

State of Illinois
DEPARTMENT OF REVENUE
FINANCIAL AUDIT
For the Year Ended June 30, 2015

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

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
FINANCIAL AUDIT
For the Year Ended June 30, 2015

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STATE OF ILLINOIS
DEPARTMENT OF REVENUE

AGENCY OFFICIALS

Director	Constance Beard (1/20/2015 - present) Brian A. Hamer (through - 1/19/2015)
Assistant Director	Edward Buckles (1/28/2015 - present) Vacant (through 1/27/15)
Associate Director	Chimaobi Enyia (9/18/2015 - present) Vacant (2/28/2014 - 9/17/2015)
Chief of Staff	Kevin Conner (9/1/2015 - present) Lainie Krozel (through 9/15/2015)
Chief Financial Officer	Cory Staley (8/16/2015 - present) Cory Staley, Acting (9/12/2012 - 8/15/2015)
Chief Internal Auditor	Barbara Ringler (4/01/2015 - present) Cory Staley, Acting (through 3/31/2015)
Liquor Control Commission	U-Jung Choe (9/23/2015 - present) Vacant (8/30/2014 - 9/22/2015) Gloria Materre (through 8/29/2014)
Program Administrators:	
Administrative Services	Joe Romang, Acting (8/01/2015 - present) Angela Oxley (through 7/31/2015)
Account Processing	O. Wayne Richie
Administrative Hearings	Terry Charlton
Audit	Dan Hall
Board of Appeals	Brian Wolfberg
Chief Information Security Officer	Tom Pantier, Acting (12/20/2014 - present) Vacant (9/20/2014 - 12/19/2014) Brad Boroff (through 9/19/2014)
Collections	Vince Cacioppo, Acting (10/19/2015 - present) Kevin Conner, Acting (4/29/2015 - 10/18/2015) Henry Butler (through 4/25/2015)

STATE OF ILLINOIS
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AGENCY OFFICIALS

Communications Officer	Vacant (2/01/2015 - present) Carol Knowles (through 1/31/2015)
Criminal Investigations	Brian Cooper, Acting (5/01/2015 - present) Vacant (04/01/2013 – 04/30/2015)
Equal Employment Opportunity	Chimaobi Enyia, Acting (9/18/2015 - present) Chimaobi Enyia (2/09/2015 – 9/17/2015) Vacant (10/01/2014 - 2/08/2015) Ruby Taylor (through - 9/30/2014)
General Counsel	Mark Dyckman (9/11/2015 - present) Jim Nicholson, Acting (7/23/2015 – 12/31/2015) Mike Pieczonka (1/20/2015 – 7/24/2015) Gail Niemann (through 1/19/2015)
Informal Conference Board	Brian Fliflet (08/21/2015 - present) Louise Calvert (through 07/31/2015)
Information Technology	Tom Pantier (10/16/2015 - present) Tom Pantier, Acting (12/20/2014 – 10/15/2015) Matthew Bell (through 12/15/2014)
Internal Affairs	Robert (Bobby) Orr, Acting (4/01/2014 - present)
Labor Relations	Catherine Lacey (6/22/2015 - present) Vacant (2/21/2015 – 6/21/2015) Matthew Bilinsky (through 2/20/2015)
Legislative Office	Jane McEnaney (2/03/2015 - present) Vacant (4/22/2014 - 2/02/2015)
Taxpayer Services	Brenda Towers (4/15/2015 - present) Brenda Towers, Acting (6/10/2014 – 4/14/2015)
Administrative and Regulatory Shared Services Center:	
Director	Vacant
Chief Fiscal Officer	Jacob Flori, Acting (10/01/2015 - present) Kathryn Hanlon (through 9/30/2015)

STATE OF ILLINOIS
DEPARTMENT OF REVENUE

AGENCY OFFICIALS

Human Resources Director

Julie Moscardelli (5/18/2015 - present)
Vacant (2/21/2015 – 5/17/2015)
Matthew Bilinsky, Acting (through 2/20/2015)

Liquor Control Board Members
(as of November 17, 2015)

Constance Beard, Chair (7/23/2015 - present)
Bill Morris
Amy Kurson
Maria Saldana
Donald G. O'Connell
James Pandolfi
Cynthia Cronin Cahill

Department Offices are located at:

Springfield, Illinois

Willard Ice Building
101 W. Jefferson Street
Springfield, IL 62702

Chicago, Illinois

James R. Thompson Center
100 West Randolph Street
Chicago, IL 60601

Des Plaines, Illinois

Maine North Regional Building
9511 Harrison Avenue
Des Plaines, Illinois 60016

Fairview Heights, Illinois

15 Executive Drives, Suite 2
Fairview Heights, Illinois 62208

Marion, Illinois

2309 W. Main Street, Suite 114
Marion, Illinois 62959

Rockford, Illinois

200 S. Wyman Street
Rockford, Illinois 61101

Paramus, New Jersey

45 Eisenhower Drive, Suite 2
Paramus, New Jersey 07652

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
FINANCIAL AUDIT
For the Year Ended June 30, 2015

FINANCIAL STATEMENT REPORT

SUMMARY

The audit of the accompanying financial statements of the State of Illinois, Department of Revenue was performed by Sikich LLP.

Based on their audit, the auditors expressed an unmodified opinion on the Department's basic financial statements.

SUMMARY OF FINDINGS

The auditors identified matters involving the Department's internal control over financial reporting that they considered to be significant deficiencies. The significant deficiencies are described in the accompanying Schedule of Findings on pages 66-70 of this report as items:

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
2015-001	66	Inaccuracies in the Department's year-end financial reporting process	Significant Deficiency
2015-002	69	Inadequate review of external service providers	Significant Deficiency

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Department personnel and the Department waived an exit conference. The responses to the recommendations were provided by Barbara Ringler in correspondence dated January 12, 2016.

INDEPENDENT AUDITOR'S REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the State of Illinois, Department of Revenue (Department), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information for the Department as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2, the financial statements of the Department are intended to present the financial position and changes in financial position of only that portion of the governmental activities, each major fund, and the aggregate remaining fund information of the State that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the State of Illinois as of June 30, 2015, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 11, the Department has the following significant fund deficits as of June 30, 2015: General Revenue Fund \$1.869 billion, Local Government Tax Fund (non-major special revenue fund) \$173,846 and Personal Property Tax Replacement Fund (non-major special revenue fund) \$163.280 million. The Department's plan to eliminate these deficits is highly dependent on the collection and allocation of future State revenues to the Department.

Change in Accounting Principle

The Department adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, during the year ended June 30, 2015. Statement No. 68 established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, expenses and expenditures. The adoption of this statement required the Department to restate governmental activities net position by \$(700.740) million at June 30, 2014.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis and budgetary comparison information for any of its funds and related pension information for its Department-wide financial statements that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department's basic financial statements. The combining General Fund schedules and nonmajor and Agency fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining General Fund schedules, nonmajor and Agency fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining General Fund schedules, nonmajor, and Agency fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2016 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

Restricted Use of this Auditor's Report

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



Springfield, Illinois
January 15, 2016

State of Illinois
Department of Revenue

Statement of Net Position

June 30, 2015 (Expressed in Thousands)

	Governmental Activities
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Unexpended appropriations	\$ 13,135
Cash equity in State Treasury	1,044,689
Cash and cash equivalents	4
Securities lending collateral equity with State Treasurer	54,672
Taxes receivable, net	1,464,453
Intergovernmental receivables	888
Other receivables, net of allowance of \$1,614	18,594
Due from State funds	6,356
Loans and notes receivable, long-term	42,550
Due from State of Illinois component units	348,224
Inventories	338
Prepaid expenses	1,138
Capital assets being depreciated/amortized, net	20,747
Total assets	3,015,788
Deferred outflow of resources - pension	125,134
Total assets and deferred outflows of resources	3,140,922
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	
Accounts payable and accrued liabilities	444,039
Income tax refunds payable	1,210,471
Intergovernmental payables	1,262,040
Obligations under securities lending of State Treasurer	54,672
Due to Department fiduciary funds	60,158
Due to other State fiduciary funds	1,272
Due to other State funds	456,672
Due to State of Illinois component units	2,286
Unearned revenue	852,596
Long-term obligations:	
Portion due or payable within one year	1,754
Portion due or payable after one year	10,639
Net pension liability	812,998
Total liabilities	5,169,597
Deferred inflow of resources - pension	38,175
Total liabilities and deferred inflows of resources	5,207,772
NET POSITION	
Invested in capital assets	20,747
Restricted - other	48,737
Unrestricted	(2,136,334)
Total net position	\$ (2,066,850)

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

State of Illinois
Department of Revenue

Statement of Activities

For the Year Ended June 30, 2015 (Expressed in Thousands)

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenues and Changes in Net Position
				Governmental Activities
Governmental activities				
General government	\$ 331,852	\$ 63,536	\$ 1,123	\$ (267,193)
Health and social services	13,032	-	-	(13,032)
Employment and economic development	5,000	-	-	(5,000)
Environment and business regulation	6,204	-	-	(6,204)
Intergovernmental-revenue sharing	5,322,192	-	-	(5,322,192)
Total governmental activities	<u>\$ 5,678,280</u>	<u>\$ 63,536</u>	<u>\$ 1,123</u>	<u>\$ (5,613,621)</u>
General revenues				
Income taxes				19,275,203
Sales taxes				10,812,370
Motor fuel taxes				1,292,178
Public utility taxes				1,366,385
Other taxes				1,086,486
Interest and investment income				4,661
Other revenues (expenses)				13,076
Appropriations from State resources				221,911
Lapsed appropriations				(9,457)
Receipts collected and transmitted to State Treasury				(28,201,882)
Amount of SAMS transfers-in				(2,714,489)
Amount of SAMS transfers-out				1,918,239
Transfers-in				685,284
Transfers-out				(650,803)
Total general revenues and transfers				<u>5,099,162</u>
Change in net position				(514,459)
Net position, July 1, 2014 (as restated)				(1,552,391)
Net position June 30, 2015				<u>\$ (2,066,850)</u>

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

State of Illinois
Department of Revenue

Balance Sheet -
Governmental Funds

June 30, 2015 (Expressed in Thousands)

	General Fund	Nonmajor funds	Eliminations	Total Governmental Funds
ASSETS				
Unexpended appropriations	\$ 6,760	\$ 6,375	\$ -	\$ 13,135
Cash equity in State Treasury	472,979	571,710	-	1,044,689
Cash and cash equivalents	-	4	-	4
Securities lending collateral equity with State Treasurer	-	54,672	-	54,672
Taxes receivables, net	1,085,768	378,685	-	1,464,453
Intergovernmental receivables	-	888	-	888
Other receivables, net of allowance of \$1,614	400	18,194	-	18,594
Due from other Department funds	6,034	460,473	(466,507)	-
Due from other State funds	910	5,446	-	6,356
Loans and notes receivable, long-term	-	42,550	-	42,550
Due from State of Illinois component units	-	348,224	-	348,224
Inventories	338	-	-	338
Total assets	\$ 1,573,189	\$ 1,887,221	\$ (466,507)	\$ 2,993,903
LIABILITIES				
Accounts payable and accrued liabilities	\$ 368,621	\$ 75,418	\$ -	\$ 444,039
Income tax refunds payable	1,210,471	-	-	1,210,471
Intergovernmental payables	13,483	1,248,557	-	1,262,040
Obligations under securities lending of State Treasurer	-	54,672	-	54,672
Due to other Department fiduciary funds	25,609	34,549	-	60,158
Due to other State fiduciary funds	-	1,272	-	1,272
Due to other Department funds	460,473	6,034	(466,507)	-
Due to other State funds	456,011	661	-	456,672
Due to State of Illinois component units	50	2,236	-	2,286
Unearned revenue	655,985	196,611	-	852,596
Total liabilities	3,190,703	1,620,010	(466,507)	4,344,206
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	251,161	34,150	-	285,311
Total deferred inflows of resources	251,161	34,150	-	285,311
Total liabilities and deferred inflows of resources	3,441,864	1,654,160	(466,507)	4,629,517
FUND BALANCES (DEFICITS)				
Nonspendable (Inventories)	338	-	-	338
Restricted	-	48,399	-	48,399
Committed	183,470	603,686	-	787,156
Unassigned	(2,052,483)	(419,024)	-	(2,471,507)
Total fund balances (deficits)	(1,868,675)	233,061	-	(1,635,614)
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 1,573,189	\$ 1,887,221	\$ (466,507)	\$ 2,993,903

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

State of Illinois
Department of Revenue
Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position
June 30, 2015
(Expressed in Thousands)

Total fund balances-governmental funds	\$ (1,635,614)
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	20,747
Prepaid expenses for governmental activities are current uses of financial resources for funds.	1,138
Revenues in the Statement of Activities that do not provide current financial resources are deferred in the funds.	285,311
Deferred outflows of resources related to pensions.	125,134
Deferred inflows of resources related to pensions.	(38,175)
Some liabilities reported in the Statement of Net Position do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds. These activities consist of:	
Compensated absences	(12,393)
Net pension liability	<u>(812,998)</u>
Net position of governmental activities	<u>\$ (2,066,850)</u>

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

State of Illinois
Department of Revenue

**Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds**

For the Year Ended June 30, 2015 (Expressed in Thousands)

	General Fund	Nonmajor funds	Eliminations	Total Governmental Funds
REVENUES				
Federal operating grants	\$ -	\$ 1,123	\$ -	\$ 1,123
Income taxes	16,664,040	2,656,222	-	19,320,262
Sales taxes	7,853,701	2,967,869	-	10,821,570
Motor fuel taxes	-	1,291,139	-	1,291,139
Public utility taxes	972,533	393,736	-	1,366,269
Other taxes	749,201	337,351	-	1,086,552
Licenses and fees	6,535	45,555	-	52,090
Other charges for services	5,524	5,613	-	11,137
Interest and other investment income	-	3,717	-	3,717
Other	5,490	7,466	-	12,956
Total revenues	<u>26,257,024</u>	<u>7,709,791</u>	<u>-</u>	<u>33,966,815</u>
EXPENDITURES				
General government	77,921	194,692	-	272,613
Health and social services	-	13,032	-	13,032
Employment and economic development	5,000	-	-	5,000
Environment and business regulation	-	6,214	-	6,214
Intergovernmental	-	5,322,192	-	5,322,192
Capital outlays	2,654	1,249	-	3,903
Total expenditures	<u>85,575</u>	<u>5,537,379</u>	<u>-</u>	<u>5,622,954</u>
Excess (deficiency) of revenues over (under) expenditures	<u>26,171,449</u>	<u>2,172,412</u>	<u>-</u>	<u>28,343,861</u>
OTHER SOURCES (USES) OF FINANCIAL RESOURCES				
Appropriations from State resources	98,171	91,052	-	189,223
Lapsed appropriations	(2,422)	(7,035)	-	(9,457)
Receipts collected and transmitted to State Treasury	(25,979,254)	(2,222,628)	-	(28,201,882)
Amount of SAMS transfers-in	(2,676,689)	(37,800)	-	(2,714,489)
Amount of SAMS transfers-out	1,917,592	647	-	1,918,239
Transfers-in	684,368	54,116	(53,200)	685,284
Transfers-out	(438,485)	(265,518)	53,200	(650,803)
Net other sources (uses) of financial resources	<u>(26,396,719)</u>	<u>(2,387,166)</u>	<u>-</u>	<u>(28,783,885)</u>
Net change in fund balances	(225,270)	(214,754)	-	(440,024)
Fund balances (deficits), July 1, 2014 (as restated)	(1,643,405)	447,815	-	(1,195,590)
FUND BALANCES (DEFICITS), JUNE 30, 2015	<u>\$ (1,868,675)</u>	<u>\$ 233,061</u>	<u>\$ -</u>	<u>\$ (1,635,614)</u>

