

**STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
COMPLIANCE EXAMINATION**

For the Year Ended June 30, 2009

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
COMPLIANCE EXAMINATION  
For the Year Ended June 30, 2009

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**AGENCY OFFICIALS**

**DEPARTMENT OF REVENUE**

<b>Director</b>	Brian A. Hamer
<b>Assistant Director</b>	Vacant (03/13/09 – Current) Pat Welch (07/01/08 – 03/12/09)
<b>Associate Director</b>	Jodie Winnett
<b>Chief of Staff</b>	Lainie Krozel (Acting)
<b>Chief Fiscal Officer</b>	Mark Lewis
<b>Lottery</b>	Jodie Winnett (Acting)
<b>Liquor Control Commission</b>	Lainie Krozel
<b>Racing Board</b>	Marc Laino
<b>Gaming Board</b>	Mark Ostrowski
<b>Program Administrators:</b>	
Administrative Services	Vacant
Account Processing	Wayne Richie (12/01/08 – Current) Wayne Richie (Acting) (10/25/08 – 11/30/08) Carol Davlin (07/01/08 – 10/24/08)
Information Services	Curt Smith
Tax Enforcement	John Chambers (Acting) (03/13/09 – Current) Pat Welch (Acting) (07/01/08 – 3/12/09)
Policy and Communications Office	Mike Klemens
<b>Managers:</b>	
Financial Control Bureau	Larry Lascody, Jr.
Returns and Deposits	Patti Walbaum
<b>General Counsel</b>	John McCaffrey
<b>Administrative and Regulatory Shared Services Center:</b>	
Director	Dave Hunt
Chief Fiscal Officer	Marvin Becker (06/01/09 – Current) Travis March (07/01/08 – 05/15/09)
Customer Service Liasion	Vacant
Human Services Director	Vacant (01/01/09 – 06/30/09) Christy Shewmaker (07/01/08 – 12/31/08)
Administrative Director	Angela Oxley (08/21/08 – Current) Vacant (06/01/08 – 08/20/08)

**Agency offices are located at:**

Willard Ice Building  
101 West Jefferson  
Springfield, Illinois 62702

Michael A. Bilandic Building  
160 N. LaSalle  
Chicago, IL 60610

James R. Thompson Center  
100 West Randolph, Suite 7-500  
Chicago, Illinois 60601



STATE OF ILLINOIS

**DEPARTMENT OF REVENUE**

101 WEST JEFFERSON STREET  
SPRINGFIELD, ILLINOIS 62702

Springfield Office: 217 785-7570

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**BRIAN HAMER**  
Director

**PAT QUINN**  
Governor

April 29, 2010

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

Dear Auditor General Holland:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Department of Revenue. We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Department's compliance with the following assertions during the period ended June 30, 2009. Based on this evaluation, we assert that during the year ended June 30, 2009, the Department has materially complied with the assertions below.

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

The Honorable William G. Holland

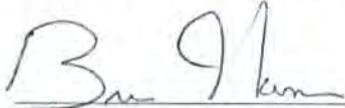
April 29, 2010

Page 2

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

Yours very truly,

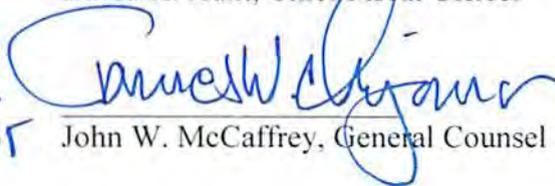
Department of Revenue



Brian Hamer, Director of Revenue



David K. Hunt, Chief Fiscal Officer



For

John W. McCaffrey, General Counsel

## COMPLIANCE REPORT

### SUMMARY

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

### ACCOUNTANTS' REPORTS

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

### SUMMARY OF FINDINGS

<u>Number of</u>	<u>Current</u>	<u>Prior</u>
Findings	Report	Report
Repeated findings	21	18
Prior recommendations implemented or not repeated	11	4
	7	5

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

### SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)			
09-1	10	Inaccurate Calculation of Year-End Liability	Material Weakness and Material Noncompliance
09-2	13	Inaccurate Accounts Receivable Balances at Year-End	Material Weakness and Material Noncompliance
09-3	17	Inadequate Controls over Refunds	Material Weakness and Material Noncompliance
09-4	19	Lack of Formal Business Rules	Significant Deficiency and Noncompliance
09-5	22	Unrecorded Interest Amounts	Significant Deficiency and Noncompliance
09-6	24	Deficiencies in GenTax	Significant Deficiency and Noncompliance

09-7	27	Weakness in the Development of GenTax	Significant Deficiency and Noncompliance
09-8	30	Inadequate Change Control Process	Significant Deficiency and Noncompliance
09-9	32	Inaccurate Cigarette Tax Allocations	Significant Deficiency and Noncompliance
09-10	34	Inadequate Controls over Local Government Tax Collections	Significant Deficiency and Noncompliance
09-11	38	Payments to County Officials	Significant Deficiency and Noncompliance
09-12	40	The Department did not ensure GAAP packages and draft financial statements were complete and accurate	Significant Deficiency and Noncompliance
09-13	43	Service Organization (SAS 70) Reports not Obtained	Significant Deficiency and Noncompliance
09-14	45	Failure to Pay Personal Property Replacement Tax Refunds Created a Statutory Excess	Significant Deficiency and Noncompliance
09-15	48	Lack of Adequate Disaster Contingency Planning or Testing to Ensure Recovery of Applications and Data	Significant Deficiency and Noncompliance
09-16	50	Failure to Provide Timely Motor Fuel Tax Information to IDOT	Significant Deficiency and Noncompliance
09-17	52	Inadequate Controls over Contractual Agreements	Significant Deficiency and Noncompliance
09-18	54	Inadequate Controls over Personal Services	Significant Deficiency and Noncompliance
09-19	57	Inadequate Control over the Personal Use of State Vehicles	Significant Deficiency and Noncompliance
09-20	58	Noncompliance with the Illinois Lottery Law	Significant Deficiency and Noncompliance
09-21	60	Noncompliance with Statutory Mandates	Significant Deficiency and Noncompliance

PRIOR FINDINGS NOT REPEATED

- A 62 The Department did not Ensure Revenue Recognition Relating to Credit-Carry Forward Amounts was Proper
- B 62 Taxpayer Information that was Material to the Financial Statements was not Considered or Processed Timely
- C 62 Inadequate Controls over Data Reconciliations
- D 62 Lack of Supervisory Approval of Large Adjustments and Monitoring of Tax Accounts
- E 63 Need to Enhance Controls over Confidential Information
- F 63 Noncompliance with the State Records Act
- G 63 Lack of Required Lottery Board Members

**EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with Department personnel at an exit conference on April 1, 2010. Attending were:

**Department of Revenue**

Brian A. Hamer	Director	Becky Moore	Information Services, Acting Program Administrator
Jodie Winnett	Associate Director	Mike Klemens	Policy and Communications, Program Administrator
Dave Hunt	Chief Fiscal Officer	Angela Oxley	Administrative Services, Program Administrator
Marvin Becker	Shared Services, CFO	Wayne Ritchie	Account Processing, Program Administrator
Jose Borjon	Audit Liaison	Larry Lascody	Financial Control Bureau Manager
Paul Caselton	Deputy General Counsel	Dan Hall	Audit, Program Administrator
Jim Chipman	Assistant General Counsel		

**Office of the Auditor General**

Candice Long	Audit Manager
Kathy Lovejoy	Audit Manager
Daniel Nugent	State Auditor

**McGladrey & Pullen, LLP**

Linda Abernethy	Partner
William Sarb	Associate

Responses to the recommendations were provided by Brian A. Hamer, Director, in a letter dated April 9, 2010.

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OFFICE OF THE AUDITOR GENERAL  
WILLIAM G. HOLLAND

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

Honorable William G. Holland  
Auditor General  
State of Illinois

Compliance

We have examined the State of Illinois, Department of Revenue's compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the year ended June 30, 2009. The management of the State of Illinois, Department of Revenue is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Department of Revenue's compliance based on our examination.

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

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the

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

As described in findings 09-1 through 09-3 in the accompanying schedule of findings, the State of Illinois, Department of Revenue did not comply with requirements regarding the limitations, restrictions, conditions or mandatory directions imposed by law upon the obligation, expenditure, receipt or use of public funds of the State; with requirements regarding laws and obligations, including the State uniform accounting system, in its financial and fiscal operations; and with requirements regarding laws and regulations and the accounting and recordkeeping of State revenues and receipts collected by the Department. Compliance with such requirements is necessary, in our opinion, for the State of Illinois, Department of Revenue to comply with the requirements listed in the first paragraph of this report.

