	33,980	18,250	18,250	(2,521)
Yorkville	12/26/10	01/31/12	Kendall	154,641	2,773	1,546	1,546	(319)
Glendale Heights	04/25/12		DuPage	5,876,118	113,682	58,761	58,761	(3,840)
Prospect Heights	04/25/12		Cook	4,610,004	86,966	46,100	46,100	(5,234)
Fairmont Park								
Springfield	05/05/88		Sangamon	4,960,778	94,002	49,608	49,608	(5,214)
Sauget	02/12/01		St. Clair	9,735,625	183,266	97,356	97,356	(11,447)
Alton	10/03/02		Madison	5,158,084	99,849	51,581	51,581	(3,312)
Arlington Park								
Waukegan	12/30/88		Lake	20,811,025	369,275	208,110	208,110	(46,946)
Chicago, Weed St.	06/04/93		Cook	33,066,626	608,232	330,666	330,666	(53,101)
Hodgkins	12/10/07		Cook	17,163,148	315,940	171,631	171,631	(27,323)
Villa Park	07/12/11		DuPage	10,806,893	202,718	108,069	108,069	(13,420)
Orland Hills	04/21/12		Cook	3,981,504	73,210	39,815	39,815	(6,420)

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

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
HORSE RACING STATISTICS
For the Two Years Ended June 30, 2014

(NOT EXAMINED)

Calendar Year 2012 Activity from All Locations

	THOROUGHBRED <u>MEETS</u>	HARNESS <u>MEETS</u>	ADVANCE DEPOSIT <u>WAGERING</u>	ALL <u>MEETS</u>
Live Programs Raced.....	7,894	8,276		16,170
Total Live Programs Raced + Dark Days.....	430	372		802
Live Races Run.....	2,275	3,177		5,452
Attendance.....	1,380,239	440,405		1,820,644
Admission Tax..... \$	72,710	\$ 8,369		81,079
License Fee..... \$	31,820	\$ 36,100		\$ 67,920
License Fee - Daily Handle..... \$	4,300	\$ -		\$ 4,300
Purses Distributed..... \$	54,189,232	\$ 24,325,816		\$ 78,515,049
Uncashed Tickets (2010)..... \$	2,053,644	\$ 794,206		\$ 2,847,851
Combined Illinois Handle..... \$	397,617,608	\$ 153,117,439	\$ 122,167,920	\$ 672,902,967
Commission (Take Out)..... \$	82,042,150	\$ 32,667,437	\$ 24,903,806	\$ 139,613,393
Track Commission..... \$	33,350,807	\$ 14,843,614	\$ 3,541,407	\$ 51,735,828
Purses Earned..... \$	30,794,581	\$ 12,396,073	\$ 3,373,716	\$ 46,564,370
Out-of-State Simulcast Fee..... \$	12,245,042	\$ 3,216,963	\$ 8,012,962	\$ 23,474,967
Pari-Mutuel Tax..... \$	5,651,721	\$ 2,210,787	\$ 2,137,855	\$ 10,000,363
Advance Deposit Wagering Fee..... \$	-	\$ -	\$ 7,837,866	\$ 7,837,866
Public Pool..... \$	315,575,457	\$ 120,450,002	\$ 97,264,114	\$ 533,289,574
Breakage..... \$	1,905,234	\$ 659,095	\$ 431,638	\$ 2,995,967
Surcharge..... \$	5,016,266	\$ 2,233,739	\$ 50,655	\$ 7,300,660
Payout to Public..... \$	308,653,957	\$ 117,557,168	\$ 96,781,822	\$ 522,992,947

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

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Two Years Ended June 30, 2014

(NOT EXAMINED)

Mission Statement:

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

Program Goals:

Objectives:

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

Funds:

Horse Racing Fund

Statutory Authority:

Illinois Horse Racing Act of 1975 (230 ILCS 5)

STATE OF ILLINOIS
ILLINOIS RACING BOARD
COMPLIANCE EXAMINATION
SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Two Years Ended June 30, 2014

(NOT EXAMINED)

Fund: Horse Racing Fund

	Fiscal Year					
	2013		2014		2015	
	2012 Actual	Target/ Projected	2013 Actual	Target/ Projected	2014 Actual	Target/ Projected
<u>Input Indicators</u>						
Total expenditures - State appropriated funds (in thousands)	\$ 6,750.3	\$ 8,579.2	\$ 7,447.7	\$ 8,431.3	\$30,093.6	\$ 8,197.0
Average monthly full-time equivalents	46.0	49.0	51.0	52.0	48.5	52.0

Output Indicators

Total number of steward rulings issued	601	550	622	600	512	600
Total number of race lab samples sent for lab testing (see Note)	15,260	14,900	15,118	14,900	12,652	15,100

Outcome Indicators

Total number of administrative appeals of steward's rulings	8	10	14	20	9	15
Number of live races per steward rulings issued	9.1	8.0	8.7	8.5	8.9	8.0
Horse laboratory proficiency testing score (test sample accuracy)	100%	100%	100%	100%	75%	100%
Live race related rulings as a percent of total steward rulings	33%	35%	34%	33%	39%	33%
Instances of performance enhancing substance found	11	36	50	40	25	30
Instances of non-performance enhancing substance exceeding allowable levels	36	25	34	36	43	36

Note: This is the total number of equine blood and urine samples sent and includes both pre-race and post-race samples.