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

State of Illinois
Department of Revenue
Reconciliation of Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to Statement of Activities
For the Year Ended June 30, 2015
(Expressed in Thousands)

Net change in fund balances	\$ (440,024)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation/amortization expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlays in the current period exceeded depreciation.</p>	500
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This amount represents the decrease in unavailable revenue over the prior year.</p>	(51,797)
<p>Prepaid expenses in the Statement of Activities are reported as expenditures in governmental funds.</p>	1,138
<p>Change in deferred outflows of resources related to pensions.</p>	106,846
<p>Change in deferred inflows of resources related to pensions.</p>	(38,175)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>	
<p>Decrease in compensated absences obligation</p>	1,023
<p>Increase in net pension liability</p>	(93,970)
Change in net position of governmental activities	\$ (514,459)

State of Illinois
Department of Revenue

Statement of Fiduciary Net Position

June 30, 2015 (Expressed in Thousands)

	<u>Agency Funds</u>
ASSETS	
Cash equity in State Treasury	\$ 427,361
Cash and cash equivalents	743
Securities lending collateral equity with State Treasurer	113,789
Taxes receivable, net	229,825
Other receivables, net	109
Due from other Department funds	60,158
Total assets	<u>\$ 831,985</u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 10,239
Intergovernmental payables	707,169
Obligations under securities lending of State Treasurer	113,789
Other liabilities	788
Total liabilities	<u>\$ 831,985</u>

**STATE OF ILLINOIS
DEPARTMENT OF REVENUE**

Notes to Financial Statements

June 30, 2015

(1) Organization

The Department of Revenue (the Department) is a part of the executive branch of government of the State of Illinois (State) and operates under the authority of and review by the Illinois General Assembly. The Department operates under a budget approved by the General Assembly in which resources primarily from the General Revenue Fund are appropriated for the use of the Department. Activities of the Department are subject to the authority of the Office of the Governor, the State's chief executive officer, and other departments of the executive and legislative branches of government (such as the Department of Central Management Services, the Governor's Office of Management and Budget, the State Treasurer's Office, and the State Comptroller's Office) as defined by the Illinois General Assembly. All funds appropriated to the Department and all other cash received are under the custody and control of the State Treasurer, with the exception of the Surety Bond Fund and the Evidence Fund.

The Department is organized to provide for administering, collecting, enforcing and determining distribution of the taxes imposed by the State's major tax acts. The Department also administers and oversees the operations of the Liquor Control Commission.

(2) Summary of Significant Accounting Policies

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

(a) Financial Reporting Entity

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

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

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

**STATE OF ILLINOIS
DEPARTMENT OF REVENUE**

Notes to Financial Statements

June 30, 2015

(b) Basis of Presentation

The financial statements of the State of Illinois, Department of Revenue, are intended to present the financial position and changes in financial position of only that portion of the governmental activities, each major governmental fund of the State of Illinois, and the aggregate remaining fund information of the State of Illinois that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the State of Illinois as of June 30, 2015 and the changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Government-wide Statements. The government-wide statement of net position and statement of activities report the overall financial activity of the Department, excluding fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities of the Department. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of net position presents the assets and deferred outflows of resources and liabilities and deferred inflows of resources of the Department's governmental activities with the difference being reported as net position. The assets and liabilities are presented in order of their relative liquidity by class of asset or liability with liabilities whose average maturities are greater than one year reported in two components - the amount due within one year and the amount due in more than one year.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Department's governmental activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges paid by the recipients of goods or services offered by the programs. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements. The fund financial statements provide information about the Department's funds, including fiduciary funds. Separate statements for each fund category - governmental, and fiduciary - are presented. The emphasis on fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Department administers the following major governmental fund (or portions thereof in the case of shared funds – see note 2(d)):

General – This is the State's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund. The Department's portion of the General Fund is composed of a primary sub-account (General Revenue) and eight secondary sub-accounts (Common School Special, Education Assistance, Illinois Sports Facility, Income Tax Refund, Common School, Predatory Lending Database Program, Municipal Economic Development and Capital Projects). The services which are administered by the Department and accounted for in the General Fund include, among others, general government services.

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Additionally, the Department administers the following fund types:

Governmental Fund Types:

Special Revenue – These funds account for resources obtained from specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital assets. Special revenue funds account for, among other things, taxes levied with statutorily defined distributions, federal grant programs and other resources restricted or committed as to purpose.

Fiduciary Fund Types:

Agency – These funds account for assets held by the Department, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

(c) *Measurement Focus and Basis of Accounting*

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Department gives (or receives) value without directly receiving (or giving) equal value in exchange, include income and replacement, sales, motor fuel, and excise taxes. On an accrual basis, revenues from these taxes are recognized in the fiscal year in which the underlying exchange transaction occurs. Revenue from grants, entitlements, and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

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

In accordance with Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, recognition of nonexchange transactions in the financial statements is required unless the transactions are not measurable (reasonably estimable) or are not probable of collection. In this regard, the Department annually has an inventory of returns (primarily income tax and sales tax), that are in various stages of processing, dispute or review at year-end and through the date of issuing the financial statements (“unperfected returns”). Certain potential receivables and/or refunds that may result upon perfecting the returns are subject to estimation. Upon perfecting the returns, cash allocations to other governmental and fiduciary funds will be required and may be material.

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Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, principle and interest on formal debt issues, claims and judgments, and compensated absences are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Significant revenue sources which are susceptible to accrual include income and replacement taxes, sales taxes, public utility taxes, motor fuel taxes, other taxes, tax penalties, and interest. The tax revenues are recorded by the State as taxpayers earn income (personal income tax, corporate income tax, and other taxes), as sales are made (sales taxes, public utility taxes, motor fuel taxes, and other taxes), or as the taxable event occurs (other taxes) net of estimated overpayments and amounts not expected to be collected. Amounts not expected to be collected are based on an analysis of the historical collection experience for accounts receivable (or additional information relating to the allowance percentage calculations).

Taxpayers can elect to receive a refund of tax overpayments (refunds payable), or carry-forward those overpayments to be applied to tax liabilities of the next year (unearned revenue). All liabilities pertaining to tax overpayments (refunds payable and unearned revenue) are estimated based on a combination of actual data and historical trends.

All other revenue sources including fines, licenses, and other miscellaneous revenues are considered to be measurable and available only when cash is received. Estimates are used to assign estimated tax payments received or refunds applied to future tax periods for individual and corporate income taxes to the proper fiscal year.

(d) Shared Fund Presentation

The financial statement presentation for the General Revenue Fund, Education Assistance Fund, Motor Fuel Tax Fund, Public Utility Fund, Underground Storage Tank Fund, Illinois Gaming Law Enforcement Fund, Emergency Public Health Fund, Used Tire Management Fund, Natural Areas Acquisition Fund, Open Space Lands Acquisition and Development Fund, Common School Fund, Drycleaner Environment Response Trust Fund, Supplemental Low Income Energy Assistance Fund, Renewable Energy Resources Trust Fund, School Infrastructure Fund, International Tourism Fund, Capital Projects Fund, Build Illinois Fund, Local Tourism Fund and Build Illinois Bond Fund represent only the portion of the shared fund that can be directly attributed to the operations of the Department. Financial statements for total fund operations of the shared State funds are presented in the State of Illinois' Comprehensive Annual Financial Report. In presenting these financial statements, certain unique accounts are used for the presentation of shared funds. The following accounts are used in these financial statements to present the Department's portion of shared funds:

Unexpended Appropriations

This "asset" account represents lapse period warrants issued between July and August annually in accordance with the Statewide Accounting Management System (SAMS) records plus any liabilities relating to obligations re-appropriated to the subsequent fiscal year.

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Appropriations from State Resources

This “other financing source” account represents the final legally adopted appropriation according to SAMS records.

Lapsed Appropriations

Lapsed appropriations are the legally adopted appropriations less net warrants issued for the 14 month period from July to August of the following year and re-appropriations to subsequent years according to SAMS records.

Receipts Collected and Transmitted to State Treasury

This “other financing use” account represents all cash receipts received during the fiscal year from SAMS records.

Amount of SAMS Transfers-In

This “other financing use” account represents cash transfers made by the Office of the Comptroller in accordance with statutory provisions to the corresponding fund during the fiscal year per SAMS records in which the Department did not make a deposit into the State Treasury.

Amount of SAMS Transfers-Out

This “other financing source” account represents cash transfers made by the Office of the Comptroller in accordance with statutory provision from the corresponding fund during the fiscal year per SAMS records in which a legally adopted appropriation was not charged.

(e) Eliminations

Eliminations have been made in the government-wide statement of net position to minimize the “grossing-up” effect on assets and liabilities within the governmental activities column of the Department. As a result, amounts reported in the governmental funds balance sheet as interdepartmental interfund receivables and payables have been eliminated in the government-wide statement of net position. Amounts reported in the governmental funds balance sheet as receivable from or payable to fiduciary funds have been included in the government-wide statement of net position as receivable from and payable to external parties, rather than as internal balances.

(f) Cash and Cash Equivalents

Cash equivalents are defined as short-term, highly liquid investments readily convertible to cash with maturities of less than 90 days at time of purchase. Cash and cash equivalents include cash on hand and cash in banks for locally held funds.

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(g) Inventories

Inventories, consisting primarily of postage and printing supplies, are valued at cost, principally on the first-in, first-out (FIFO) method. Significant inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

(h) Prepaid Items

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as expenditures in the governmental funds and as prepaid expenses in the government wide statement of net position.

(i) Interfund Transactions

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

Services provided and used—sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as interfund receivables and payables in the governmental funds balance sheet or the government-wide statements of net positions.

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

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

(j) Capital and Intangible Assets

Capital assets, which consist of equipment, automobiles and internally developed computer software, are reported at cost. Contributed assets are reported at estimated fair value at the time received. Capital assets are depreciated/amortized using the straight-line method. The capitalization threshold for internally generated intangible assets is \$1 million, and the threshold for all other intangible assets is \$25,000 and the estimated useful life is 3-25 years. The capitalization threshold for capital assets is \$5,000 and the estimated useful life is 3-15 years.

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(k) *Compensated Absences*

The liability for compensated absences reported in the government-wide statement of net position consists of unpaid, accumulated vacation and sick leave balances for Department employees. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. The liability has been calculated based on the employees' current salary level and includes salary related costs (e.g., social security and Medicare tax).

Legislation that became effective January 1, 1998 capped the paid sick leave for all State Employees' Retirement System members at December 31, 1997. Employees continue to accrue twelve sick days per year, but will not receive monetary compensation for any additional time earned after December 31, 1997.

Sick days earned between January 1, 1984 and December 31, 1997 (with a 50% cash value) would only be used after all days with no cash value are depleted. Any sick days earned and unused after December 31, 1997 will be converted to service time for purposes of calculating employee pension benefits.

(l) *Fund Balances*

It is the Department's policy to consider restricted resources to have been spent first when an expenditure is incurred for which both restricted and unrestricted (i.e. committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

Within the governmental fund types, the Department's fund balances are reported in one of the following classifications:

Nonspendable – includes amounts that cannot be spent because they are either: a) not in spendable form; or b) legally or contractually required to be maintained intact.

Restricted – includes amounts that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Department's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Department removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The uses of these funds are established by bills passed by the legislature and approved by the Governor of the State of Illinois.

Unassigned – includes the residual fund balance that has not been restricted, committed, or assigned within the general fund and deficit fund balances of other governmental funds.

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(m) Net Position

In the government-wide statement of net position, equity is displayed in three components as follows:

Invested in Capital Assets – This consists of capital assets, net of accumulated depreciation and amortization.

Restricted – This consists of amounts that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the State’s policy to use restricted resources first, then unrestricted resources when they are needed.

Unrestricted – This consists of amounts that do not meet the definition of “restricted” or “invested in capital assets”.

(n) Use of Estimates

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

(o) Pensions

In accordance with the Department’s adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense have been recognized in the government-wide financial statements.

The net pension liability is calculated as the difference between the actuarially calculated value of the projected benefit payments attributed to past periods of service and the plans’ fiduciary net position. The total pension expense is comprised of the service cost or actuarial present value of projected benefit payments attributed to the valuation year, interest on the total pension liability, plan administrative expenses, current year benefit changes, and other changes in plan fiduciary net position less employee contributions and projected earnings on plan investments. Additionally, the total pension expense includes the annual recognition of outflows and inflows of resources due to pension assets and liabilities.

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources, pension expense and expenditures associated with the Department’s contribution requirements, information about the fiduciary net position of the plans and additions to/deductions from the plans’ fiduciary net position have been determined on the same basis as they are reported within the separately issued plan financial statements. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with terms of the plan. Investments are reported at fair value.

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(p) *New Accounting Pronouncements*

Effective for the year ending June 30, 2015, the Department adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, which establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, expenses, and expenditures. The statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The implementation of this Statement significantly impacted the Department's government-wide financial statements and footnote disclosures with the recognition of a net pension liability, deferred outflows of resources and deferred inflows of resources on the Statement of Net Position as well as appropriations from State resources and pension expense on the Statement of Activities. Additionally, the requirements of this statement resulted in the restatement of beginning net position. Information regarding the Department's participation in SERS is disclosed in Note 9.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, is effective for the Department beginning with its year end June 30, 2015. The objective of this statement is to establish standards related to government combinations and disposals of government operations, including combinations in which no consideration is provided, such as government mergers and transfers of operations, and combinations in which consideration is provided, such as disposal of government operations. The implementation of this Statement had no impact on the Department's financial statements.

Effective for the year ending June 30, 2015, the Department adopted GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*, which addresses an issue regarding the application of the transition provisions of GASB Statement No. 68. The statement clarifies the accounting for contributions to a defined benefit pension plan after the measurement date of a government's beginning net pension liability. The provisions of this statement were incorporated with the implementation of GASB Statement No. 68.