In our opinion, except for the noncompliance described in the preceding paragraph, the State of Illinois, Department of Revenue complied, in all material respects, with the requirements listed in the first paragraph of this report during the year ended June 30, 2009. However, the results of our procedures disclosed other instances of noncompliance, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings as findings 09-4 through 09-21.

### **Internal Control**

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

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

A *deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with the requirements listed in the first paragraph of this report on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in internal control over compliance as described in the accompanying schedule of findings as findings 09-1 through 09-3 to be material weaknesses.

A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in findings 09-4 through 09-21 in the accompanying schedule of findings, to be significant deficiencies.

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

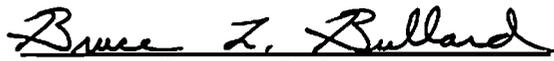
The State of Illinois, Department of Revenue's responses to the findings identified in our examination are described in the accompanying schedule of findings. We did not examine the State of Illinois, Department of Revenue's responses and, accordingly, we express no opinion on them.

#### **Supplementary Information for State Compliance Purposes**

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information as listed in the table of contents as Supplementary Information for State Compliance Purposes is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the 2009 Supplementary Information for State Compliance Purposes, except for the Comparative Analysis of the Income Tax Refund Fund, the Illinois Gaming Board Statistics, the Illinois Racing Board Statistics, the Audit Collections Statistics and the Service Efforts and Accomplishments on which we did not perform any procedures. However, we do not express an opinion on the supplementary information.

We have not applied procedures to the 2008 Supplementary Information for State Compliance Purposes, and accordingly, we do not express an opinion thereon.

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

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

April 29, 2010

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**SCHEDULE OF FINDINGS**  
For the Year Ended June 30, 2009

09-1. **FINDING** (Inaccurate Calculation of Year-End Liability)

During our testing of the draft financial statements, we noted that the Department of Revenue (Department) overstated its liability to local governments for Personal Property Replacement Tax collections that were received and deposited, but not earned as of year-end.

At year-end, the Department recorded a transfer of \$85 million from the Income Tax Refund Fund #278 to the Personal Property Tax Replacement Fund #802. These amounts were determined by the Department to be transferrable amounts as defined by the statute cited below, and were recorded as a transfer and a liability to the 802 Fund at year-end. Additionally, the 802 Fund reported this amount as a receivable from the 278 Fund, a transfer in from the 278 Fund, a liability to the local governments and intergovernmental expenditures (all entries were for \$85 million). The end result in the Department's financial statements was to overstate expenditures, overstate the liability to local governments, and understate fund balance by approximately \$84 million. The amount of the overstatement pertained to approved refunds that were being held at year-end due to cash shortages in the 278 Fund.

The Illinois Income Tax Act (35 ILCS 5/201) gave the Department statutory authority to administer and collect Personal Property Replacement Tax (PPRT). The State Revenue Sharing Act (30 ILCS 115/12(a)) directs that a portion of the PPRT tax collections be deposited in the 278 Fund, with the remainder deposited into the 802 Fund. The Illinois Income Tax Act (35 ILCS 5/901(d)(3)) requires as soon as possible after the end of each fiscal year, the Director shall order transferred and the State Treasurer and State Comptroller shall transfer from the Income Tax Refund Fund to the Personal Property Tax Replacement Fund an amount, certified by the Director to the Comptroller, equal to the excess of the amount collected and deposited into the Income Tax Refund Fund during the fiscal year over the amount of refunds resulting from the overpayment of tax liability paid from the Income Tax Refund Fund during the fiscal year. The Department held approximately \$84 million in approved Personal Property Replacement Tax Refunds and the related interest (recorded as liabilities in Fund 278) at year-end. These refunds were approved to be paid to taxpayers but were not released for payment and remained unpaid at June 30, 2009 due to cash shortages in the 278 Fund.

In determining the amount to be reported as a transfer at June 30, 2009 from the Income Tax Refund Fund #278 to the Personal Property Tax Replacement Fund #802, the Department did not initially include the refunds approved for payment but held at year-end in the calculation. Once the overstatement was discovered during the audit process, the Department recorded adjustments to correct both funds. The corrected amounts are reflected in the June 30, 2009 final financial statements.

Accounting guidance pertaining to the reporting of non-exchange transactions requires that amounts be recorded net of refunds. For derived tax revenues, which includes personal property replacement taxes, revenues are recorded when the underlying exchange transaction occurs. This amount is determined by the Department when the return is received from the taxpayer and perfected. Although the Personal Property Replacement Tax (PPRT) was

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**SCHEDULE OF FINDINGS**  
For the Year Ended June 30, 2009

created under the authority and legislative powers of the State of Illinois, the legislation requires that tax amounts are remitted to various local governments based on an approved apportionment formula. Under GASB Statement No. 33, the PPRT qualifies as a derived tax revenue. The legislation which determines that it is to be apportioned to the local governments qualifies the local government distribution as a voluntary non-exchange transaction. When there is a voluntary non-exchange transaction that is based on a derived tax revenue, the accounting treatment for the derived tax revenue is followed. Based on this guidance, the Department would be liable to the local government only for tax revenues recorded net of refunds.

Department personnel stated that the Department consistently reported the year-end mandatory transfers between the Income Tax Refund (#278) Fund and the Personal Property Tax Replacement (#802) Fund on a cash basis since the inception of the statute to reflect the actual transfers that were made on the statutorily required cash basis. The Department recorded the amount owed for replacement taxes to business taxpayers at June 30 as “accounts payable” in the #278 Fund (a part of the General Fund). Because replacement tax deposits into the refund fund exceeded refunds paid during the year by \$85 million, the Department also recorded that amount as “due to other governments – local” in the #802 Fund-in a separate and distinct fund (a special revenue fund) and in a separate and distinct liability account from accounts payable. The Department believed this reflected the appropriate substance of the transactions.

Failure to properly reflect the underlying substance of the transactions occurring between the 278 Fund and the 802 Fund resulted in an initial \$84 million overstatement of expenditures and liabilities to local governments, and an \$84 million understatement of net assets in the draft financial statements. (Finding Code No. 09-1)

**RECOMMENDATION**

We recommend the Department update its policies for measuring and recording transfers between the 278 and the 802 Fund, at year-end. Additionally, the Department may want to pursue changing the legislation which governs the transfer of amounts between the 278 Fund and the 802 Fund to bring it in-line with accrual basis accounting.

**DEPARTMENT RESPONSE**

The Department has made the associated accounting liability entries on the accrual basis instead of the cash basis as has been presented in the past. While we agree that the accounting liability should be based on accrual accounting, the mandatory transfer is computed and then completed on the cash basis as required by statute.

Each year the statute designates the percentage of income tax collections that should be deposited into the refund fund. For fiscal year 09, the associated deposits based on the percentages have resulted in an insufficient cash balance to pay all income tax refunds by June 30th. Therefore, liability entries have been made. In addition, the statute requires a transfer to the Personal Property Tax Replacement fund in circumstances where

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**SCHEDULE OF FINDINGS**  
For the Year Ended June 30, 2009

Replacement Tax receipts to the Refund Fund exceed Replacement Tax refunds paid from the Refund fund. The required statutory cash basis calculation and associated transfer is retained. Pursuant to the auditors' recommendation for financial reporting we have reversed the effect of this cash basis transfer in the Refund fund by reducing the associated liability and increasing the fund balance.

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**SCHEDULE OF FINDINGS**  
For the Year Ended June 30, 2009

09-2. **FINDING** (Inaccurate Accounts Receivable Balances at Year-End)

The Department of Revenue's (Department) Withholding Income Tax (WIT), Business Income Tax (BIT), and Individual Income Tax (IIT) accounts included in the Department's accounts receivable calculation at June 30, 2009 were not accurate.

The Department has implemented new tax processing software (GenTax), in a series of stages, over the past few years. Beginning with fiscal year 2009, substantially all income and sales tax returns are maintained using the GenTax system. GenTax was initially developed to maintain detailed taxpayer information which would enable the Department to monitor individual taxpayers and help ensure all valid tax, penalty, and interest amounts were assessed and collected. GenTax was not specifically developed to serve the needs of a financial reporting system. Several features that would be standard in a typical financial reporting software product are not contained in GenTax including the ability to post entries to a prior reporting period. As such, entries for items like interest are captured on each date the account is worked, but not necessarily at June 30. Taxpayer information pertaining to a June 30 existing account balance that is worked after June 30, cannot be posted to the prior fiscal year using the automated system. In order to mitigate this issue, the Department performs a self audit of the largest returns contained in the GenTax system at year-end for financial reporting purposes. From its own analysis, the Department determined the correct tax due (or owed) for these large taxpayers and manually adjusts the recorded amounts generated from GenTax accordingly. For June 30, 2009, approximately \$600 million (gross) was eliminated from the GenTax amount recorded as taxes receivable at year end for these large taxpayers.

In testing accounts receivable, the Auditors and the Department agreed upon assumptions that would make an account an **invalid** accounts receivable, based on informal criteria used by the Department. An invalid accounts receivable is an account where the Department does not expect to collect any additional cash in the future.

During our testing, we reviewed samples of WIT, BIT, and IIT account detail from the financial reporting accounts receivable data file to ensure the accuracy and existence of the Department's June 30, 2009 accounts receivable information. The results of this testing are detailed below:

21 of 102 (21%) accounts tested had a receivable balance, or portion of the balance that was invalid. \$311,448 of the \$28,435,481 (1%) tested were invalid.

- \$144,305 of the \$311,448 (46%) invalid amount shown above or 2 of the 21 (10%) accounts were invalid due to a legal settlement being finalized prior to June 30, 2009, but not being posted to the account until after June 30, 2009.
- \$81,138 of the \$311,448 (26%) invalid amount shown above or 5 of the 21 (24%) accounts were invalid due to a misapplied payment posted in error or a payment being placed on hold in error.

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DEPARTMENT OF REVENUE  
**SCHEDULE OF FINDINGS**  
For the Year Ended June 30, 2009

- \$55,771 of the \$311,448 (18%) invalid amount shown above or 8 of the 21 (38%) accounts were invalid due to the Department not processing original, additional, or corrected information as of June 30, 2009 that was received from the taxpayer prior to June 30, 2009. The information was processed between 18 and 126 days from the date received by the Department.
- \$25,508 of the 311,448 (8%) invalid amount shown above or 3 of the 21 (14%) accounts were invalid due to the taxpayer filing an annual withholding return instead of a quarterly return. There are no edits in place to prevent a taxpayer from making this mistake.
- \$4,726 of the \$311,448 (2%) invalid amount shown above or 3 of the 21 (14%) accounts were invalid due to a missing schedule or withholding amount being provided to the Department after June 30, 2009.

The valid/invalid amounts above do not include any billable interest or penalty differences noted in Finding 09-5.

The errors detected in the sample were projected to the population as a whole. The projected overstatement of the accounts receivable misstatement was approximately \$23 million, net of the allowance for doubtful accounts. This amount was deemed to be immaterial and an adjustment was not made to the financial statements to record this amount.

Additionally, during our testing of taxes receivable we discovered the Department is not recording receivables pertaining to "Notices of Deficiencies" (NOD) for certain tax types. When the Department audits a taxpayer and determines that an additional amount of tax is due, the Department calculates the penalties and interest on the additional tax amount, from the due date of the original return. The amount of the additional tax, the penalties and the interest are sent to the taxpayer in the form of a notice (aka Notice of Deficiency). Currently, taxpayer notices for business income tax, and individual income tax, are not prepared using the Gen Tax system. Instead, these notices are prepared manually as Microsoft word documents. Per instructions included in the Notice, the taxpayer has 60 days to respond. The taxpayer may 1) pay the amount due without filing a protest, 2) send new information clearing the additional assessment, or 3) request a hearing (the taxpayer can elect to pay the amount "under protest" and request a hearing, or go directly to court without paying the notice amount).

Under the current process, different tax types are being treated differently and not all taxes receivable and interest are accrued upon completion of the taxpayer audit, and not all penalty amounts are accrued after the 60 day notice period has lapsed. Additionally, under the present system, unpaid protested amounts for which the taxpayer has requested a hearing are not recorded as a receivable. The amount of such protested taxes receivable as of June 30, 2009 is approximately \$62 million gross and approximately \$6 million, net of the estimated allowance for doubtful accounts. The vast majority of these amounts are for business income tax.

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**SCHEDULE OF FINDINGS**  
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Additionally, there is poor communication between the audit division, legal division, account processing division and individuals responsible for financial reporting. Timely documentation and communication of the status of all taxpayer information has to be communicated between these groups to enable them to maintain current taxpayer records and record all material balances and transactions in accordance with GAAP.

In accordance with GASB Statement No. 33, Paragraph 16, *Accounting and Financial Reporting for Nonexchange Transactions*, governments should recognize assets from derived tax revenue transactions in the period when the exchange transaction on which the tax is imposed occurs or when the resources are received, whichever occurs first. Revenues should be recognized, net of estimated refunds and estimated uncollectible amounts, in the same period that the assets are recognized, provided that the underlying exchange transaction has occurred. Resources received in advance should be reported as deferred revenues (liabilities) until the period of the exchange. In accordance with this guidance, the amount of any tax assessment and accrued penalties and interest should be recorded by the Department as a receivable, net of an allowance for uncollectable amounts. Further, there is no provision in the standard to delay recognition of these types of transactions until the accounts are fully processed.

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

Department personnel stated it is not economically feasible to have enough staff and resources for all taxpayer accounts and payments to be applied and finalized prior to each fiscal year end (June 30). As with all State agencies, the Department functions on a cash basis the entire fiscal year until the lapse period when GAAP financial statements are prepared. The Department has adapted to a semi-manual process for calculating accounts receivable in order to facilitate materially correct GAAP financial statements at fiscal year end (June 30). Returns/payments that are not "perfected" which are reported as a "tax receivable" by GenTax are manually excluded when applicable from accounts receivable in the June 30 financial statements based on predefined criteria as well as some judgment by the accounts receivable reporting manager. These unperfected returns/payments have been historically "invalid" accounts receivable and therefore would materially misstate the Department's financial statements.

Without reliable, accurate data and timely processing of important taxpayer information regarding payments, returns, and other taxpayer information, the individual taxpayer accounts and the amounts reported as accounts receivable in the financial statements could be materially misstated. (Finding Code No. 09-2, 08-2)

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**RECOMMENDATION**

We recommend the Department evaluate the controls over taxes receivable and implement the necessary edits and controls to better identify valid accounts receivables to report in the financial statements. In addition, we recommend the Department take action to ensure taxpayer information is timely considered or processed to ensure taxpayer's records and financial statement information reflect accurate information.

**DEPARTMENT RESPONSE**

The Department will continue to review its controls over tax processing both procedurally and systemically to implement edits and controls as necessary to create accurate taxpayer accounts for collection and compliance purposes. The Department will also continue to focus on tax administration and determine the most cost efficient way to account for and record accounts receivable generated from our tax administration system in order to continue producing materially correct financial statements.

In addition, the Department:

- has begun issuing Notice of Deficiencies for all tax types through Gen tax and will review Notices of Deficiencies during the annual financial reporting process to determine the impact on Accounts Receivable.
- will work towards integrating additional "case management" software into our Gen Tax system which will enhance communication and tracking of tax payer accounts among Audit, Legal, Administrative Hearings, Account Processing Administration and Revenue Accounting. We have already implemented a short term solution.