(q) *Future Adoption of GASB Statements*

Effective for the year ending June 30, 2016 the Department will adopt GASB Statement No. 72, *Fair Value Measurement and Application*, which addresses accounting and financial reporting issues related to fair value measurements. The statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The Department has not yet determined the impact on its financial statements as a result of adopting this statement.

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Effective for the year ending June 30, 2016, the Department will adopt GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which establishes standards to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The Department has not yet determined the impact on its financial statements as a result of adopting this statement.

Effective for the year ending June 30, 2017, the Department will adopt GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which establishes standards to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The Department has not yet determined the impact on its financial statements as a result of adopting this statement.

Effective for the year ending June 30, 2018, the Department will adopt GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which establishes standards to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This statement also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The Department has not yet determined the impact on its financial statements as a result of adopting this statement.

Effective for the year ending June 30, 2016, the Department will adopt GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which is established to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The Department has not yet determined the impact on its financial statements as a result of adopting this statement.

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Effective for the year ending June 30, 2017, the Department will adopt GASB Statement No. 77, *Tax Abatement Disclosures*, which requires governments that enter into tax abatement agreements to disclose information about the agreements. This statement improves financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. The Department has not yet determined the impact on its financial statements as a result of adopting this statement.

Effective for the year ending June 30, 2017, the Department will adopt GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which addresses a practice issue regarding the scope and applicability of GASB Statement No. 68. The issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for these pensions. The Department has not yet determined the impact on its financial statements as a result of adopting this statement.

(3) Deposits and Investments

The State Treasurer is the custodian of the Department's deposits and investments for funds maintained in the State Treasury. These amounts are classified as "Cash equity in State Treasury", and "Securities Lending Collateral Equity with State Treasurer" on the Statement of Net Position and Balance Sheets. The Department independently manages deposits and investments maintained outside the State Treasury.

(a) Deposits

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

(b) Securities Lending Transactions

Under the authority of the Treasurer's published investment policy that was developed in accordance with the State statute, the State Treasurer lends securities to broker-dealers and other entities for collateral that will be returned for the same securities in the future. The State Treasurer has, through a Securities Lending Agreement, authorized Deutsche Bank Group to lend the State Treasurer's securities to broker-dealers and banks pursuant to a form of loan agreement.

During fiscal year 2015, Deutsche Bank Group lent U.S. Agency Securities and U.S. Treasury securities and received as collateral U.S. dollar denominated cash. Borrowers were required to deliver collateral for each loan equal to at least 100% of the aggregate fair value of the loaned securities. Loans are marked to market daily. If the fair value of collateral falls below 100%, the borrower must provide additional collateral to raise the fair value to 100%.

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The State Treasurer did not impose any restrictions during the fiscal year 2015 on the amount of the loans available or the eligible securities. In the event of borrower default, Deutsche Bank Group provides the State Treasurer with counterparty default indemnification. In addition, Deutsche Bank Group is obligated to indemnify the State Treasurer if Deutsche Bank Group loses any securities, collateral or investments of the State Treasurer in Deutsche Bank Group's custody. Moreover, there were no losses during the fiscal year 2015 resulting from a default of the borrowers or Deutsche Bank Group.

During fiscal year 2015, the State Treasurer and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested in repurchase agreements with approved counterparties collateralized with securities approved by Deutsche Bank Group and marked to market daily at no less than 102%. Because the loans are terminable at will, their duration did not generally match the duration of the investments made with cash collateral. The State Treasurer had no credit risk as a result of its securities lending program as the collateral held exceeded the fair value of the securities lent.

In accordance with GASB Statement No. 28, paragraph 9, the Office of the State Treasurer has allocated the assets and obligations at June 30, 2015 arising from securities lending agreements to the various funds of the State. The total allocated to the Department was \$168.461 million at June 30, 2015 including \$113.789 million allocated to agency funds administered by the Department.

(4) Taxes Receivable

Taxes receivable (amounts expressed in thousands) at June 30, 2015 are as follows:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds	Fiduciary Funds
Taxes receivable:				
Income	\$ 1,053,278	125,581	\$ 1,178,859	\$ -
Sales	664,571	220,790	885,361	165,710
Motor Fuel Tax	-	141,882	141,882	5,142
Public Utility	11,048	11,387	22,435	2,411
Other	51,927	23,313	75,240	138,422
Total taxes receivable	\$ 1,780,824	522,953	\$ 2,303,777	\$ 311,685
Less: allowance for uncollectible taxes	\$ 695,056	144,268	\$ 839,324	\$ 81,860
Taxes receivable, net	\$ 1,085,768	378,685	\$ 1,464,453	\$ 229,825

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(5) Loans and Notes Receivable

The Senior Citizen Real Estate Tax Deferral program is a tax-relief loan program. It allows qualified seniors to defer all or part of their taxes and special assessments on their primary home. The loan, which comes from the State of Illinois, is re-paid when the property is sold, or upon the death of the participant.

Loans receivable (amounts expressed in thousands) at June 30, 2015 are as follows:

	Governmental Activities
Senior Citizens Real Estate Deferred Tax	\$ 42,550

(6) Interfund Balances and Activity

(a) Balances Due from/to Other Funds

The following balances (amounts expressed in thousands) at June 30, 2015 represent amounts due from other Department and State funds.

Fund	Due from		Description/Purpose
	Other Department Funds	Other State Funds	
General	\$ 6,034	\$ 910	Due from other Department funds pursuant to statutory tax allocations, for administrative cost reimbursements, and from other State funds pursuant to statutory tax allocations
Nonmajor governmental funds	460,473	5,446	Due from other Department and other State funds pursuant to statutory tax allocations.
Fiduciary funds	60,158	-	Due from other Department funds pursuant to statutory tax allocations.
	\$ 526,665	\$ 6,356	

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The following (amounts expressed in thousands) at June 30, 2015 represent amounts due to other Department and other State funds.

Fund	Due to				Description/Purpose
	Other Department Funds	Other State Funds	Other Department Fiduciary Funds	Other State Fiduciary Funds	
General	\$ 460,473	\$ 456,011	\$ 25,609	\$ -	Due to other Department and other Department fiduciary funds pursuant to statutory tax allocations, and due to other State funds for administrative expenses.
Nonmajor governmental funds	6,034	661	34,549	1,272	Due to other Department and other State funds pursuant to statutory tax and fee allocations, for administrative cost reimbursements and administrative expenses, to other Department fiduciary funds pursuant to statutory tax allocations, and to other State fiduciary funds for payment of retirement benefits.
	<u>\$ 466,507</u>	<u>\$ 456,672</u>	<u>\$ 60,158</u>	<u>\$ 1,272</u>	

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(b) Transfers from/to Other Funds

Interfund transfers in (amounts expressed in thousands) for the year ended June 30, 2015, were as follows:

<u>Fund</u>	<u>Transfers in from</u>		<u>Description/Purpose</u>
	<u>Other Department Funds</u>	<u>Other State Funds</u>	
General	\$ 5,818	\$ 678,550	Transfers from other Department and other State funds pursuant to statutory tax allocations.
Nonmajor governmental funds	47,382	6,734	Transfers from other Department and other State funds pursuant to statutory tax allocations.
	<u>\$ 53,200</u>	<u>\$ 685,284</u>	

Interfund transfers out (amounts expressed in thousands) for the year ended June 30, 2015, were as follows:

<u>Fund</u>	<u>Transfers out to</u>		<u>Description/Purpose</u>
	<u>Other Department Funds</u>	<u>Other State Funds</u>	
General	\$ 47,382	\$ 391,103	Transfers to other Department and other State funds pursuant to statutory tax allocations.
Nonmajor governmental funds	5,818	259,700	Transfers to other Department and other State funds pursuant to statutory tax allocations.
	<u>\$ 53,200</u>	<u>\$ 650,803</u>	

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(c) Balances Due from/ to State of Illinois Component Units

The Illinois Housing Development Authority owed the Department's nonmajor governmental funds \$348.224 million at June 30, 2015 for advances on loan programs. The General Fund owed \$50 thousand and the Nonmajor Funds owe \$2.236 million at June 30, 2015 to State of Illinois Component Units for reimbursements for expenses incurred.

(7) Capital Assets

Capital asset activity (amounts expressed in thousands) for the year ended June 30, 2015 was as follows:

	Balance July 1, 2014	Additions	Deletions	Net Transfers	Balance June 30, 2015
Governmental activities:					
Capital assets being depreciated/amortized:					
Equipment	\$ 4,259	\$ 8	\$ (217)	\$ (132)	\$ 3,918
Internally generated computer software	28,873	3,895	-	-	32,768
	33,132	3,903	(217)	(132)	36,686
Less accumulated depreciation/amortization:					
Equipment	3,974	126	(217)	(132)	3,751
Internally generated computer software	8,911	3,277	-	-	12,188
	12,885	3,403	(217)	(132)	15,939
Governmental activity capital assets, net	\$ 20,247	\$ 500	\$ -	\$ -	\$ 20,747

Depreciation/amortization expense for governmental activities (amounts expressed in thousands) for the year ended June 30, 2015 was charged to functions as follows:

General government	\$ 3,403
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(8) Long-Term Obligations

Changes in long-term obligations (amounts expressed in thousands) for the year ended June 30, 2015 were as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Amounts Due Within One Year
Governmental activities:					
Net Pension Liability	\$ 719,029	\$ 93,969	\$ -	\$ 812,998	\$ -
Compensated Absences	13,416	9,527	10,550	12,393	1,754
Total governmental activities	\$ 732,445	\$ 103,496	\$ 10,550	\$ 825,391	\$ 1,754

Compensated absences and the net pension liability are liquidated by the applicable governmental funds that account for the salaries and wages of the related employees.

(9) Defined Benefit Pension Plan

Plan Description. Substantially all of the Department's full-time employees who are not eligible for participation in another state-sponsored retirement plan participate in the State Employees' Retirement System (SERS), which is a single-employer defined benefit pension trust fund in the State of Illinois reporting entity and is treated as a cost sharing plan by the Department. SERS is governed by article 14 of the Illinois Pension Code (40 ILCS 5/1, et al.). The plan consists of two tiers of contribution requirements and benefit levels based on when an employee was hired. Members who first become an employee and participate under any of the State's retirement plans on or after January 1, 2011 are members of Tier 2, while Tier 1 consists of employees hired before January 1, 2011 or those who have service credit prior to January 1, 2011. The provisions below apply to both Tier 1 and 2 members, except where noted. The SERS issues a separate CAFR available at www.srs.illinois.gov or that may be obtained by writing to the SERS, 2101 South Veterans Parkway, Springfield, Illinois, 62794-9255.

Benefit Provisions. SERS provides retirement benefits based on the member's final average compensation and the number of years of credited service that have been established. The retirement benefit formula available to general State employees is 1.67% for each year of covered service and 2.2% for each year of noncovered service. The maximum retirement annuity payable is 75% of final average compensation as calculated under the regular formula. The minimum monthly retirement annuity payable is \$15.00 for each year of covered employment and \$25.00 for each year of noncovered employment.

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Participants in SERS under the regular formula Tier 1 and Tier 2 receive the following levels of benefits based on the respective age and years of service credits.

Regular Formula Tier 1	Regular Formula Tier 2
<p>A member must have a minimum of eight years of service credit and may retire at:</p> <ul style="list-style-type: none"> • Age 60, with 8 years of service credit. • Any age, when the member's age (years & whole months) plus years of service credit (years & whole months) equal 85 years (1,020 months) (Rule of 85) with eight years of credited service. • Between ages 55-60 with 25-30 years of service credit (reduced 1/2 of 1% for each month under age 60). <p>The retirement benefit is based on final average compensation and credited service. Final average compensation is the 48 highest consecutive months of service within the last 120 months of service.</p> <p>Under the Rule of 85, a member is eligible for the first 3% increase on January 1 following the first full year of retirement, even if the member is not age 60. If the member retires at age 60 or older, he/she will receive a 3% pension increase every year on January 1, following the first full year of retirement.</p> <p>If the member retires before age 60 with a reduced retirement benefit, he/she will receive a 3% pension increase every January 1 after the member turns age 60 and has been retired at least one full year. These pension increases are not limited by the 75% maximum.</p>	<p>A member must have a minimum of 10 years of credited service and may retire at:</p> <ul style="list-style-type: none"> • Age 67, with 10 years of credited service. • Between ages 62-67 with 10 years of credited service (reduced 1/2 of 1% for each month under age 67). <p>The retirement benefit is based on final average compensation and credited service. For regular formula employees, final average compensation is the average of the 96 highest consecutive months of service within the last 120 months of service. The retirement benefit is calculated on a maximum salary of \$106,800. This amount increases annually by 3% or one-half of the Consumer Price Index, whichever is less.</p> <p>If the member retires at age 67 or older, he/she will receive a pension increase of 3% or one-half of the Consumer Price Index for the preceding calendar year, whichever is less, every year on January 1, following the first full year of retirement. The calendar year 2014 rate is \$110,631.</p> <p>If the member retires before age 67 with a reduced retirement benefit, he/she will receive a pension increase of 3% or one-half of the Consumer Price Index for the preceding calendar year, whichever is less, every January 1 after the member turns age 67 and has been retired at least one full year. These pension increases are not limited by the 75% maximum.</p>

Additionally, the Plan provides an alternative retirement formula for State employees in high-risk jobs, such as State policemen, fire fighters, and security employees. Employees qualifying for benefits under the alternative formula may retire at an earlier age depending on membership in Tier 1 or Tier 2. The retirement formula is 2.5% for each year of covered service and 3.0% for each year of non-covered service. The maximum retirement annuity payable is 80% of final average compensation as calculated under the alternative formula.

SERS also provides occupational and nonoccupational (including temporary) disability benefits. To be eligible for nonoccupational (including temporary) disability benefits, an employee must have at least eighteen months of credited service to the System. The nonoccupational (including temporary) disability benefit is equal to 50% of the monthly rate of compensation of the employee on the date of removal from the payroll. Occupational disability benefits are provided when the member becomes disabled as a direct result of injuries or diseases arising out of and in the course of State employment. The monthly benefit is equal to 75% of the monthly rate of compensation on the date of removal from the payroll. This benefit amount is reduced by Workers' Compensation or payments under the Occupational Diseases Act.

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Occupational and nonoccupational death benefits are also available through the System. Certain nonoccupational death benefits vest after eighteen months of credited service. Occupational death benefits are provided from the date of employment.

Contributions. Contribution requirements of active employees and the State are established in accordance with Chapter 40, section 5/14-133 of the Illinois Compiled Statutes. Member contributions are based on fixed percentages of covered payroll ranging between 4.00% and 12.50%. Employee contributions are fully refundable, without interest, upon withdrawal from State employment. Tier 1 members contribute based on total annual compensation. Tier 2 members contribute based on an annual compensation rate not to exceed \$106,800 with limitations for future years increased by the lesser of 3% or one-half of the annual percentage increase in the Consumer Price Index. For 2015, this amount was \$111,572.