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09-3. **FINDING** (Inadequate Controls over Refunds)

The Department of Revenue (Department) failed to exercise adequate controls over recording, reporting, and distributing income tax refunds due to taxpayers. During testing, we noted the following:

- Three of 13 (23%) refund liability accounts tested were understated by \$1,284,209. In these cases, the additional liability was a result of an unapplied credit-carry forward to a future tax period. Based on the errors detected in the sample, the error was projected to the total population. The total projected understatement of refunds payable at June 30, 2009 was approximately \$13.5 million. This amount was deemed immaterial and was not recorded by the Department. Department personnel stated that the underlying cause of the understatement of the refund liabilities was due to the credit-carry forward process being linked to the refund release. This issue was discovered by Department employees, who initiated action in February 2009 and implemented a correction in October 2009.
- Two of 41 (5%) refund expenditure accounts tested, totaling \$6,271,995, included erroneously issued refunds. The Auditors noted that one of the erroneously issued refunds was due to a problem with foreign insurers. If a converted foreign insurer return was changed for any reason, the tax lines would not compute the correct tax and the GenTax system did not indicate that the return information showing on the system was incorrect. Department personnel stated that the underlying cause of the erroneously issued refund to a foreign insurer was due to a problem with converted Foreign Insurers. The Department stated the remaining refund, totaling \$1,088,156, was issued as a refund for the tax overpayment instead of crediting the taxpayers estimated payments as a credit-carry forward in the next tax year. The Department stated that the taxpayer was owed the refund and human error caused the refund to be issued rather than applied as a credit-carry forward to the next tax year.
- One of 41 (2%) refund expenditure accounts tested, totaling \$2,815,471, contained a "Money Saved" indicator. The indicator shown indicates the amount denied for refund; however, the refund was paid and the indicator was not removed. Department personnel stated that failure to remove the indicator was an oversight.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish a system of fiscal and administrative controls to provide assurance that:

- 1) resources are utilized efficiently, effectively, and in compliance with applicable law;
- 2) obligations and costs are in compliance with applicable law;
- 3) funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation; and,
- 4) revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

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Additionally, in accordance with GASB Statement No. 33, Paragraph 16, *Accounting and Financial Reporting for Nonexchange Transactions*, governments should recognize assets from derived tax revenue transactions in the period when the exchange transaction on which the tax is imposed occurs or when the resources are received, whichever occurs first. Revenues should be recognized, net of estimated refunds and estimated uncollectible amounts, in the same period that the assets are recognized, provided that the underlying exchange transaction has occurred.

The lack of adequate controls resulted in refund liabilities being understated at fiscal year-end for financial reporting purposes. Additionally, the lack of controls resulted in refunds being improperly paid to taxpayers. This could result in the Department's inability to recoup the inappropriate amounts and make payment on legitimate refunds. (Finding Code No. 09-3)

**RECOMMENDATION**

We recommend the Department implement controls over refunds to prevent unnecessary or unintended refunds. Further, we recommend the Department review and approve refunds for accuracy and appropriateness.

**DEPARTMENT RESPONSE**

We agree that the Department have adequate controls and to prevent unnecessary refunds and to emphasize to appropriate personnel the need to adequately review and approve refunds that are due to taxpayers.

The Department had already identified the erroneous refund in this finding, which the taxpayer returned to the Department. The Department's internal controls and segregation of duties for Income Tax refund processing include systemic edit checks and various reviews and approvals to the extent possible given the available resources. The Department also completed various System Requests (SQR's) to make changes to Gen Tax which will assist in identifying special tax cases such as noted in the audit. The "Money Saved" indicator had no effect on the financial statements nor did it result in an erroneous refund.

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09-4. **FINDING** (Lack of Formal Business Rules)

The Department of Revenue (Department) lacked established, formal business rules relating to certain accounting practices. The Department had no formal policies or procedures in place relating to certain accounting practices. Furthermore, the Department's criteria regarding accounting practices were inconsistent throughout the different financial areas of the Department.

Due to the overall lack of formal policies and procedures, we noted the following:

- During our testing of accounts receivable, we noted that the Department did not always require supervisory approval for large adjustments made to taxpayer accounts. Four of 102 (4%) accounts tested lacked supervisory approval for large adjustments totaling \$35,197,972, ranging from \$900,000 to \$16,754,956.

Department personnel stated that the adjustments made to these accounts were the disallowance of the Net Loss Deduction which is part of the Unitary and Non-Unitary tracking inventory. Each adjustment was performed by a certified Revenue Tax Specialists (RTS) and adjustments of these and other matters fall within the authority of certified RTSs and are reviewed at the required quality review rate.

- In testing the Department's accounts receivable, the Auditors noted that the Department used **informal criteria** based on historical trends to determine if an account is invalid for financial reporting purposes. An invalid accounts receivable is an account where the Department does not expect to collect on the account.
- During our testing of written-off accounts receivable, we noted that 12 of 30 (40%) written-off accounts tested included lien fees, totaling \$670, that were not written off. These lien fees were collectible before the account's write-off date, but were excluded from the written-off amount. Department personnel stated that the lien fees were recorded in a separate legacy system and were not attached to the tax type in which they were associated. With the implementation of GenTax and the conversion of these legacy systems, the lien fees are now attached to the tax type for which they are associated, but the tax had been previously written-off.
- During our testing of Business Income Tax accounts, we noted that two of 40 (5%) accounts tested had misleading transaction displays in GenTax. The display showed "Rtn-Amended Tax" as the transaction when no amended return was received, but merely a correction or adjustment made by the Department. Department personnel stated that for 2008 returns and prior returns, GenTax will display all return changes as "Rtn-Amended Tax".

In accordance with GASB Statement 33, Paragraph 16, *Accounting and Financial Reporting for Nonexchange Transactions*, governments should recognize assets from derived tax revenue transactions in the period when the exchange transaction on which the tax is imposed occurs or

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when the resources are received, whichever occurs first. Revenues should be recognized, net of estimated refunds and estimated uncollectible amounts, in the same period that the assets are recognized, provided that the underlying exchange transaction has occurred. Resources received in advance should be reported as deferred revenues (liabilities) until the period of the exchange. In accordance with this guidance, the Department should establish procedures and controls that govern which taxpayer balances as reported in Gen Tax, are included or excluded from accounts receivable for financial reporting purposes.

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

The establishment of formal business rules provides a basis for the proper and consistent accounting of the essential transactions of the Department. Failure to establish appropriate rules could result in material financial reporting errors and limits the ability of the Department's management to monitor the Department's activities. (Finding Code No. 09-4)

**RECOMMENDATION**

We recommend the Department implement business rules relating to accounting practices, including:

- establishing and formalizing approval requirements for adjustments to taxpayer accounts that exceed a certain threshold;
- formalizing the Department's informal criteria for determining whether a taxpayer's account showing a receivable balance should be included in financial reporting;
- establishing and formalizing procedures to ensure that all components of written-off accounts residing in multiple tax systems and divisions are written-off; and,
- establishing and formalizing written procedures explaining the proper use and coding for recording adjustments arising from Department-initiated adjustments verses adjustments arising from taxpayer correspondence.

**DEPARTMENT RESPONSE**

The Department will explore adopting additional business rules relating to accounting practices. The Department currently has many formal business rules and accounting practices and those business rules and practices are consistent with our tax administration functions. Gen Tax is not an accounting general ledger or financial reporting system; it is a detailed taxpayer information, return tracking, and collection system. As such, GenTax was developed with embedded transaction codes and business rules for processing, adjustments and supervisory review of taxpayer returns and accounts. The goal of the Department's financial statement account receivable balance is to be materially correct and submitted within the stringent timeframes required by the Comptroller's Office to prepare

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GAAP financial statements. While we have formal accounts receivable business rules, the Department also relies on its management personnel to make judgment decisions on an account by account basis where necessary to ensure our financial statements are materially correct. Because of the volume of tax returns and the volume of taxpayer/human errors related to those returns, it is not practical for the Department to develop a business rule for every scenario ahead of time and management needs to make judgment decisions on the validity of accounts.

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09-5. **FINDING** (Unrecorded Interest Amounts)

The Department of Revenue (Department) did not properly post and record interest calculations for financial reporting purposes as of June 30, 2009. During testing, we noted:

- 30 of 102 (29%) Business Income Tax, Individual Income Tax, and Withholding Income Tax accounts tested did not reflect all accrued interest through June 30, 2009. Department officials stated that due to a system deficiency, the interest was not accurately reflected in the accounts receivable balance at June 30, 2009.
- Two of 40 (5%) Business Income Tax accounts tested had correct interest amounts applied and then reversed prior to June 30, 2009, only to be reapplied after June 30, 2009. Department personnel stated that this exception was due to human error.
- 22 of 30 (73%) written-off accounts tested, totaling \$2,215,472, had interest inconsistently applied to the accounts. Specifically, we noted accounts where interest ceased before the write-off date, while other accounts which had been written-off still had interest accruing. The Department did not have procedures in place to ensure the consistent application of interest.
- One of 30 (3%) Sales Tax accounts tested had interest improperly accrued, totaling \$266,000, against a protested penalty that was subsequently included in the June 30, 2009 accounts receivable balance. As a result of this error, receivables are overstated by approximately \$266,000. Department personnel stated that interest accruing on protested penalties within the sales tax software does so during the course of the protest so it can be easily retrieved upon closure of the Administrative Hearing or Court/Litigation case. The fact that the protested Late Pay Penalty did not show as a receivable and the interest on the Late Pay Penalty did show as a receivable was a systemic mistake that should not have occurred. Neither should be included as a receivable until the protest is resolved.
- One of 30 (3%) Sales Tax accounts tested applied the wrong interest tax rate to the account. The return sampled incorrectly applied a lower short-term interest rate to the balance due when a higher long-term rate should have been applied. The resulting interest assessed to the account was understated by \$28,188 for this account. Department personnel stated GenTax was set up originally with an incorrect date for configuring the short-term and long-term interest, resulting in this error.
- Six of 43 (14%) accounts receivable exclusion accounts tested did not have interest, totaling \$434,790, appropriately recorded to the account. Department personnel stated that this exception was due to a system error.
- The daily interest rate used to compute accrued interest on taxpayer accounts is not calculated using 366 days to account for leap years. Department personnel stated this was a system issue and a system change should be in place for leap year 2012 and

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forward.