The State is required to make payment for the required departmental employer contributions, all allowances, annuities, any benefits granted under Chapter 40, Article 5/14 of the ILCS and all administrative expenses of the System to the extent specified in the ILCS. State law provides that the employer contribution rate be determined based upon the results of each annual actuarial valuation.

For fiscal year 2015, the required employer contributions were computed in accordance with the State's funding plan. This funding legislation provides for a systematic 50-year funding plan with an ultimate goal to achieve 90% funding of the plan's liabilities. In addition, the funding plan provided for a 15-year phase-in period to allow the State to adapt to the increased financial commitment. Since the 15-year phase-in period ended June 30, 2010, the State's contribution will remain at a level percentage of payroll for the next 35 years until the 90% funded level is achieved. For fiscal year 2015, the employer contribution rate was 42.339%. The Department's contribution amount for fiscal year 2015 was \$28.204 million.

Pension liability, deferred outflows of resources, deferred inflows of resources and expense related to pensions. At June 30, 2015, the Department reported a liability of \$812.998 million for its proportionate share of the State's net pension liability for SERS on the statement of net position. The net pension liability was measured as of June 30, 2014 (current year measurement date), and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Department's portion of the net pension liability was based on the Department's proportion of employer contributions relative to all employer contributions made to the plan during the year ended June 30, 2014. As of the current year measurement date of June 30, 2014, the Department's proportion was 2.9996%, which was an increase of 0.1064% from its proportion measured as of the prior year measurement date of June 30, 2013.

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For the year ended June 30, 2015, the Department recognized a pension benefit of \$32.688 million which is reported in Appropriations from State resources in the General revenues section of the Statement of Activities. The Department also recognized pension expense of \$57.987 million which is reported in the General government function of the Statement of Activities. At June 30, 2015, the Department reported deferred outflows and deferred inflows of resources related to the pension liability from the following sources (amounts expressed in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,542	\$ -
Changes of assumptions	73,719	-
Net difference between projected and actual investment earnings on pension plan investments	-	28,985
Changes in proportion	19,669	9,190
Department contributions subsequent to the measurement date	<u>28,204</u>	<u>-</u>
Total	<u><u>\$ 125,134</u></u>	<u><u>\$ 38,175</u></u>

\$28.204 million reported as deferred outflows of resources related to pensions resulting from Department contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized as pension expense as follows (amounts expressed in thousands):

<u>Year ended June 30,</u>	
2016	\$ 17,203
2017	17,203
2018	17,203
2019	<u>7,146</u>
Total	<u><u>\$ 58,755</u></u>

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June 30, 2015

Actuarial Methods and Assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Mortality: 105 percent of the RP2014 Healthy Annuitant mortality table, sex distinct, with rates projected to 2015.

Inflation: 3.0%

Investment Rate of Return: 7.25%, net of pension plan investment expense, including inflation.

Salary increases: Salary increase rates based on age related productivity and merit rates plus inflation.

Post-retirement benefit increases of 3.00%, compounded, for Tier 1 and the lessor of 3.00% or one-half of the annual increase in the Consumer Price Index for Tier 2.

Retirement Age: Experience-based table of rates specific to the type of eligibility condition. Table was last updated for the June 30, 2014, valuation pursuant to an experience study of the period July 1, 2009 to June 30, 2013.

The long-term expected real rate of return on pension plan investments was determined based on the simulated average 10-year annualized geometric return for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. For each major asset class that is included in the pension plan's target asset allocation, calculated as of the measurement date of June 30, 2014, the best estimates of the geometric real rates of return as summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	30%	5.69%
Fixed Income	20%	1.62%
Hedge Funds	10%	4.00%
International Equity	20%	6.23%
Real Estate	10%	5.50%
Infrastructure	5%	6.00%
Private Equity	5%	10.10%
Total	100%	5.03%

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Discount Rate. A discount rate of 7.09% was used to measure the total pension liability. This single blended discount rate was based on the expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 4.29%, based on an index of 20 year general obligation bonds with an average AA credit rating as published by the Federal Reserve. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions will be made based on the statutorily required rates under Illinois law. Based on these assumptions, the pension plan's fiduciary net position and future contributions will be sufficient to finance the benefit payments through the year 2066. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2066, and the municipal bond rate was applied to all benefit payments after that date.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The net pension liability for the plan was calculated using the stated discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate as shown below (amounts expressed in thousands):

	1% Decrease 6.09%	Discount Rate 7.09%	1% Increase 8.09%
Department's proportionate share of the net pension liability	\$ 979,583	\$ 812,998	\$ 674,634

Payables to the pension plan. At June 30, 2015, the Department reported a payable of \$846 thousand to SERS for the outstanding amount of contributions to the pension plans required for the year ended June 30, 2015.

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Notes to Financial Statements

June 30, 2015

(10) Post-employment Benefits

The State provides health, dental, vision, and life insurance benefits for retirees and their dependents in a program administered by the Department of Central Management Services. Substantially all State employees become eligible for post-employment benefits if they eventually become annuitants of one of the State sponsored pension plans. Health, dental, and vision benefits include basic benefits for annuitants and dependents under the State's self-insurance plan and insurance contracts currently in force. Annuitants also receive life insurance coverage equal to the annual salary of the last day of employment until age 60, at which time the benefit becomes \$5,000.

Public Act 97-0695 was signed into law on June 21, 2012. Effective July 1, 2013, all retirees within state retirement systems began paying a premium for health and vision benefits at a rate determined by CMS. The rate was a percentage of the retiree's annuity and differed depending on whether the retiree was enrolled in Medicare. Five putative class action lawsuits were filed challenging the validity of this legislation on the grounds that it violated provisions of the Illinois Constitution of 1970, including the Pension Protection Clause. The five suits were consolidated in the Circuit Court of Sangamon County. The Circuit Court dismissed each of them for failure to state a cause of action, without certifying any classes. The Illinois Supreme Court allowed direct appeal. On July 3, 2014, the Illinois Supreme Court issued an opinion in the retiree health insurance premium case. The Illinois Supreme Court disagreed with the Circuit Court and determined the Circuit Court should not have dismissed the case. The Supreme Court remanded the case back to the Circuit Court for reconsideration. As a result, the Sangamon County Circuit Court directed on August 28, 2014, all retirement systems to discontinue withholding the retiree and survivor health insurance premiums. The refunding of the withheld premiums was repaid from an escrow account by June 15, 2015.

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

A summary of post-employment benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the financial statements of the Department of Central Management Services. A copy of the financial statements of the Department of Central Management Services may be obtained by writing to the Department of Central Management Services, 704 Stratton Office Building, Springfield, Illinois, 62706.

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Notes to Financial Statements

June 30, 2015

(11) Fund Balance

(a) Fund Balances

At June 30, 2015, the Department's fund balance restrictions (amounts expressed in thousands) were for the following purposes:

	General Fund	Nonmajor Special Revenue Funds	Total
Nonspendable purpose:			
Inventory	\$ 338	\$ -	\$ 338
Total Nonspendable	\$ 338	\$ -	\$ 338
Restricted purpose:			
General Government	\$ -	\$ 48,399	\$ 48,399
Total Restricted	\$ -	\$ 48,399	\$ 48,399
Committed purpose:			
General Government	\$ -	\$ 5,248	\$ 5,248
Health and Social Services	-	409,195	409,195
Employment and Economic Development	-	3,666	3,666
Environment and Business Regulation	-	23,210	23,210
Education	171,672	-	171,672
Capital Outlay	11,798	162,367	174,165
Total Committed	\$ 183,470	\$ 603,686	\$ 787,156
 Total Unassigned	 \$ (2,052,483)	 \$ (419,024)	 \$ (2,471,507)
 Total fund balances (deficit)	 \$ (1,868,675)	 \$ 233,061	 \$ (1,635,614)

**STATE OF ILLINOIS
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June 30, 2015

(b) Fund Deficits

The General Fund (\$1.869) billion and the following nonmajor governmental funds had fund deficits at June 30, 2015 as noted: Public Utility (\$93) thousand, Illinois Gaming Law Enforcement (\$327) thousand, State and Local Sales Tax Reform (\$40.453) million, County and Mass Transit District (\$40.624) million, Local Government Tax (\$173.846) million, School Infrastructure (\$401) thousand, and Personal Property Tax Replacement (\$163.280) million. The fund deficit in the General Fund will be eliminated through the collection and allocation of future State revenues to the Department. The fund deficit of the Public Utility, Illinois Gaming Law Enforcement, School Infrastructure, and the Personal Property Tax Replacement funds will be eliminated through future revenues earned. The fund deficit of the State and Local Sales Tax Reform, County and Mass Transit District, and Local Government Tax funds will be managed through future revenues earned.

(12) Risk Management

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

The Department's risk management activities are financed through appropriations to the Illinois Department of Central Management Services and are accounted for in the general fund of the State. The claims are not considered to be a liability of the Department; and accordingly, have not been reported in the Department's financial statements for the year ended June 30, 2015.

(13) Commitments and Contingencies

(a) Operating leases

The Department leases certain office space under annual agreements which require the Department to make monthly lease payments. Rent expense under operating leases was \$1.988 million for the year ended June 30, 2015.

(b) Litigation

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

**STATE OF ILLINOIS
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Notes to Financial Statements

June 30, 2015

(14) Restatement

For fiscal year 2015, the Department is required to report additional funds which were reported by other State agencies previously. Also, in accordance with the Department's adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, the net pension liability, deferred outflows of resources, deferred inflows of resources, appropriations from State resources, and pension expense have been recognized in the financial statements. See Note 9. Therefore, the financial statements have been restated as of July 1, 2014, as follows:

	General Fund	Nonmajor Funds	Governmental Activities
Net position, June 30, 2014, as previously reported	\$ (1,643,405)	443,594	(855,872)
Additional funds July 1, 2014 fund balance	-	4,221	4,221
Reporting of net pension liability	-	-	(700,740)
Net position, July 1, 2014, as restated	\$ (1,643,405)	447,815	(1,552,391)

(15) Subsequent Event

The State of Illinois has not adopted a fiscal year 2016 operating budget as of the date of this report, January 15, 2016. The Department is part of the executive branch of government and operates under a budget where resources are appropriated for the use of the Department. Consequently, the Department is presently unable to make payments from certain appropriated accounts to vendors, local governments, and other State agencies. Payments to Department employees for work performed are being made pursuant to a July 2015 court order.

SUPPLEMENTARY INFORMATION

State of Illinois
Department of Revenue

Combining Schedule of Accounts
General Fund

June 30, 2015 (Expressed in Thousands)

	General Revenue Account 0001	Common School Special 0005	Education Assistance 0007	Illinois Sports Facility 0225	Income Tax Refund 0278	Common School 0412	Municipal Economic Development 0650	Capital Projects 0694	Eliminations	Total
ASSETS										
Unexpended appropriation	\$ 6,760	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,760
Cash equity in State Treasury	206,794	143,706	4,397	13,593	96,620	7,834	-	35	-	472,979
Securities lending collateral equity with State Treasurer	-	-	-	-	-	-	-	-	-	-
Taxes receivable, net	819,249	110,460	46,374	8,078	88,426	1,113	-	12,068	-	1,085,768
Other receivables, net	400	-	-	-	-	-	-	-	-	400
Intergovernmental receivables	-	-	-	-	-	-	-	-	-	-
Due from other Department funds	77,349	-	-	-	5,797	-	-	-	(77,112)	6,034
Due from other State funds	-	-	-	-	910	-	-	-	-	910
Inventories	338	-	-	-	-	-	-	-	-	338
Total assets	\$ 1,110,890	\$ 254,166	\$ 50,771	\$ 21,671	\$ 191,753	\$ 8,947	\$ -	\$ 12,103	\$ (77,112)	\$ 1,573,189
LIABILITIES										
Accounts payable and accrued liabilities	\$ 281,265	\$ 83,820	\$ -	\$ -	\$ -	\$ 3,240	\$ 5	\$ 291	\$ -	\$ 368,621
Income tax refunds payable	-	-	-	-	1,210,471	-	-	-	-	1,210,471
Intergovernmental payables	317	-	-	13,166	-	-	-	-	-	13,483
Obligations under securities lending of State Treasurer	-	-	-	-	-	-	-	-	-	-
Due to other Department fiduciary funds	25,609	-	-	-	-	-	-	-	-	25,609
Due to other Department funds	460,473	-	-	-	77,112	-	-	-	(77,112)	460,473
Due to other State funds	447,506	-	-	8,505	-	-	-	-	-	456,011
Due to State of Illinois Component Units	50	-	-	-	-	-	-	-	-	50
Unearned revenue	482,420	-	37,648	-	135,917	-	-	-	-	655,985
Total liabilities	1,697,640	83,820	37,648	21,671	1,423,500	3,240	5	291	(77,112)	3,190,703
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenue	203,340	4,358	16,239	-	27,187	23	-	14	-	251,161
Total deferred inflows of resources	203,340	4,358	16,239	-	27,187	23	-	14	-	251,161
Total liabilities and deferred inflows of resources	1,900,980	88,178	53,887	21,671	1,450,687	3,263	5	305	(77,112)	3,441,864
FUND BALANCES (DEFICITS)										
Nonspendable - Inventory	338	-	-	-	-	-	-	-	-	338
Committed	-	165,988	-	-	-	5,684	-	11,798	-	183,470
Unassigned	(790,428)	-	(3,116)	-	(1,258,934)	-	(5)	-	-	(2,052,483)
Total fund balances (deficits)	(790,090)	165,988	(3,116)	-	(1,258,934)	5,684	(5)	11,798	-	(1,868,675)
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 1,110,890	\$ 254,166	\$ 50,771	\$ 21,671	\$ 191,753	\$ 8,947	\$ -	\$ 12,103	\$ (77,112)	\$ 1,573,189

State of Illinois
Department of Revenue

Combining Schedule of Revenues,
Expenditures and Changes in Fund Balance -
General Fund

For the Year Ended June 30, 2015 (Expressed in Thousands)