In accordance with GASB Statement 33, Paragraph 16, *Accounting and Financial Reporting for Nonexchange Transactions*, governments should recognize assets from derived tax revenue transactions in the period when the exchange transaction on which the tax is imposed occurs or when the resources are received, whichever occurs first. Revenues should be recognized, net of estimated refunds and estimated uncollectible amounts, in the same period that the assets are recognized, provided that the underlying exchange transaction has occurred. There is no provision in the standard to delay recognition of these types of transactions until the accounts are fully processed. Further, interest should not be accrued on penalties that are currently under protest. Once the protest is resolved through an administrative hearing, the interest corresponding to the penalty should be calculated against the agreed upon penalty resulting from the hearing.

The Department's Publication 103, *Penalties and Interest for Illinois Taxes*, states interest is to accrue on a daily basis, including using 366 days during a leap year.

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

Failure to establish appropriate rules could result in material financial reporting errors and limits the ability of the Department's management to monitor the Department's activities. (Finding Code No. 09-5, 08-6)

**RECOMMENDATION**

We recommend the Department implement controls to ensure interest calculations and interest on protested penalties are properly and accurately reflected in both taxpayer accounts and year-end financial reporting.

**DEPARTMENT RESPONSE**

The Department agrees that interest calculations should be accurate. We have both initiated and completed various SQR's to make changes to Gen Tax which will correct the interest calculations identified as inaccurate. With respect to year end financial reporting, it is important to note that Gen Tax is a detailed taxpayer information and return tracking system, not a general ledger financial reporting system. The system is programmed to calculate interest daily but was not programmed to "post" interest daily or specifically at 6/30 of each year. The Department will research the cost- benefit of calculating interest up to date for 6/30 each fiscal year.

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09-6. **FINDING** (Deficiencies in GenTax)

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

In October 2006, the Department entered into a contract with a vendor for the development of an integrated tax system named GenTax. The contract continues through June 2012. The contract maximum is approximately \$52.1 million and through fiscal year 2009, the Department had paid approximately \$27.7 million.

In December of 2007, the Business Income Tax, Withholding Income Tax, and Sales Tax systems went into production and replaced the applicable legacy systems. Additionally, in December 2008, the Individual Income Tax system went into production. For the fiscal year ended June 30, 2009, GenTax processed over \$24.9 billion of tax collections, as well as other transactions.

During our review, we identified numerous deficiencies in the production modules of GenTax which affected the integrity of financial data and financial reporting. The following GenTax deficiencies are highlighted as they directly led to other specific reportable deficiencies.

- The capability to properly calculate penalty and interest on audit liability and generate taxpayer notices was a system requirement; however, GenTax was unable to perform these functions. As a result, penalties and interest had to be calculated, and notices prepared manually leading to delays in the posting of information to GenTax. The amount of such receivables as of June 30, 2009 was approximately \$62 million gross and approximately \$6 million, net of the estimated allowance for doubtful accounts. (see Finding 09-2 for additional information)
- Foreign insurers' accounts were not calculated properly in GenTax leading to the payment of \$5,183,839 in erroneous refunds. (see Finding 09-3 for additional information)
- GenTax did not have sufficient edit checks to ensure proper posting of payments. For example, GenTax accepted 1969, 2028, and 9999 as valid dates. We found three accounts with \$1,745,160 in misapplied payments resulting from edit check deficiencies.
- Interest and penalties were not calculated properly. Interest accruing in 2008 was based on 365 days instead of 366 days (due to leap year) as required by the Department's Publication 103. In addition, GenTax was unable to calculate penalty and interest correctly on certain accounts resulting in the reliance on legacy systems (projected to be discontinued) to perform the calculations. (see Finding 09-5 for additional information)

Generally Accepted Information Technology standards require that systems have adequate written policies and procedures, adequate written system documentation, and adequate input,

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processing, and output controls. IT general and application controls are necessary to preserve the integrity of the system, to provide reliance on the results produced by the system, and to ensure that the processing of transactions is performed in accordance with laws and regulations and with management's design and intent.

Department personnel stated that, as noted above, the Department's new tax system is processing over \$24.9 billion and millions of transactions and there will always be the need for fine tuning and adjustment.

The system deficiencies and lack of sufficient internal control over GenTax could affect the integrity of processing taxpayer information, financial data, and financial reporting. (Finding Code No. 09-6, 08-9)

**RECOMMENDATION**

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

- Integrate the capability to calculate penalties and interest on audit liabilities and generate taxpayer notices within GenTax.
- Ensure foreign insurer's accounts properly reflect the tax liability or refund.
- Add sufficient edit checks in GenTax to ensure the proper placement of payments.
- Ensure GenTax has the capability to calculate interest and penalties in accordance with Department policy.

**DEPARTMENT RESPONSE**

The Department will continue to monitor Gen Tax in production to ensure the system provides the required functionality, integrity, and accuracy to support taxpayer information, financial data and reporting.

- The finding overstates the inability to systemically calculate penalty and interest on audit liabilities. Only the rarest and most complex accounts required manual intervention. Further with regard to the delay in posting, it was not that the system did not or could not post these accounts, rather due to an assessment of business needs it had not been programmed to do so. The Department has now enhanced the capability to calculate penalties and interest on audit liabilities and generate taxpayer notices within GenTax.
- Issues with Foreign Insurer account information have been corrected; the system correctly calculates liabilities and refunds correctly.

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- We have implemented an edit to suspend any payment posted to a period greater than the current date plus twelve months. We also implemented a Withholding Income Tax (WIT) edit to suspend a return for physical review by a Revenue Tax Specialist if the balance due is greater than certain dollar amounts.
  
- The system is now programmed to calculate interest on the basis of 366 days for future leap years.

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09-7. **FINDING** (Weakness in the Development of GenTax)

The Department of Revenue (Department) had not ensured the development process and project management of the enterprise wide tax system (GenTax) was properly controlled and documented.

In October 2006, the Department entered into a contract with a vendor for the development of an integrated tax system named GenTax. The contract continues through June 2012. The contract maximum is approximately \$52.1 million and through fiscal year 2009, the Department had paid approximately \$27.7 million.

In December of 2007, the Business Income Tax, Withholding Income Tax, and Sales Tax systems went into production and replaced the applicable legacy systems. Additionally, in December 2008, the Individual Income Tax system went into production. For the fiscal year ended June 30, 2009, GenTax processed over \$24.9 billion of tax collections, as well as other transactions.

During our review, we noted:

- The Department had not received six of the 13 (46%) deliverables outlined in the vendor's contract. In addition, of the six deliverables received, one was indicated as draft and none had been reviewed and approved by the Department.
- The vendor had supplied a development methodology which outlined artifacts to be developed. However, our review indicated eight of 27 (30%) artifacts had not been developed or were in draft form. In addition, there was no indication of review or approval from the Department.
- The Department had conducted system testing; however, testing documentation indicated:
  - There were noted problems; however, no resolution was indicated.
  - Testing documentation was incomplete.
  - Individual testing scenarios were indicated as N/A or deleted; however, no reason was indicated.
  - Problem requests were indicated; however, no resolution was noted.
  - Problem requests could not be traced to the problem tracking database.
  - There were 660 test scenarios which were indicated as N/A, in-progress, or not started.
- The Department "purified" the legacy data in order to convert to GenTax. However, our review of the "purification" documentation indicated 56 issues remained opened at the date of conversion; December 5, 2008. Additionally, as of October 13, 2009, 49 issues remained opened, effecting 95,545 taxpayer accounts.