	General Revenue Account 0001	Common School Special 0005	Education Assistance 0007	Illinois Sports Facility 0225	Income Tax Refund 0278	Common School 0412	Municipal Economic Development 0650	Capital Projects 0694	Eliminations	Total
REVENUES										
Income taxes	\$ 15,219,987	\$ -	\$ 1,349,899	\$ -	\$ 94,154	\$ -	\$ -	\$ -	\$ -	\$ 16,664,040
Sales taxes	5,810,865	1,986,955	-	-	-	-	-	55,881	-	7,853,701
Public utility taxes	888,347	-	-	-	-	84,191	(5)	-	-	972,533
Other taxes	502,506	-	-	17,235	-	101,175	-	128,285	-	749,201
Licenses and fees	6,325	-	-	-	-	210	-	-	-	6,535
Other charges for services	5,524	-	-	-	-	-	-	-	-	5,524
Other	5,490	-	-	-	-	-	-	-	-	5,490
Total revenues	22,439,044	1,986,955	1,349,899	17,235	94,154	185,576	(5)	184,166	-	26,257,024
EXPENDITURES										
General government	77,781	-	-	-	140	-	-	-	-	77,921
Employment and economic development	-	-	-	5,000	-	-	-	-	-	5,000
Capital outlay	2,654	-	-	-	-	-	-	-	-	2,654
Total expenditures	80,435	-	-	5,000	140	-	-	-	-	85,575
Excess (deficiency) of revenues over (under) expenditures	22,358,609	1,986,955	1,349,899	12,235	94,014	185,576	(5)	184,166	-	26,171,449
OTHER SOURCES (USES) OF FINANCIAL RESOURCES										
Appropriations from State resources	98,171	-	-	-	-	-	-	-	-	98,171
Lapsed appropriations	(2,422)	-	-	-	-	-	-	-	-	(2,422)
Receipts collected and transmitted to State Treasury	(24,265,230)	-	(1,358,316)	-	-	(183,456)	-	(172,252)	-	(25,979,254)
Amount of SAMS transfers-in	(64,879)	-	-	-	-	(2,611,810)	-	-	-	(2,676,689)
Amount of SAMS transfers-out	1,917,592	-	-	-	-	-	-	-	-	1,917,592
Transfers-in	77,930	-	-	5,000	-	2,611,810	-	-	(2,010,372)	684,368
Transfers-out	(373,251)	(1,933,260)	-	(17,235)	(125,111)	-	-	-	2,010,372	(438,485)
Net other sources (uses) of financial resources	(22,612,089)	(1,933,260)	(1,358,316)	(12,235)	(125,111)	(183,456)	-	(172,252)	-	(26,396,719)
Net change in fund balances	(253,480)	53,695	(8,417)	-	(31,097)	2,120	(5)	11,914	-	(225,270)
Fund balances (deficits), July 1, 2014	(536,610)	112,293	5,301	-	(1,227,837)	3,564	-	(116)	-	(1,643,405)
FUND BALANCES (DEFICITS), JUNE 30, 2015	\$ (790,090)	\$ 165,988	\$ (3,116)	\$ -	\$ (1,258,934)	\$ 5,684	\$ (5)	\$ 11,798	\$ -	\$ (1,868,675)

State of Illinois
Department of Revenue

Combining Balance Sheet -
Nonmajor Governmental Funds

June 30, 2015 (Expressed in Thousands)

	Special Revenue						
	Motor Fuel Tax 0012	Public Utility 0059	Underground Storage Tank 0072	Illinois Gaming Law Enforcement 0085	IDOR Federal Trust 0140	Rental Housing Support Program 0150	State & Local Sales Tax Reform 0186
ASSETS							
Unexpended appropriations	\$ 6,278	\$ -	\$ 67	\$ 30	\$ -	\$ -	\$ -
Cash equity in State Treasury	330	-	404	-	51	41,892	29,663
Cash and cash equivalents	-	-	-	-	-	-	-
Securities lending collateral equity with State Treasurer	-	-	-	-	-	-	-
Taxes receivable, net	123,664	-	7,336	382	-	-	23,599
Intergovernmental receivables	-	-	-	-	-	-	-
Other receivables, net	-	-	-	-	-	-	-
Due from other Department funds	-	-	-	-	-	-	-
Due from other State funds	-	-	-	-	-	-	-
Loans and notes receivable, long-term	-	-	-	-	-	-	-
Due from State of Illinois component units	-	-	-	-	-	-	-
Total assets	\$ 130,272	\$ -	\$ 7,807	\$ 412	\$ 51	\$ 41,892	\$ 53,262
LIABILITIES							
Accounts payable and accrued liabilities	\$ 8,258	\$ -	\$ 46	\$ 38	\$ 14	\$ 20	\$ -
Intergovernmental payables	63	93	4	681	-	-	19,639
Obligations under securities lending of State Treasurer	-	-	-	-	-	-	-
Due to other Department fiduciary funds	-	-	-	-	-	-	-
Due to other State fiduciary funds	543	-	28	14	-	-	-
Due to other Department funds	-	-	-	-	-	-	73,623
Due to other State funds	245	-	-	5	-	-	-
Due to State of Illinois component units	-	-	-	-	-	90	-
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	9,109	93	78	738	14	110	93,262
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	840	-	146	1	-	-	453
Total deferred inflows of resources	840	-	146	1	-	-	453
Total liabilities and deferred inflows of resources	9,949	93	224	739	14	110	93,715
FUND BALANCES (DEFICITS)							
Restricted	-	-	-	-	37	41,782	-
Committed	120,323	-	7,583	-	-	-	-
Unassigned	-	(93)	-	(327)	-	-	(40,453)
Total fund balances (deficits)	120,323	(93)	7,583	(327)	37	41,782	(40,453)
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 130,272	\$ -	\$ 7,807	\$ 412	\$ 51	\$ 41,892	\$ 53,262

(Continued)

State of Illinois
Department of Revenue

Combining Balance Sheet -
Nonmajor Governmental Funds

June 30, 2015 (Expressed in Thousands)

	Special Revenue						
	RTA Occupation and Use Tax Replacement 0187	County & Mass Transit 0188	Local Govt Tax 0189	Emergency Public Health 0240	Debt Collection 0279	Illinois Tax Increment 0281	Illinois Affordable Housing Trust 0286
ASSETS							
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity in State Treasury	-	30,105	152,431	-	4	-	7,450
Cash and cash equivalents	-	-	-	-	-	-	-
Securities lending collateral equity with State Treasurer	-	-	-	-	-	-	2,343
Taxes receivable, net	-	22,367	72,142	-	-	-	-
Intergovernmental receivables	-	-	-	-	-	-	-
Other receivables, net	-	-	-	806	-	-	2
Due from other Department funds	7,263	-	-	-	-	-	-
Due from other State funds	-	-	3,300	-	-	-	-
Loans and notes receivable, long-term	-	-	-	-	-	-	-
Due from State of Illinois component units	-	-	-	-	-	-	348,224
Total assets	\$ 7,263	\$ 52,472	\$ 227,873	\$ 806	\$ 4	\$ -	\$ 358,019
LIABILITIES							
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45
Intergovernmental payables	7,263	57,923	399,873	-	-	-	-
Obligations under securities lending of State Treasurer	-	-	-	-	-	-	2,343
Due to other Department fiduciary funds	-	34,549	-	-	-	-	-
Due to other State fiduciary funds	-	-	-	-	-	-	-
Due to other Department funds	-	-	-	-	-	-	-
Due to other State funds	-	-	-	-	-	-	-
Due to State of Illinois component units	-	-	-	-	-	-	2,081
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	7,263	92,472	399,873	-	-	-	4,469
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	-	624	1,846	10	-	-	-
Total deferred inflows of resources	-	624	1,846	10	-	-	-
Total liabilities and deferred inflows of resources	7,263	93,096	401,719	10	-	-	4,469
FUND BALANCES (DEFICITS)							
Restricted	-	-	-	-	4	-	-
Committed	-	-	-	796	-	-	353,550
Unassigned	-	(40,624)	(173,846)	-	-	-	-
Total fund balances (deficits)	-	(40,624)	(173,846)	796	4	-	353,550
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 7,263	\$ 52,472	\$ 227,873	\$ 806	\$ 4	\$ -	\$ 358,019

(Continued)

State of Illinois
Department of Revenue

Combining Balance Sheet -
Nonmajor Governmental Funds

June 30, 2015 (Expressed in Thousands)

	Special Revenue						
	Used Tire Management 0294	Natural Areas Acquisition 0298	Open Space Lands Acquisition & Development 0299	Tax Compliance and Administration 0384	Local Government Distributive 0515	Drycleaner Environmental Response 0548	Supplemental Low Income Energy Assistance 0550
ASSETS							
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity in State Treasury	-	57	132	4,948	23	-	-
Cash and cash equivalents	-	-	-	-	-	-	-
Securities lending collateral equity with State Treasurer	-	-	-	-	-	-	-
Taxes receivable, net	-	-	-	1,113	-	148	8,045
Intergovernmental receivables	-	-	-	-	-	-	-
Other receivables, net	3,065	-	-	2	-	-	-
Due from other Department funds	-	-	-	197	517,186	-	-
Due from other State funds	-	-	-	32	-	-	-
Loans and notes receivable, long-term	-	-	-	-	-	-	-
Due from State of Illinois component units	-	-	-	-	-	-	-
Total assets	\$ 3,065	\$ 57	\$ 132	\$ 6,292	\$ 517,209	\$ 148	\$ 8,045
LIABILITIES							
Accounts payable and accrued liabilities	\$ -	\$ 5	\$ 11	\$ 477	\$ -	\$ -	\$ 27
Intergovernmental payables	-	-	-	25	517,209	-	-
Obligations under securities lending of State Treasurer	-	-	-	-	-	-	-
Due to other Department fiduciary funds	-	-	-	-	-	-	-
Due to other State fiduciary funds	-	-	-	242	-	-	-
Due to other Department funds	237	-	-	-	-	-	-
Due to other State funds	-	-	-	125	-	-	-
Due to State of Illinois component units	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	237	5	11	869	517,209	-	27
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	40	-	-	175	-	47	-
Total deferred inflows of resources	40	-	-	175	-	47	-
Total liabilities and deferred inflows of resources	277	5	11	1,044	517,209	47	27
FUND BALANCES (DEFICITS)							
Restricted	-	-	-	-	-	-	-
Committed	2,788	52	121	5,248	-	101	8,018
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficits)	2,788	52	121	5,248	-	101	8,018
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 3,065	\$ 57	\$ 132	\$ 6,292	\$ 517,209	\$ 148	\$ 8,045

(Continued)

State of Illinois
Department of Revenue

Combining Balance Sheet -
Nonmajor Governmental Funds

June 30, 2015 (Expressed in Thousands)

	Special Revenue						
	Renewable Energy Resource 0564	School Infrastructure 0568	International Tourism 0621	Personal Property Tax Replacement 0802	Dram Shop 0821	Local Government Video Gaming 0842	Foreclosure Prevention 0891
ASSETS							
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity in State Treasury	-	2,176	275	264,052	2,064	3,893	4,485
Cash and cash equivalents	-	-	-	-	-	-	-
Securities lending collateral equity with State Treasurer	-	-	-	52,329	-	-	-
Taxes receivable, net	-	560	624	71,250	-	3,641	-
Intergovernmental receivables	-	-	-	-	-	-	131
Other receivables, net	472	-	-	51	140	-	-
Due from other Department funds	-	-	-	-	-	-	-
Due from other State funds	-	-	-	-	114	-	2,000
Loans and notes receivable, long-term	-	-	-	-	-	-	-
Due from State of Illinois component units	-	-	-	-	-	-	-
Total assets	\$ 472	\$ 2,736	\$ 899	\$ 387,682	\$ 2,318	\$ 7,534	\$ 6,616
LIABILITIES							
Accounts payable and accrued liabilities	\$ 2	\$ 3,114	\$ 27	\$ 42,193	\$ 277	\$ -	\$ -
Intergovernmental payables	-	-	-	238,242	8	7,534	-
Obligations under securities lending of State Treasurer	-	-	-	52,329	-	-	-
Due to other Department fiduciary funds	-	-	-	-	-	-	-
Due to other State fiduciary funds	-	-	-	426	19	-	-
Due to other Department funds	-	-	-	5,797	-	-	-
Due to other State funds	-	-	-	240	46	-	-
Due to State of Illinois component units	-	-	-	-	-	-	44
Unearned revenue	-	-	-	196,611	-	-	-
Total liabilities	2	3,114	27	535,838	350	7,534	44
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	-	23	-	15,124	140	-	-
Total deferred inflows of resources	-	23	-	15,124	140	-	-
Total liabilities and deferred inflows of resources	2	3,137	27	550,962	490	7,534	44
FUND BALANCES (DEFICITS)							
Restricted	-	-	-	-	-	-	6,572
Committed	470	-	872	-	1,828	-	-
Unassigned	-	(401)	-	(163,280)	-	-	-
Total fund balances (deficits)	470	(401)	872	(163,280)	1,828	-	6,572
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 472	\$ 2,736	\$ 899	\$ 387,682	\$ 2,318	\$ 7,534	\$ 6,616

(Continued)

State of Illinois
Department of Revenue

Combining Balance Sheet -
Nonmajor Governmental Funds

June 30, 2015 (Expressed in Thousands)

	Special Revenue							Eliminations	Total
	Abandoned Residential Property Municipality	Senior Citizen Real Estate	Build Illinois	Local Tourism	Build Illinois Bond	Evidence Fund			
	Relief	Deferred Tax	Illinois	Tourism	Bond	Fund			
	0892	0930	0960	0969	0971	1369			
ASSETS									
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,375	
Cash equity in State Treasury	9,531	4,281	12,573	890	-	-	-	571,710	
Cash and cash equivalents	-	-	-	-	-	4	-	4	
Securities lending collateral equity with State Treasurer	-	-	-	-	-	-	-	54,672	
Taxes receivable, net	-	-	41,823	1,991	-	-	-	378,685	
Intergovernmental receivables	757	-	-	-	-	-	-	888	
Other receivables, net	-	13,656	-	-	-	-	-	18,194	
Due from other Department funds	-	-	9,450	-	-	-	(73,623)	460,473	
Due from other State funds	-	-	-	-	-	-	-	5,446	
Loans and notes receivable, long-term	-	42,550	-	-	-	-	-	42,550	
Due from State of Illinois component units	-	-	-	-	-	-	-	348,224	
Total assets	\$ 10,288	\$ 60,487	\$ 63,846	\$ 2,881	\$ -	\$ 4	\$ (73,623)	\$ 1,887,221	
LIABILITIES									
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 20,777	\$ 87	\$ -	\$ -	\$ -	\$ 75,418	
Intergovernmental payables	-	-	-	-	-	-	-	1,248,557	
Obligations under securities lending of State Treasurer	-	-	-	-	-	-	-	54,672	
Due to other Department fiduciary funds	-	-	-	-	-	-	-	34,549	
Due to other State fiduciary funds	-	-	-	-	-	-	-	1,272	
Due to other Department funds	-	-	-	-	-	-	(73,623)	6,034	
Due to other State funds	-	-	-	-	-	-	-	661	
Due to State of Illinois component units	21	-	-	-	-	-	-	2,236	
Unearned revenue	-	-	-	-	-	-	-	196,611	
Total liabilities	21	-	20,777	87	-	-	(73,623)	1,620,010	
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue	-	13,656	1,025	-	-	-	-	34,150	
Total deferred inflows of resources	-	13,656	1,025	-	-	-	-	34,150	
Total liabilities and deferred inflows of resources	21	13,656	21,802	87	-	-	(73,623)	1,654,160	
FUND BALANCES (DEFICITS)									
Restricted	-	-	-	-	-	4	-	48,399	
Committed	10,267	46,831	42,044	2,794	-	-	-	603,686	
Unassigned	-	-	-	-	-	-	-	(419,024)	
Total fund balances (deficits)	10,267	46,831	42,044	2,794	-	4	-	233,061	
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 10,288	\$ 60,487	\$ 63,846	\$ 2,881	\$ -	\$ 4	\$ (73,623)	\$ 1,887,221	