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- The Department conducted a reconciliation of data between the legacy system and GenTax; however, our review indicated:
  - Documentation was not maintained to support the GenTax conversion numbers.
  - Differences were noted between the legacy system and GenTax; however, no resolution was indicated.
  - The reconciliation document did not indicate a review or approval by the Department.

We also found that the Department did not perform parallel testing with GenTax and the legacy system to ensure processing accuracy prior to the implementation of the GenTax Individual Income Tax subsystem on December 5, 2008.

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

Department management stated the noted deficiencies were known to management and were not deemed to be detrimental to the progress of the project or to the success of the implementation. In management's opinion, sufficient controls were in place to mitigate risks. Management found many of the noted deficiencies to be minor to a project of this scale with many dedicated personnel and monitoring resources in place. Through its Steering Committee and regular meetings between the Project Manager and the Director, senior management was kept abreast of issues and management feels that continued progress on the project is evidence of implicit approval where explicit approval does not exist.

The lack of an effective and controlled system development process may lead to excessive expenditures, over-reliance on contractors, and a system that does not meet the needs of the Department. In addition, an inadequate development process increases the risk that the system will not have the required accuracy, integrity, availability, and security. (Finding Code 09-7, 08-8)

**RECOMMENDATION**

The Department should ensure the development process is adequately controlled and documented. Specifically, the Department should:

- Ensure all required documentation is developed, reviewed, and approved by the Department prior to system implementation.
- Ensure the accuracy of data when converting from the legacy system to GenTax, and ensuring the conversion process is monitored, reviewed, approved, and documented.
- Ensure all system and user testing is properly conducted, reviewed, approved and documented prior to system implementation.

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- Ensure all changes are adequately reviewed, tested, approved and documented prior to system implementation.

**DEPARTMENT RESPONSE**

The Department agrees that the development process should be controlled and documented. In the fourth year of implementation the project remains on time and on budget, meeting or exceeding the needs of the agency to administer taxes. Throughout the project, the Department has worked to improve development, testing and documentation processes.

The “deliverables” discussed above are documents or reports on various aspects of the 5-year project. Some are not due until the completion of the project; some documents will be created only once, rather than for each milestone; and others have been deemed to be unnecessary. The true “deliverable” for the project is the processing functionality for the various tax types that the department has received.

The Project Team kept a detailed progress report of 8,600 test scenarios for Roll Out 2. Test scenarios marked “NA,” were, in the course of testing, determined to be duplicates or in some other way not relevant. It is important to note that these scenarios were not simply deleted; they continued to be tracked in one of 118 specific categories. All scenarios critical to implementation were completed.

The Purification Team prepared reports that identified account conditions requiring purification that, because of the volume, time frame and resources, could not be completed prior to conversion and implementation of Roll-Out 2. In each case the team identified issues, proposed corrective action and identified the consequences of converting “as-is,” and presented this information to senior management. Post conversion “purification” efforts are continuing and will be an ongoing effort.

The Conversion & Reconciliation Team, with the assistance of the vendor, successfully met the challenge of reconciled and converted 40-year old legacy data into the new system. The step-by-step reconciliation process was documented and made part of the over-all conversion planning document.

The total receivables balance and the number of active debt periods between the two systems were reconciled. In some instances, pieces of active, but very old, debt may not have been converted, because they were not purified in time for conversion. A report of these instances was produced from the extract program so they can be addressed as time and resources become available.

Finally, running parallel systems was not called for in the contract or the project methodology, and was impractical if not impossible. The agency conducted sufficient system, end-to-end and regression testing with live data to ensure that the major components of the system are functioning as required. We also conduct load and performance testing to ensure that the system will not crash or run inordinately slow.

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09-8. **FINDING** (Inadequate Change Control Process)

The Department of Revenue (Department) had not ensured the change management process for the Enterprise wide tax system (GenTax) was properly controlled and documented.

In October 2006, the Department entered into a contract with a vendor for the development of an integrated tax system named GenTax. The contract continues through June 2012. The contract maximum is approximately \$52.1 million and through fiscal year 2009, the Department had paid approximately \$27.7 million.

In December of 2007, the Business Income Tax, Withholding Income Tax, and Sales Tax systems went into production and replaced the applicable legacy systems. Additionally, in December 2008, the Individual Income Tax system went into production and replaced the legacy Individual Income Tax system. For the fiscal year ended June 30, 2009, GenTax processed over \$24.9 billion of tax collections, as well as other transactions.

During our review of the change control process, we noted the Department had a change management process; however, it was not always followed. During our detailed review of 26 completed change requests, we found no evidence of testing or management approval before being moved into the production environment.

Modifications and upgrades to GenTax are ongoing, as of June 30, 2009 the Department had 464 change requests open, of which 18 requests were considered a priority.

Generally Accepted Information Technology guidance endorses the implementation of change management standards requiring modifications to existing systems be properly approved, thoroughly tested, and consistently documented.

The Department stated that senior managers designate staff from their areas who are authorized to submit change requests. Those designees are responsible for working with the computer programmers, testing solutions, and ultimately approving the change to be added to the production system.

Without effective change management standards, poorly designed and tested developments and/or unauthorized changes could be implemented, which could result in data integrity problems and additional demands on staff and limited IT resources. In addition, a change management process increases the risk that the system will not have the required accuracy, integrity, availability, and security. (Finding Code 09-8, 08-8)

**RECOMMENDATION**

The Department should ensure the change management process for the critically important GenTax system is effectively controlled and documented. In particular, the Department should ensure all changes adhere to the change management process, and are adequately reviewed, tested, approved, and documented prior to system implementation.

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**DEPARTMENT RESPONSE**

The official Change Management standard kept by Information Technology was updated to include the GenTax Change Procedures in September 2009. The Change Management document for GenTax went through several iterations and includes all the processes and documentation needed for a complete change management standard. Both programmers and designated “change request users,” have received instructions on the Change Procedure and proper documentation.

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09-9. **FINDING** (Inaccurate Cigarette Tax Allocations)

During our testing of the cigarette tax allocations, we noted that the Department of Revenue (Department) did not allocate cigarette tax collections pursuant to statute.

Beginning with FY07, the Department adopted a new cigarette tax allocation methodology to reflect statutory changes to the Cigarette Tax Act. The Department allocates cigarette tax collections on a weekly basis using a percentage formula; however, the Department did not reconcile the monthly deposits to determine if the amounts deposited to the General Revenue Fund (GRF), Long-Term Care Provider Fund (L-TCPF), and Common School Fund (CSF) were in compliance with the statutory formula.

The Department's failure to reconcile the cigarette tax allocations led to the following cumulative allocation errors:

Year	<b>GRF Underallocation</b>	<b>L-TCPF Overallocation</b>	<b>CSF Overallocation</b>
FY07	(\$48,115,524)	\$5,044,387	\$43,071,137
FY08	(\$53,018,212)	\$4,864,059	\$48,154,152
FY09	(\$58,699,299)	\$4,694,165	\$54,005,135
	<b>(\$159,833,035)</b>	<b>\$14,602,611</b>	<b>\$145,230,424</b>

These misallocations caused the Department's General Fund to be understated as follows; assets (\$14.6 million), beginning fund balance (\$9.9 million) and revenues (\$4.7 million). These understatements were deemed immaterial and were not recorded by the Department.

The Cigarette Tax Act (35 ILCS 130/2) requires the Department to allocate cigarette tax collections from the Cigarette Tax Act (35 ILCS 130) and Cigarette Use Tax Act (35 ILCS 135) pursuant to the following monthly methodology:

- 1) 1/98 of the total revenue derived from the Cigarette Tax Act to the General Revenue Fund;
- 2) 4/49 or \$9 million, whichever is less, of the total revenue derived from the Cigarette Tax Act to the Common School Fund;
- 3) 7/49 of the total revenue derived from both the Cigarette Tax Act and the Cigarette Use Tax Act to the Common School Fund;
- 4) \$29.2 million less the previous amounts allocated to the Common School Fund to the General Revenue Fund;
- 5) \$5 million to the School Infrastructure Fund; and,
- 6) any remaining unallocated amount to the Long-Term Care Provider Fund.