(Concluded)

State of Illinois
Department of Revenue

Combining Statement of Revenues,
Expenditures and Changes in Fund Balance -
Nonmajor Governmental Funds

For the Year Ended June 30, 2015 (Expressed in Thousands)

	Special Revenue						
	Motor Fuel Tax 0012	Public Utility 0059	Underground Storage Tank 0072	Illinois Gaming Law Enforcement 0085	IDOR Federal Trust 0140	Rental Housing Support Program 0150	State & Local Sales Tax Reform 0186
REVENUES							
Federal operating grants	\$ 64	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Income taxes	-	-	-	-	-	-	-
Sales taxes	-	-	-	-	-	-	112,969
Motor fuel taxes	1,219,101	-	72,038	-	-	-	-
Public utility taxes, net	-	6,704	-	-	-	-	-
Other taxes, net	-	-	-	2,191	-	18,070	-
License and fees	931	5,500	-	272	-	-	-
Other charges for services	-	-	-	-	-	-	-
Interest and other investment income	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total revenues	1,220,096	12,204	72,038	2,463	-	18,070	112,969
EXPENDITURES							
General government	46,802	-	1,801	-	151	448	-
Health and social services	-	-	-	-	-	-	-
Environment and business regulation	-	-	-	-	-	-	-
Intergovernmental	-	-	-	1,181	-	-	74,765
Capital outlay	1,249	-	-	-	-	-	-
Total expenditures	48,051	-	1,801	1,181	151	448	74,765
Excess (deficiency) of revenues over (under) expenditures	1,172,045	12,204	70,237	1,282	(151)	17,622	38,204
OTHER SOURCES (USES) OF FINANCIAL RESOURCES							
Appropriations from State resources	71,489	-	1,879	1,871	-	-	-
Lapsed appropriations	(6,356)	-	(89)	(590)	-	-	-
Receipts collected and transmitted to State Treasury	(1,223,622)	(12,297)	(70,716)	(2,097)	-	-	-
Amount of SAMS transfers-in	-	-	-	-	-	-	-
Amount of SAMS transfers-out	-	-	-	-	-	-	-
Transfers-in	-	-	-	-	-	-	-
Transfers-out	-	-	-	-	-	-	(78,657)
Net other sources (uses) of financial resources	(1,158,489)	(12,297)	(68,926)	(816)	-	-	(78,657)
Net change in fund balances	13,556	(93)	1,311	466	(151)	17,622	(40,453)
Fund balances (deficits), July 1, 2014 (as restated)	106,767	-	6,272	(793)	188	24,160	-
FUND BALANCES (DEFICITS), JUNE 30, 2015	\$ 120,323	\$ (93)	\$ 7,583	\$ (327)	\$ 37	\$ 41,782	\$ (40,453)

(Continued)

State of Illinois
Department of Revenue

Combining Statement of Revenues,
Expenditures and Changes in Fund Balance -
Nonmajor Governmental Funds

For the Year Ended June 30, 2015 (Expressed in Thousands)

	Special Revenue						
	RTA Occupation and Use Tax Replacement 0187	County & Mass Transit 0188	Local Govt Tax 0189	Emergency Public Health 0240	Debt Collection 0279	Illinois Tax Increment 0281	Illinois Affordable Housing Trust 0286
REVENUES							
Federal operating grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Income taxes	-	-	-	-	-	-	-
Sales taxes	34,203	361,202	1,768,465	-	-	-	-
Motor fuel taxes	-	-	-	-	-	-	-
Public utility taxes, net	-	-	-	-	-	-	-
Other taxes, net	-	-	-	-	-	-	32,290
License and fees	-	-	-	3,552	-	-	13
Other charges for services	-	-	-	-	-	-	-
Interest and other investment income	-	-	-	-	-	-	1,860
Other	-	-	-	-	-	-	7,283
Total revenues	34,203	361,202	1,768,465	3,552	-	-	41,446
EXPENDITURES							
General government	-	-	-	-	-	-	46,100
Health and social services	-	-	-	-	-	-	13,032
Environment and business regulation	-	-	-	-	-	-	-
Intergovernmental	34,203	361,826	1,776,911	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	34,203	361,826	1,776,911	-	-	-	59,132
Excess (deficiency) of revenues over (under) expenditures	-	(624)	(8,446)	3,552	-	-	(17,686)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES							
Appropriations from State resources	-	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	(3,600)	-	-	-
Amount of SAMS transfers-in	-	-	-	-	-	-	-
Amount of SAMS transfers-out	-	-	-	-	-	-	-
Transfers-in	-	-	6,600	-	-	-	-
Transfers-out	-	(40,000)	(172,000)	-	-	-	(6,000)
Net other sources (uses) of financial resources	-	(40,000)	(165,400)	(3,600)	-	-	(6,000)
Net change in fund balances	-	(40,624)	(173,846)	(48)	-	-	(23,686)
Fund balances (deficits), July 1, 2014 (as restated)	-	-	-	844	4	-	377,236
FUND BALANCES (DEFICITS), JUNE 30, 2015	\$ -	\$ (40,624)	\$ (173,846)	\$ 796	\$ 4	\$ -	\$ 353,550

(Continued)

State of Illinois
Department of Revenue

Combining Statement of Revenues,
Expenditures and Changes in Fund Balance -
Nonmajor Governmental Funds

For the Year Ended June 30, 2015 (Expressed in Thousands)

	Special Revenue						
	Used Tire Management 0294	Natural Areas Acquisition 0298	Open Space Lands Acquisition & Development 0299	Tax Compliance and Administration 0384	Local Government Distributive 0515	Drycleaner Environmental Response 0548	Supplemental Low Income Energy Assistance 0550
REVENUES							
Federal operating grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Income taxes	-	-	-	4,378	1,331,541	-	-
Sales taxes	-	-	-	7,142	214,065	-	-
Motor fuel taxes	-	-	-	-	-	-	-
Public utility taxes, net	-	-	-	3,201	-	-	102,789
Other taxes, net	-	9,999	22,613	10	-	390	-
License and fees	13,544	-	-	395	-	1,513	-
Other charges for services	-	-	-	210	-	-	-
Interest and other investment income	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total revenues	13,544	9,999	22,613	15,336	1,545,606	1,903	102,789
EXPENDITURES							
General government	-	-	-	16,398	-	-	-
Health and social services	-	-	-	-	-	-	-
Environment and business regulation	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	1,540,606	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	-	-	-	16,398	1,540,606	-	-
Excess (deficiency) of revenues over (under) expenditures	13,544	9,999	22,613	(1,062)	5,000	1,903	102,789
OTHER SOURCES (USES) OF FINANCIAL RESOURCES							
Appropriations from State resources	-	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	(13,725)	(10,176)	(23,026)	-	-	(1,891)	(101,176)
Amount of SAMS transfers-in	-	-	-	-	-	-	-
Amount of SAMS transfers-out	647	-	-	-	-	-	-
Transfers-in	-	-	-	991	-	-	-
Transfers-out	(818)	-	-	-	(5,000)	-	-
Net other sources (uses) of financial resources	(13,896)	(10,176)	(23,026)	991	(5,000)	(1,891)	(101,176)
Net change in fund balances	(352)	(177)	(413)	(71)	-	12	1,613
Fund balances (deficits), July 1, 2014 (as restated)	3,140	229	534	5,319	-	89	6,405
FUND BALANCES (DEFICITS), JUNE 30, 2015	\$ 2,788	\$ 52	\$ 121	\$ 5,248	\$ -	\$ 101	\$ 8,018

(Continued)

State of Illinois
Department of Revenue

Combining Statement of Revenues,
Expenditures and Changes in Fund Balance -
Nonmajor Governmental Funds

For the Year Ended June 30, 2015 (Expressed in Thousands)

	Special Revenue						
	Renewable Energy Resource 0564	School Infrastructure 0568	International Tourism 0621	Personal Property Tax Replacement 0802	Dram Shop 0821	Local Government Video Gaming 0842	Foreclosure Prevention 0891
REVENUES							
Federal operating grants	\$ -	\$ -	\$ -	\$ -	\$ 1,059	\$ -	\$ -
Income taxes	-	-	-	1,320,303	-	-	-
Sales taxes	-	-	-	-	-	-	-
Motor fuel taxes	-	-	-	-	-	-	-
Public utility taxes, net	-	72,196	-	208,846	-	-	-
Other taxes, net	-	54,995	5,230	-	-	40,237	-
License and fees	6,017	-	-	-	6,980	-	-
Other charges for services	-	-	-	-	-	-	5,403
Interest and other investment income	-	-	-	395	-	-	-
Other	-	-	-	-	180	-	-
Total revenues	6,017	127,191	5,230	1,529,544	8,219	40,237	5,403
EXPENDITURES							
General government	-	-	-	65,950	101	-	936
Health and social services	-	-	-	-	-	-	-
Environment and business regulation	-	-	-	-	6,214	-	-
Intergovernmental	-	-	-	1,492,463	-	40,237	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	-	-	-	1,558,413	6,315	40,237	936
Excess (deficiency) of revenues over (under) expenditures	6,017	127,191	5,230	(28,869)	1,904	-	4,467
OTHER SOURCES (USES) OF FINANCIAL RESOURCES							
Appropriations from State resources	-	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	(5,936)	(127,393)	(5,198)	-	-	-	-
Amount of SAMS transfers-in	-	-	-	-	-	-	-
Amount of SAMS transfers-out	-	-	-	-	-	-	-
Transfers-in	-	-	-	47,382	-	-	-
Transfers-out	-	-	-	-	(1,000)	-	-
Net other sources (uses) of financial resources	(5,936)	(127,393)	(5,198)	47,382	(1,000)	-	-
Net change in fund balances	81	(202)	32	18,513	904	-	4,467
Fund balances (deficits), July 1, 2014 (as restated)	389	(199)	840	(181,793)	924	-	2,105
FUND BALANCES (DEFICITS), JUNE 30, 2015	\$ 470	\$ (401)	\$ 872	\$ (163,280)	\$ 1,828	\$ -	\$ 6,572

(Continued)

State of Illinois
Department of Revenue

Combining Statement of Revenues,
Expenditures and Changes in Fund Balance -
Nonmajor Governmental Funds

For the Year Ended June 30, 2015 (Expressed in Thousands)

	Special Revenue							Total
	Abandoned Residential Property Municipality Relief 0892	Senior Citizen Real Estate Deferred Tax 0930	Build Illinois 0960	Local Tourism 0969	Build Illinois Bond 0971	Evidence Fund 1369	Eliminations	
REVENUES								
Federal operating grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,123
Income taxes	-	-	-	-	-	-	-	2,656,222
Sales taxes	-	-	469,823	-	-	-	-	2,967,869
Motor fuel taxes	-	-	-	-	-	-	-	1,291,139
Public utility taxes, net	-	-	-	-	-	-	-	393,736
Other taxes, net	-	-	134,339	16,987	-	-	-	337,351
License and fees	6,838	-	-	-	-	-	-	45,555
Other charges for services	-	-	-	-	-	-	-	5,613
Interest and other investment income	-	1,462	-	-	-	-	-	3,717
Other	-	-	-	-	-	3	-	7,466
Total revenues	6,838	1,462	604,162	16,987	-	3	-	7,709,791
EXPENDITURES								
General government	92	98	-	-	15,813	2	-	194,692
Health and social services	-	-	-	-	-	-	-	13,032
Environment and business regulation	-	-	-	-	-	-	-	6,214
Intergovernmental	-	-	-	-	-	-	-	5,322,192
Capital outlay	-	-	-	-	-	-	-	1,249
Total expenditures	92	98	-	-	15,813	2	-	5,537,379
Excess (deficiency) of revenues over (under) expenditures	6,746	1,364	604,162	16,987	(15,813)	1	-	2,172,412
OTHER SOURCES (USES) OF FINANCIAL RESOURCES								
Appropriations from State resources	-	-	-	-	15,813	-	-	91,052
Lapsed appropriations	-	-	-	-	-	-	-	(7,035)
Receipts collected and transmitted to State Treasury	-	-	(604,935)	(16,840)	-	-	-	(2,222,628)
Amount of SAMS transfers-in	-	-	(37,800)	-	-	-	-	(37,800)
Amount of SAMS transfers-out	-	-	-	-	-	-	-	647
Transfers-in	-	-	37,800	-	-	-	(38,657)	54,116
Transfers-out	(700)	-	-	-	-	-	38,657	(265,518)
Net other sources (uses) of financial resources	(700)	-	(604,935)	(16,840)	15,813	-	-	(2,387,166)
Net change in fund balances	6,046	1,364	(773)	147	-	1	-	(214,754)
Fund balances (deficits), July 1, 2014 (as restated)	4,221	45,467	42,817	2,647	-	3	-	447,815
FUND BALANCES (DEFICITS), JUNE 30, 2015	\$ 10,267	\$ 46,831	\$ 42,044	\$ 2,794	\$ -	\$ 4	\$ -	\$ 233,061

(Concluded)

State of Illinois
Department of Revenue

Combining Statement of Fiduciary Net Position -
Agency Funds

June 30, 2015 (Expressed in Thousands)

	Agency									
	County Water Commission Tax 0084	Non-Home Rule Municipal ROT 0088	Home Rule Municipal Soft Drink ROT 0097	Municipal Wireless 0125	Home Rule Municipal ROT 0138	Home Rule County ROT 0139	Business District Retailers' Occupation Tax 0160	County Option Motor Fuel Tax 0190	County Public Safety ROT 0219	
ASSETS										
Cash equity in State Treasury	\$ 6,647	\$ 24,432	\$ 1,947	\$ -	\$ 119,208	\$ 16,464	\$ 2,948	\$ 5,738	\$ 15,155	
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	
Securities lending collateral equity with State Treasurer	2,264	8,524	-	-	34,248	19,543	-	1,883	-	
Taxes receivable, net	2,125	6,940	885	-	69,745	20,072	1,392	3,001	3,813	
Other receivables, net	2	8	-	-	33	19	-	2	-	
Due from other Department funds	-	-	-	-	-	-	-	-	-	
Total assets	\$ 11,038	\$ 39,904	\$ 2,832	\$ -	\$ 223,234	\$ 56,098	\$ 4,340	\$ 10,624	\$ 18,968	
LIABILITIES										
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Intergovernmental payables	8,774	31,380	2,832	-	188,986	36,555	4,340	8,741	18,968	
Obligations under securities lending of State Treasurer	2,264	8,524	-	-	34,248	19,543	-	1,883	-	
Other liabilities	-	-	-	-	-	-	-	-	-	
Total liabilities	\$ 11,038	\$ 39,904	\$ 2,832	\$ -	\$ 223,234	\$ 56,098	\$ 4,340	\$ 10,624	\$ 18,968	

(Continued)

State of Illinois
Department of Revenue

Combining Statement of Fiduciary Net Position -
Agency Funds

June 30, 2015 (Expressed in Thousands)

	Agency								
	Sports Facility Tax Trust	Metropolitan Pier & Expo. Auth. Trust	Illinois Tourism Tax	School Facility Occupation Tax	Flood Prevention Occupation Tax	Tax Suspense Trust	Metro East Park & Recreation	Municipal Telecom	RTA Sales Tax Trust
	0229	0337	0452	0498	0558	0583	0717	0719	0812
ASSETS									
Cash equity in State Treasury	\$ -	\$ 52,066	\$ 6,255	\$ 13,472	\$ 2,329	\$ 45	\$ 1,367	\$ 42,761	\$ 109,757
Cash and cash equivalents	-	-	-	-	-	-	-	-	-
Securities lending collateral equity with State Treasurer	-	17,828	-	-	-	-	-	-	27,219
Taxes receivable, net	962	15,110	2,641	4,636	614	-	238	1,639	93,724
Other receivables, net	-	17	-	-	-	-	-	-	26
Due from other Department funds	-	-	1,529	-	-	-	-	24,080	34,549
Total assets	\$ 962	\$ 85,021	\$ 10,425	\$ 18,108	\$ 2,943	\$ 45	\$ 1,605	\$ 68,480	\$ 265,275
LIABILITIES									
Accounts payable and accrued liabilities	\$ 238	\$ 278	\$ 120	\$ -	\$ -	\$ -	\$ -	\$ 9,603	\$ -
Intergovernmental payables	724	66,915	10,305	18,108	2,943	-	1,605	58,877	238,056
Obligations under securities lending of State Treasurer	-	17,828	-	-	-	-	-	-	27,219
Other liabilities	-	-	-	-	-	45	-	-	-
Total liabilities	\$ 962	\$ 85,021	\$ 10,425	\$ 18,108	\$ 2,943	\$ 45	\$ 1,605	\$ 68,480	\$ 265,275

(Continued)

State of Illinois
 Department of Revenue

Combining Statement of Fiduciary Net Position -
 Agency Funds

June 30, 2015 (Expressed in Thousands)

	Agency						Total
	Metro East Mass Transit District Tax 0841	Tennessee Valley Authority Local Trust 0861	Municipal Automobile Renting Tax 0868	County Automobile Renting Tax 0869	Surety Bond 1151		
ASSETS							
Cash equity in State Treasury	\$ 5,515	\$ 22	\$ 1,180	\$ 53	\$ -	\$ -	\$ 427,361
Cash and cash equivalents	-	-	-	-	743	-	743
Securities lending collateral equity with State Treasurer	1,886	-	374	20	-	-	113,789
Taxes receivable, net	1,606	-	657	25	-	-	229,825
Other receivables, net	2	-	-	-	-	-	109
Due from other Department funds	-	-	-	-	-	-	60,158
Total assets	\$ 9,009	\$ 22	\$ 2,211	\$ 98	\$ 743	\$ -	\$ 831,985
LIABILITIES							
Accounts payable and accrued liabilities	-	-	-	-	-	-	10,239
Intergovernmental payables	7,123	22	1,837	78	-	-	707,169
Obligations under securities lending of State Treasurer	1,886	-	374	20	-	-	113,789
Other liabilities	-	-	-	-	743	-	788
Total liabilities	\$ 9,009	\$ 22	\$ 2,211	\$ 98	\$ 743	\$ -	\$ 831,985

(Concluded)

State of Illinois
Department of Revenue

**Combining Statement of Changes in Assets and Liabilities -
Agency Funds**

For the Year Ended June 30, 2015 (Expressed in Thousands)

	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015
County Water Commission Tax (0084)				
ASSETS				
Cash equity in State Treasury	\$ 6,393	\$ 36,808	\$ 36,554	\$ 6,647
Securities lending collateral equity with State Treasurer	2,302	34,451	34,489	2,264
Taxes receivable, net	1,934	36,978	36,787	2,125
Other receivables, net	2	21	21	2
Total assets	\$ 10,631	\$ 108,258	\$ 107,851	\$ 11,038
LIABILITIES				
Intergovernmental payables	\$ 8,329	\$ 36,999	\$ 36,554	\$ 8,774
Obligations under securities lending of State Treasurer	2,302	34,451	34,489	2,264
Total liabilities	\$ 10,631	\$ 71,450	\$ 71,043	\$ 11,038
Non-Home Rule Municipal ROT (0088)				
ASSETS				
Cash equity in State Treasury	\$ 23,448	\$ 121,127	\$ 120,143	\$ 24,432
Securities lending collateral equity with State Treasurer	8,773	137,774	138,023	8,524
Taxes receivable, net	6,508	121,478	121,046	6,940
Other receivables, net	6	83	81	8
Total assets	\$ 38,735	\$ 380,462	\$ 379,293	\$ 39,904
LIABILITIES				
Intergovernmental payables	\$ 29,962	\$ 121,561	\$ 120,143	\$ 31,380
Obligations under securities lending of State Treasurer	8,773	137,774	138,023	8,524
Total liabilities	\$ 38,735	\$ 259,335	\$ 258,166	\$ 39,904
Home Rule Municipal Soft Drink ROT (0097)				
ASSETS				
Cash equity in State Treasury	\$ 1,792	\$ 9,269	\$ 9,114	\$ 1,947
Taxes receivable, net	889	9,265	9,269	885
Total assets	\$ 2,681	\$ 18,534	\$ 18,383	\$ 2,832
LIABILITIES				
Intergovernmental payables	\$ 2,681	\$ 9,265	\$ 9,114	\$ 2,832
Total liabilities	\$ 2,681	\$ 9,265	\$ 9,114	\$ 2,832

(Continued)

State of Illinois
Department of Revenue

**Combining Statement of Changes in Assets and Liabilities -
Agency Funds**

For the Year Ended June 30, 2015 (Expressed in Thousands)

	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015
Municipal Wireless (0125)				
ASSETS				
Cash equity in State Treasury	\$ -	\$ 8,277	\$ 8,277	\$ -
Taxes receivable, net	-	8,277	8,277	-
Total assets	\$ -	\$ 16,554	\$ 16,554	\$ -
LIABILITIES				
Intergovernmental payables	-	8,277	8,277	-
Total liabilities	\$ -	\$ 8,277	\$ 8,277	\$ -
Home Rule Municipal ROT (0138)				
ASSETS				
Cash equity in State Treasury	\$ 111,678	\$ 957,398	\$ 949,868	\$ 119,208
Securities lending collateral equity with State Treasurer	31,536	524,579	521,867	34,248
Taxes receivable, net	69,941	956,897	957,093	69,745
Other receivables, net	23	315	305	33
Total assets	\$ 213,178	\$ 2,439,189	\$ 2,429,133	\$ 223,234
LIABILITIES				
Accounts payable and accrued liabilities	\$ 10	-	\$ 10	-
Intergovernmental payables	181,632	957,212	949,858	188,986
Obligations under securities lending of State Treasurer	31,536	524,579	521,867	34,248
Total liabilities	\$ 213,178	\$ 1,481,791	\$ 1,471,735	\$ 223,234
Home Rule County ROT (0139)				
ASSETS				
Cash equity in State Treasury	\$ 15,577	\$ 333,548	\$ 332,661	\$ 16,464
Securities lending collateral equity with State Treasurer	24,854	335,798	341,109	19,543
Taxes receivable, net	19,208	334,206	333,342	20,072
Other receivables, net	18	207	206	19
Total assets	\$ 59,657	\$ 1,003,759	\$ 1,007,318	\$ 56,098
LIABILITIES				
Intergovernmental payables	\$ 34,803	\$ 334,413	\$ 332,661	\$ 36,555
Obligations under securities lending of State Treasurer	24,854	335,798	341,109	19,543
Total liabilities	\$ 59,657	\$ 670,211	\$ 673,770	\$ 56,098
Business District ROT (0160)				
ASSETS				
Cash equity in State Treasury	\$ 2,763	\$ 16,445	\$ 16,260	\$ 2,948
Taxes receivable, net	1,357	16,480	16,445	1,392
Total assets	\$ 4,120	\$ 32,925	\$ 32,705	\$ 4,340
LIABILITIES				
Intergovernmental payables	\$ 4,120	\$ 16,480	\$ 16,260	\$ 4,340
Total liabilities	\$ 4,120	\$ 16,480	\$ 16,260	\$ 4,340

(Continued)

State of Illinois
Department of Revenue

**Combining Statement of Changes in Assets and Liabilities -
Agency Funds**

For the Year Ended June 30, 2015 (Expressed in Thousands)

	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015
County Option Motor Fuel Tax (0190)				
ASSETS				
Cash equity in State Treasury	\$ 5,575	\$ 31,979	\$ 31,816	\$ 5,738
Securities lending collateral equity with State Treasurer	1,941	30,892	30,950	1,883
Taxes receivable, net	2,975	31,987	31,961	3,001
Other receivables, net	1	19	18	2
Total assets	\$ 10,492	\$ 94,877	\$ 94,745	\$ 10,624
LIABILITIES				
Accounts payable and accrued liabilities	\$ 17	\$ -	\$ 17	\$ -
Intergovernmental payables	8,534	32,006	31,799	8,741
Obligations under securities lending of State Treasurer	1,941	30,892	30,950	1,883
Total liabilities	\$ 10,492	\$ 62,898	\$ 62,766	\$ 10,624
County Public Safety ROT (0219)				
ASSETS				
Cash equity in State Treasury	\$ 17,597	\$ 87,439	\$ 89,881	\$ 15,155
Taxes receivable, net	1,932	89,320	87,439	3,813
Total assets	\$ 19,529	\$ 176,759	\$ 177,320	\$ 18,968
LIABILITIES				
Intergovernmental payables	\$ 19,529	\$ 89,320	\$ 89,881	\$ 18,968
Total liabilities	\$ 19,529	\$ 89,320	\$ 89,881	\$ 18,968
Sports Facility Tax Trust (0229)				
ASSETS				
Cash equity in State Treasury	\$ -	\$ 6,368	\$ 6,368	\$ -
Taxes receivable, net	1,706	5,624	6,368	962
Total assets	\$ 1,706	\$ 11,992	\$ 12,736	\$ 962
LIABILITIES				
Accounts payable and accrued liabilities	\$ 204	\$ 238	\$ 204	\$ 238
Intergovernmental payables	1,502	5,386	6,164	724
Total liabilities	\$ 1,706	\$ 5,624	\$ 6,368	\$ 962

(Continued)

State of Illinois
Department of Revenue

**Combining Statement of Changes in Assets and Liabilities -
Agency Funds**

For the Year Ended June 30, 2015 (Expressed in Thousands)

	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015
Metro Pier & Exposition Authority Trust (0337)				
ASSETS				
Cash equity in State Treasury	\$ 62,450	\$ 144,423	\$ 154,807	\$ 52,066
Securities lending collateral equity with State Treasurer	26,184	172,046	180,402	17,828
Taxes receivable, net	14,064	145,358	144,312	15,110
Other receivables, net	19	109	111	17
Total assets	\$ 102,717	\$ 461,936	\$ 479,632	\$ 85,021
LIABILITIES				
Accounts payable and accrued liabilities	\$ 238	\$ 278	\$ 238	\$ 278
Intergovernmental payables	76,295	145,189	154,569	66,915
Obligations under securities lending of State Treasurer	26,184	172,046	180,402	17,828
Total liabilities	\$ 102,717	\$ 317,513	\$ 335,209	\$ 85,021
Illinois Tourism Tax (0452)				
ASSETS				
Cash equity in State Treasury	\$ 5,634	\$ 22,337	\$ 21,716	\$ 6,255
Taxes receivable, net	2,335	22,643	22,337	2,641
Due from other Department funds	1,529	-	-	1,529
Total assets	\$ 9,498	\$ 44,980	\$ 44,053	\$ 10,425
LIABILITIES				
Accounts payable and accrued liabilities	\$ 103	\$ 120	\$ 103	\$ 120
Intergovernmental payables	9,395	22,523	21,613	10,305
Total liabilities	\$ 9,498	\$ 22,643	\$ 21,716	\$ 10,425
School Facility Occupation Tax (0498)				
ASSETS				
Cash equity in State Treasury	\$ 14,541	\$ 74,106	\$ 75,175	\$ 13,472
Taxes receivable, net	1,837	76,905	74,106	4,636
Total assets	\$ 16,378	\$ 151,011	\$ 149,281	\$ 18,108
LIABILITIES				
Intergovernmental payables	\$ 16,378	\$ 76,905	\$ 75,175	\$ 18,108
Total liabilities	\$ 16,378	\$ 76,905	\$ 75,175	\$ 18,108

(Continued)

State of Illinois
Department of Revenue

**Combining Statement of Changes in Assets and Liabilities -
Agency Funds**

For the Year Ended June 30, 2015 (Expressed in Thousands)

	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015
Flood Prevention Occupation Tax (0558)				
ASSETS				
Cash equity in State Treasury	\$ 2,341	\$ 11,401	\$ 11,413	\$ 2,329
Taxes receivable, net	608	11,407	11,401	614
Total assets	\$ 2,949	\$ 22,808	\$ 22,814	\$ 2,943
LIABILITIES				
Intergovernmental payables	\$ 2,949	\$ 11,407	\$ 11,413	\$ 2,943
Total liabilities	\$ 2,949	\$ 11,407	\$ 11,413	\$ 2,943
Tax Suspense Trust (0583)				
ASSETS				
Cash equity in State Treasury	\$ 45	\$ -	\$ -	\$ 45
Total assets	\$ 45	\$ -	\$ -	\$ 45
LIABILITIES				
Other liabilities	\$ 45	\$ -	\$ -	\$ 45
Total liabilities	\$ 45	\$ -	\$ -	\$ 45
Metro East Park and Recreation (0717)				
ASSETS				
Cash equity in State Treasury	\$ 1,363	\$ 4,415	\$ 4,411	\$ 1,367
Taxes receivable, net	237	4,416	4,415	238
Total assets	\$ 1,600	\$ 8,831	\$ 8,826	\$ 1,605
LIABILITIES				
Intergovernmental payables	\$ 1,600	\$ 4,416	\$ 4,411	\$ 1,605
Total liabilities	\$ 1,600	\$ 4,416	\$ 4,411	\$ 1,605
Municipal Telecommunications Fund (0719)				
ASSETS				
Cash equity in State Treasury	\$ 30,241	\$ 239,954	\$ 227,434	\$ 42,761
Taxes receivable, net	1,003	225,009	224,373	1,639
Due from other Department funds	39,661	-	15,581	24,080
Total assets	\$ 70,905	\$ 464,963	\$ 467,388	\$ 68,480
LIABILITIES				
Accounts payable and accrued liabilities	\$ 9,424	\$ 9,603	\$ 9,424	\$ 9,603
Intergovernmental payables	61,481	215,406	218,010	58,877
Total liabilities	\$ 70,905	\$ 225,009	\$ 227,434	\$ 68,480