Department personnel stated that the allocation errors arose from the Department's acceptance of the misinterpretation of the statute that the deposit percentages in 2006 were *fixed* and that

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no reconciliation to actual was necessary. That is, 24 mills/cigarette tax for the Common School Fund (CSF) divided by 49 mills/cigarette total tax = 49% deposited into the CSF; 25 mills/cigarette tax for the GRF divided by 49 mills/cigarette total tax = 51% deposited into the GRF.

Failure to properly allocate cigarette tax collections between the General Revenue Fund, the Long-Term Care Provider Fund, and the Common School Fund is noncompliance with the Cigarette Tax Act. In addition, failure to properly allocate cigarette tax collections could result in a misstatement of financial statement amounts. (Finding Code No. 09-9)

**RECOMMENDATION**

We recommend the Department develop an allocation and reconciliation methodology in accordance with the Cigarette Tax Act.

**DEPARTMENT RESPONSE**

The Department concurs that the percentage allocation between the Common School Fund (CSF) and the General Revenue Fund (GRF) was not correct. The CSF and GRF are subaccounts of the General Fund, therefore, the Department will not make any financial statement adjustments for FY09. The Department has adjusted procedures to reflect the appropriate allocation and reconciliation methodology and has made receipt transfers to correct FY10 - July through December 2009. Additional transfers to finalize corrections based on IDOR's legal interpretation are currently in process.

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09-10. **FINDING** (Inadequate Controls over Local Government Tax Collections)

The Department of Revenue (Department) did not exercise adequate controls over local government tax collections, statutory allocations, disbursements, or related financial reporting. During testing, we noted the following:

- The Department began collecting two new locally-imposed retailers' occupation taxes during FY09, the Flood Prevention Retailers' Occupation Tax (FPROT) and the School Facility Retailers' Occupation Tax (SFROT) and did not properly accrue the taxes received into the required funds. The Flood Prevention District Act (70 ILCS 750/25(f)) requires the Department to "immediately pay over to the State Treasurer, ex officio, as trustee, all taxes and penalties collected under this Section to be deposited into the Flood Prevention Occupation Tax Fund." The Counties Code (55 ILCS 5/5-1006.7(d)) requires the Department to "immediately pay over to the State Treasurer, ex officio, as trustee, all taxes and penalties collected under this Section to be deposited into the School Facility Occupation Tax Fund."

The Department's policy is to deposit into the State Treasury's sales tax clearing accounts for the first year of the tax's existence and not immediately into the respective funds. Two months after depositing the taxes collected into the sales tax clearing accounts, the Department deposits only the exact amount due to local governments into the respective funds in order to issue payment to local governments.

This led to the following financial reporting errors:

Flood Prevention Occupation Tax Fund - Fund #558		
Unrecorded Transaction	Unrecorded Assets	Unrecorded Liabilities
Due from General Revenue Fund for April, May, and June Taxes	\$2,599,820	
Due to Local Governments for April, May, and June Taxes		\$2,599,820
	\$2,599,820	\$2,599,820

School Facility Occupation Tax Fund - Fund #498		
Unrecorded Transaction	Unrecorded Assets	Unrecorded Liabilities
Due from General Revenue Fund for April, May, and June Taxes	\$1,559,013	
Due to Local Governments, June Liability, Paid in September		\$1,559,013
Adjustment for Erroneous Deposit	(\$20,208)	(\$20,208)
	\$1,538,805	\$1,538,805

These amounts were deemed immaterial by the Department and not corrected in the final financial statements.

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- The Department did not exercise adequate control over allocations due to the Tax Compliance and Administration Fund (TCAF) (Fund 384) from the FPROT and SFROT. The Department’s methodology called for directly depositing the TCAF’s 2% share when the Department deposited cash into the FPROT and SFROT two months after collection. During testing, we noted the following:
  - For SFROT cash collections from September 2008 through January 2009 and June 2009, the Department did not deposit a net total of \$18,783 to TCAF. The Department attempted to correct this under-allocation in March and April 2009; however, the Department did not correct \$8,553 of the error.
  - The Department erroneously deposited the amount due to the TCAF from SFROT cash collections in November and December 2008, totaling \$20,208, into the School Facility Occupation Tax Fund.
  - For FPROT cash collections in February 2009 and June 2009, the Department did not deposit \$31,967 to the TCAF.

The Flood Prevention District Act (70 ILCS 750/25(f)) and the Counties Code (55 ILCS 5/5-1006.7(d)) requires the Department to transfer 2% of cash collections from both the FPROT and SFROT into the Tax Compliance and Administration Fund for the Department to use in administering and enforcing both taxes.

This led to the following financial reporting errors:

Tax Compliance and Administration Fund - Fund #384		
Unrecorded Transaction	Unrecorded Assets	Tax Type
Due from General Revenue Fund for January, April, May, and June Taxes	\$67,171	FPROT
Due from General Revenue Fund for April, May, and June Taxes	\$40,369	SFROT
	\$107,540	

These amounts were deemed immaterial by the Department and not corrected in the final financial statements.

- During our testing, we noted a lack of controls over Home Rule Municipal Soft Drink Retailers’ Occupation Tax payments and reporting. The Municipal Code (Code) (65 ILCS 5/8-11-6b(b)) requires the Department to certify to the Office of the State Comptroller 98% of soft drink taxes collected during the second preceding calendar month for distribution to the local government by the 25th day of the month. The remaining 2% of soft drink taxes collected are transferred to the TCAF for the Department to use in administering and enforcing the tax. We noted the following:
  - 2 of 12 (17%) distributions to the Local government for taxes collected were not paid by the Department within statutory timeframes noted above. The distributions occurred one and six days late.

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- The Department's \$11,996 statutory transfer for June 2008's 2% administration fee to the TCAF was not received or processed by the Office of the State Comptroller during June 2008. The Department discovered this error when they reconciled the monthly cash balancing report in October 2008. The Statewide Accounting Management System (SAMS) (Procedure 09.40.30) requires State agencies to reconcile the cash balancing report on a monthly basis.

In accordance with Generally Accepted Accounting Principles (GAAP), all assets, liabilities, revenues and expenses should be recorded in the financial statements. The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish a system of fiscal and administrative controls to provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

Failure to exercise adequate control over local government tax collections led to incorrect statutory allocations, disbursements, and financial reporting. (Finding Code No. 09-10)

**RECOMMENDATION**

We recommend the following:

- The Department should ensure that the Flood Prevention Occupation Tax Fund and School Facility Occupation Tax Fund are properly accrued for financial reporting at year-end.
- The Department should ensure that allocations and/or statutory transfers to the TCAF from the various locally-imposed taxes are performed.
- The Department should review, monitor, and adjust unusual fund balances to ensure complete financial reporting.
- The Department should implement controls to ensure that distributions of taxes collected for local governments are correct and timely.

**DEPARTMENT RESPONSE**

The Department agrees that allocations and statutory transfers, and adjustments to fund balances for financial reporting should be reviewed, monitored and performed in an accurate and timely fashion.

The Department agrees that it made errors in deposits into the Tax Compliance and Administration Fund and made the appropriate correction after fiscal year end. The correction was deemed immaterial for financial statement reporting purposes and the issue had no impact to local governments. In addition, twice the Department was late making allocations from the Soft Drink Tax, by one day on one occasion and by six days on the other occasion. The mistake was a human error and the process has been enhanced,

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effective April 5, 2010, by automating the allocation in Gen Tax along with all other Sales Tax distributions.

The Department agrees to review new funds each year and determine if an accrual is appropriate for financial reporting purposes.

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09-11. **FINDING** (Payments to County Officials)

The Department of Revenue (Department) was unable to comply with statutory requirements regarding payments to certain county officials due to insufficient appropriations and did not report the corresponding liabilities to the State Comptroller for the year-end financial reporting. During our testing, we noted the following:

- The Department did not timely pay fifty-one counties \$582,566 as reimbursement for the June 2009 compensation paid by the counties to State's Attorneys. The Counties Code (Code) (55 ILCS 5/4-2001(a) and 55 ILCS 5/4-3001(a)) requires the State to furnish 66 2/3% of the total annual compensation to be paid to State's Attorneys. The Department receives the annual appropriation to make these payments. These payments were due in June 2009 and paid in July 2009 out of the next fiscal year's appropriation, as allowed.