(Continued)

State of Illinois
Department of Revenue

**Combining Statement of Changes in Assets and Liabilities -
Agency Funds**

For the Year Ended June 30, 2015 (Expressed in Thousands)

	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015
RTA Sales Tax Trust (0812)				
ASSETS				
Cash equity in State Treasury	\$ 104,806	\$ 1,239,981	\$ 1,235,030	\$ 109,757
Securities lending collateral equity with State Treasurer	25,216	410,629	408,626	27,219
Taxes receivable, net	94,133	1,103,069	1,103,478	93,724
Other receivables, net	18	247	239	26
Due from other Department funds	33,890	136,923	136,264	34,549
Total assets	\$ 258,063	\$ 2,890,849	\$ 2,883,637	\$ 265,275
LIABILITIES				
Intergovernmental payables	\$ 232,847	\$ 1,240,239	\$ 1,235,030	\$ 238,056
Obligations under securities lending of State Treasurer	25,216	410,629	408,626	27,219
Total liabilities	\$ 258,063	\$ 1,650,868	\$ 1,643,656	\$ 265,275
Metro East Mass Transit Dist. Tax (0841)				
ASSETS				
Cash equity in State Treasury	\$ 5,612	\$ 29,964	\$ 30,061	\$ 5,515
Securities lending collateral equity with State Treasurer	2,054	32,549	32,717	1,886
Taxes receivable, net	1,588	29,963	29,945	1,606
Other receivables, net	1	20	19	2
Total assets	\$ 9,255	\$ 92,496	\$ 92,742	\$ 9,009
LIABILITIES				
Intergovernmental payables	\$ 7,201	\$ 29,983	\$ 30,061	\$ 7,123
Obligations under securities lending of State Treasurer	2,054	32,549	32,717	1,886
Total liabilities	\$ 9,255	\$ 62,532	\$ 62,778	\$ 9,009
Tennessee Valley Authority Local Trust (0861)				
ASSETS				
Cash equity in State Treasury	\$ 25	\$ 319	\$ 322	\$ 22
Total assets	\$ 25	\$ 319	\$ 322	\$ 22
LIABILITIES				
Intergovernmental payables	\$ 25	\$ 319	\$ 322	\$ 22
Total liabilities	\$ 25	\$ 319	\$ 322	\$ 22

(Continued)

State of Illinois
Department of Revenue

**Combining Statement of Changes in Assets and Liabilities -
Agency Funds**

For the Year Ended June 30, 2015 (Expressed in Thousands)

	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015
Municipal Automobile Renting Tax (0868)				
ASSETS				
Cash equity in State Treasury	\$ 1,213	\$ 6,647	\$ 6,680	\$ 1,180
Securities lending collateral equity with State Treasurer	438	7,091	7,155	374
Taxes receivable, net	646	6,654	6,643	657
Other receivables, net	-	4	4	-
Total assets	<u>\$ 2,297</u>	<u>\$ 20,396</u>	<u>\$ 20,482</u>	<u>\$ 2,211</u>
LIABILITIES				
Intergovernmental payables	\$ 1,859	\$ 6,658	\$ 6,680	\$ 1,837
Obligations under securities lending of State Treasurer	438	7,091	7,155	374
Total liabilities	<u>\$ 2,297</u>	<u>\$ 13,749</u>	<u>\$ 13,835</u>	<u>\$ 2,211</u>
County Automobile Renting Tax (0869)				
ASSETS				
Cash equity in State Treasury	\$ 43	\$ 254	\$ 244	\$ 53
Securities lending collateral equity with State Treasurer	15	321	316	20
Taxes receivable, net	28	251	254	25
Total assets	<u>\$ 86</u>	<u>\$ 826</u>	<u>\$ 814</u>	<u>\$ 98</u>
LIABILITIES				
Intergovernmental payables	\$ 71	\$ 251	\$ 244	\$ 78
Obligations under securities lending of State Treasurer	15	321	316	20
Total liabilities	<u>\$ 86</u>	<u>\$ 572</u>	<u>\$ 560</u>	<u>\$ 98</u>
Surety Bond (1151)				
ASSETS				
Cash and cash equivalents	\$ 842	\$ 4	\$ 103	\$ 743
Total assets	<u>\$ 842</u>	<u>\$ 4</u>	<u>\$ 103</u>	<u>\$ 743</u>
LIABILITIES				
Other liabilities	\$ 842	\$ 4	\$ 103	\$ 743
Total liabilities	<u>\$ 842</u>	<u>\$ 4</u>	<u>\$ 103</u>	<u>\$ 743</u>

(Continued)

State of Illinois
Department of Revenue

**Combining Statement of Changes in Assets and Liabilities -
Agency Funds**

For the Year Ended June 30, 2015 (Expressed in Thousands)

	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015
Total - All Agency Funds				
ASSETS				
Cash equity in State Treasury	\$ 413,137	\$ 3,382,459	\$ 3,368,235	\$ 427,361
Cash and cash equivalents	842	4	103	743
Securities lending collateral equity with State Treasurer	123,313	1,686,130	1,695,654	113,789
Taxes receivable, net	222,929	3,236,187	3,229,291	229,825
Other receivables, net	88	1,025	1,004	109
Due from other Department funds	75,080	136,923	151,845	60,158
Total assets	\$ 835,389	\$ 8,442,728	\$ 8,446,132	\$ 831,985
LIABILITIES				
Accounts payable and accrued liabilities	\$ 9,996	\$ 10,239	\$ 9,996	\$ 10,239
Intergovernmental payables	701,193	3,364,215	3,358,239	707,169
Obligations under securities lending of State Treasurer	123,313	1,686,130	1,695,654	113,789
Other liabilities	887	4	103	788
Total liabilities	\$ 835,389	\$ 5,060,588	\$ 5,063,992	\$ 831,985

(Concluded)

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

Honorable Frank J. Mautino
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the State of Illinois, Department of Revenue (Department), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements and have issued our report thereon dated January 15, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Department's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion(s) on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given those limitation, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings as items 2015-001 and 2015-002 that we consider to be significant deficiencies.

Compliance and Other Matters

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

Department's Responses to Findings

The Department's responses to the findings identified in our audit are described in the accompanying schedule of findings. The Department's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Department's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sikich LLP

Springfield, Illinois
January 15, 2016

SCHEDULE OF FINDINGS

CURRENT FINDINGS – Government Auditing Standards

2015-001 FINDING (Inaccuracies in the Department’s year-end financial reporting process)

The Department of Revenue’s (Department) initial year-end financial reporting in accordance with generally accepted accounting principles (GAAP) to the Illinois Office of the Comptroller contained inaccuracies. The issues associated with the inaccuracies, if not detected and corrected, could misstate the Department’s financial statements and impact the Statewide financial statements prepared by the Illinois Office of the Comptroller.

During the audit of the Department’s June 30, 2015 financial statements, the auditors noted errors regarding the reporting of financial information. A summary of some of the errors identified are as follows:

- During testing of the Department’s taxes receivable, it was noted the Department did not perform an analysis of the percentages used in the calculation of uncollectible taxes receivable balances during the fiscal year. When the legacy tax systems were in use, the Department developed a methodology for determining aging category percentages to be used in calculating and reporting uncollectible taxes receivables on an annual basis. When the GenTax system was placed in service in fiscal year 2007 the same information was not readily available within GenTax. As a result, the Department ceased performing the annual analysis. The Department continued to use the same percentages through fiscal year 2015 with no analysis to determine if the percentages should be adjusted based upon current information. As the Department reports \$2.6 billion in taxes receivable and a \$921 million allowance for uncollectible taxes, a small change to the allowance percentages could have a material impact on the Department’s financial statements and could cause the net taxes receivable balances to be misstated.

Department personnel stated GenTax was a multi-year, multi-system conversion project that is still ongoing. The Department is attempting to update the accounts receivable analysis after the rollout of the final taxes (June 30, 2015) and general ledger implementation planned for March 1, 2016. The Department indicated this will be a substantial project that takes a significant amount of planning and programming.

- During testing of the Department’s unearned revenue, the Department determined its original calculation for unearned revenue related to business income taxpayer refunds carried forward for credit on future returns contained errors. The program used to generate the data to calculate the unearned revenue for the Department’s financial statements contained errors. Upon reanalyzing the data, the Department determined unearned revenue was overstated by \$21.7 million. The misstatement was not considered material by the Department and no adjustment was made to the financial statements.

Department personnel stated the calculation of the credit carry forward estimate requires analyzing detailed transaction data of multiple tax return types. A system report is used to facilitate this process and an update was made during the year that inadvertently caused it to not be properly populated.

- During testing of the Department's taxes receivable from sales tax (ROT) and income tax accounts, Business and Individual, auditors noted exceptions with certain accounts. Auditors identified a number of exceptions related to taxes receivable. Some of the issues noted were:

Two ROT tax accounts had errors due to the result of interest not being properly calculated.

Four Business Income Tax Accounts had errors in the interest calculation due to manual computations or an incorrect due date.

Two Individual Income Tax Accounts had errors due to a payment being received but not applied to an account before year end and a credit amount not applied to an account before year end.

The errors noted above were projected to the entire billed tax receivable populations, and the projected estimated overstatement for the populations as a whole is \$3.8 million. The adjustment was not considered material by the Department and no adjustment was made to the financial statements.

During testing, it was noted that an inventoried but unprocessed account was not identified as an adjustment to be made to the taxes receivable balance reported in the financial statements. As a result, the taxes receivable balance was understated by approximately \$242 thousand, which is 0.0009% of the total.

Auditor testing identified one ROT tax account where the negligence penalty was incorrectly deducted from the account balance twice during the Department's audit process understating the taxes receivable balance by \$19.5 million. The duplication of the negligence penalty was caused by a processing indicator not being applied to the account within the tax system. The Department reviewed audit files completed during the fiscal year for similar accounts with a negligence penalty applied to an amnesty period and found no other accounts with similar situations during the amnesty period where the processing indicator was not applied. The effect of this understatement was not considered material by the Department and no adjustment was made to the financial statements.

Department personnel stated the errors noted by the auditors were the result of an error in the system not calculating interest appropriately for years before 2010 and human errors due to manual calculations being performed by Department personnel. Department personnel noted they continually strive for perfection, but a certain amount of errors will always be inherent in such a complex operating environment.

The Comptroller requires State agencies to prepare GAAP Reporting Packages for each of their funds to assist in the annual preparation of the Statewide financial statements and the Department financial statements. GAAP Reporting Package instructions are specified in the Comptroller's Statewide Accounting Management System (SAMS) Manual, Chapter 27.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system of internal fiscal control to provide assurance that revenues, expenditures and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial reports.

The Department's Publication 103, Penalties and Interest for Illinois Taxes, states, "Interest will begin to accrue the day after the date the payment is due through the date you pay the tax."

The exceptions noted have the potential to misstate the Department's financial statements. Accurate preparation of the Department's financial information for GAAP and financial reporting purposes is important due to the impact adjustments have on the Statewide financial statements. (Finding Code No. 2015-001, 2014-001, 2013-001, 12-01)

RECOMMENDATION

We recommend the Department take steps to improve the review process of the underlying data that helps compile the financial statements. In addition, the Department should work with the appropriate parties to establish an accounting / financial reporting system that is integrated with its operational systems to reduce errors associated with manual intervention.

DEPARTMENT RESPONSE

The Department agrees with the finding and recommendation. The Department is taking steps to improve the financial reporting process and the underlying data used to compile the financial statements. The Department recognizes that human error will always be inherent in manual compilation processes and strives to allocate sufficient resources for the review of financial data within the time allowed for GAAP financial reporting.

The Department is currently working to convert from an outdated receipt and fund deposit allocation system to the general ledger module of our integrated tax system. The Department will continue to work with the Governor's Office and the Illinois Office of the Comptroller through the ERP project to implement a statewide, integrated general ledger system. Together these solutions will assist the Department to streamline processes and help eliminate manual calculation errors.

2015-002 FINDING (Inadequate review of external service providers)

The Department of Revenue (Department) did not perform and document internal control reviews of all external service providers used to data enter tax returns.

The Department uses two external service providers to provide data entry services for many sales tax and business, individual and withholding income tax returns. Of the total returns received by the Department, 69% of the volume is processed by the two external service providers.

The Department performs periodic site visits of the service providers to monitor certain compliance requirements. In fiscal year 2015, the Department did not perform a site visit at one of the data entry service providers. For the site visit performed at the second data entry service provider, the Department failed to document the specific contract compliance requirements and internal control procedures reviewed during the visit.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls, which shall provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports to maintain accountability over the State's resources. Strong management controls, due diligence and fiduciary responsibility require adequate supervision of external service providers to provide assurance that taxpayer and financial information is properly recorded and accounted for.

The Department stated it attempts to perform the annual unannounced site inspections within each fiscal year. However, for one service provider, they were unable to coordinate a date mutually acceptable to all parties involved to perform a site visit during the fiscal year. For a second service provider, the Department failed to fully document the review performed. Independent internal control reviews were not available from either of the service providers.

Without having performed or obtained and reviewed an internal control review of these service providers, the Department does not have assurance that external service providers' internal controls are adequate to ensure the taxpayer account balances and revenue recorded from such returns are accurate and reliable. (Finding Code No. 2015-002)

RECOMMENDATION

We recommend the Department obtain internal control reviews or perform an internal control review of all service providers annually and document the review procedures performed, the results of the procedures, and any corrective action taken. The documentation of the reviews should be maintained for review by Internal Audit and external auditors. The internal control reviews should address all applicable policies, practices, controls, and safeguards utilized or needed by the service providers to safeguard the taxpayer data entered into the tax returns. Areas to include in the reviews should be identified based upon the specific services provided by the vendor and its environment.

DEPARTMENT RESPONSE

The Department agrees with the finding and recommendation. The Department has developed an internal control review document to be completed at all external providers when performing annual unannounced site visits. We will continue to perform site visits to ensure that all security compliances, as well as specific services provided by the vendors, are met.