Department personnel stated that the Department lacked sufficient appropriation authority to cover all of the reimbursable compensation costs associated with State's Attorneys in fiscal year 2009.

- The Department did not record the corresponding liability, totaling \$582,566, for the State's Attorneys' payments in the Department's June 30, 2009 General Revenue Fund financial statements or provide other notification to the Office of the State Comptroller regarding the unpaid liability. This auditor adjustment was deemed immaterial and not corrected on the Department's final financial statements.

GASB Statement No. 33, Paragraph 74 of the Basis of Conclusions states, "There may be cases when a government has not made payments to other governments for a particular period, as required by enabling legislation and the related appropriation. In those cases, the provider government should inform recipients whether the omitted payments for that period have been postponed and will be made in the next period or periods, or whether no further payments will be made at any time for the period of the shortfall. If the omitted payments have been postponed, the provider should report a liability and the recipients should report receivables for the amounts postponed. If the omission is not a postponement, no liability or receivable should be reported." These payments were paid by the Department in fiscal year 2010.

Department personnel stated that the Department did not record the liability because the Department considered the matter to be a liability of the State of Illinois, but not a liability of the Department. By paying the States Attorneys out of the next fiscal year's appropriation, the auditors believed that the State was merely postponing the payment and a liability should be recorded.

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- The Department did not pay fifty counties \$264,147 as reimbursement for June 2009 compensation paid by the counties to Public Defenders. The Code (55 ILCS 5/3-4007(b)) requires the State to pay 66 2/3% of a Public Defender's annual salary, payable monthly from the State Treasury. The Department receives the annual appropriation to make these payments.

Department personnel stated that the Department lacked sufficient appropriation authority to cover all of the reimbursable compensation costs associated with Public Defenders. The Department notified the affected counties that they do not intend to pay this liability and directed counties to the Court of Claims. In accordance with GASB Statement No. 33, Paragraph 74 of the Basis of Conclusions, the Department did not record a liability for the unpaid amount of Public Defender reimbursements due to the notification.

Failure to reimburse counties for compensation paid to State's Attorneys and Public Defenders is non-compliant with the Counties Code. Failure to record all liabilities arising from government-mandated nonexchange transactions reduces the reliability of Statewide financial information. (Finding Code No. 09-11)

**RECOMMENDATION**

We recommend that the Department comply with the Counties Code or seek legislative assistance regarding the compensation and reimbursement of county officials. Further, we recommend that the Department implement controls to ensure that all liabilities arising from government-mandated nonexchange transactions are recorded in accordance with GASB Statement 33.

**DEPARTMENT RESPONSE**

The Department agrees that we should comply with the Counties Code, however, due to the State's constrained fiscal environment, via the state appropriation process, it was determined that the state could not afford the total cost of payments to local government officials and the approved spending authority was limited accordingly. Article VIII, Section 2. (a), State Finance of the State of Illinois Constitution provides that "Proposed expenditures shall not exceed funds estimated to be available for a fiscal year as shown in the budget." And Section 2. (b) states "The General Assembly by law shall make appropriations for all expenditures of public funds of the State. Appropriations for a fiscal year shall not exceed funds estimated by the General Assembly to be available during that year."

The department agrees to record future liabilities arising from government-mandated non-exchange transactions in accordance with GASB 33 and SAMS.

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- 09-12. **FINDING** (The Department did not ensure GAAP packages and draft financial statements were complete and accurate)

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

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

During our audit we noted that supervisory review of GAAP basis adjustments is occurring. However, the review does not appear to be sufficiently detailed to detect errors and omissions from using inappropriate underlying data. During our audit of the GAAP basis adjustments and financial statements we noted the following errors made to the GAAP basis accruals:

- Balances held in the Department of Revenue's (Department) "Remittance Clearing Accounts" were not properly recorded as of June 30, 2009. These accounts are used to hold initial deposits and are temporary until the cash is transferred to the appropriate account based on the tax type to which it applies. The unrecorded amount of cash, approximately \$8 million, represented individual accounts with balances under \$1 million, which the Department did not record in the GAAP packages or financial statements, as well as reconciliation differences that were not identified prior to submitting GAAP packages to the State Comptroller. These amounts were deemed immaterial and were not recorded by the Department. Per Department management, the agency modified the allocation of clearing accounts for GAAP in 2009. The prior agency procedure determined that any clearing accounts that were "allocated" to multiple taxes were immaterial. The procedure was modified for FY 09 so that any clearing account balance greater than \$1 million would be included and allocated and anything less than \$1 million would be treated on a cash basis which accounts for part of the difference.

In addition, some of the clearing account reconciliations were not finalized at the time GAAP forms were prepared. Preliminary numbers were used that were modified after the GAAP workpapers were prepared. This caused the "estimated" amounts to change when comparing to the actual amounts.

- The Department used incorrect account numbers on the report to accrue Motor Fuel Tax receivables which occurred during the lapse period (July and August 2009). This resulted in the overstatement of Motor Fuel Tax Fund receivables and revenue by approximately \$8.4 million. This error was corrected for the final financial statements. Department management stated that the incorrect account was used in compiling the accrual information.

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- A year-end accrual to transfer tax revenue from the State Gaming Fund to the Education Assistance Fund (part of the General Fund) was not accrued properly resulting in an excess transfer of \$22 million reported in both funds. This error was corrected for the final financial statements. Department management stated that a report was used to create the accrual entry that contained both FY09 and FY10 activity, and the FY10 amounts should have been excluded from the accrual amount.
- A year-end accrual to transfer tax revenue from the Horse Racing Fund to the General Revenue Fund was not accrued properly resulting in an excess transfer of \$1.160 million in both funds. This error was deemed immaterial by the Department and was not corrected in the final financial statements. Department management stated that an incorrect calculation of yearly expenditures was used.

In accordance with GAAP, all assets, liabilities, revenues and expenditures/expenses should be recorded in the Department's financial statements.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) states, "All State agencies shall establish and maintain a system, or systems, of internal fiscal and administrative controls, which shall provide assurance that: ... 4) revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources."

Due to the inadequate review procedures for GAAP reporting, there were errors in the amounts reported in the GAAP package forms as detailed above. In addition, under the present system, additional errors could be made in preparing the GAAP package forms and financial statements of future periods and not be detected by Department employees in the course of performing their assigned duties. (Finding Code No. 09-12, 08-3)

**RECOMMENDATION**

We recommend the following:

- The Department should revise procedures for preparing the GAAP package forms which includes supervisory review of all supporting schedules and reports used in the formation of accruals and adjustments, as well as supervisory review of the completed GAAP packages, prior to submitting them to the Office of the State Comptroller.
- All cash accounts should be reviewed to ensure they are properly recorded in the GAAP package forms.
- Reports used for recording accruals should be reviewed to ensure the proper reports are used.

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**DEPARTMENT RESPONSE**

The Department concurs with the recommendation. We have added additional review procedures prior to submission to assist with identifying potential errors. However, with the numerous estimates and very tight submission timeframes of over 80 GAAP packages, all potential errors, as opposed to immaterial estimate variances, will be difficult to identify.

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09-13. **FINDING** (Service Organization (SAS 70) Reports not Obtained)

The Department of Revenue (Department) did not obtain SAS 70 reports for the service organizations used to process certain of its tax returns. Without these reports, the Department did not have adequate assurance that the tax processing controls necessary to prevent errors or irregularities from occurring were established and operating effectively throughout the year for returns handled by these organizations.

Statement on Auditing Standards (SAS) No. 70, *Service Organizations*, is a widely recognized auditing standard developed by the American Institute of Certified Public Accountants (AICPA). SAS No. 70 is the authoritative guidance that allows service organizations to disclose their control activities and processes to their customers and their customers' auditors in a uniform reporting format. The issuance of a service auditor's report prepared in accordance with SAS No. 70 signifies that a service organization has had its control objectives and control activities examined by an independent accounting and auditing firm. The service auditor's report, which includes the service auditor's opinion, is issued to the service organization at the conclusion of a SAS 70 examination.

The Department uses five external service providers that provide data entry services for many sales tax and business, individual and withholding income tax returns. The Department did not obtain SAS 70 reports from any of these service providers. Of the total returns processed by the Department, approximately 79% of the volume is processed by these five third party service providers.

It is important to obtain and analyze an independent review of each service provider's tax processing systems environment. Independent reviews provide a method of evaluating the systems in place at each service provider and helps the Department develop internal control processes that would complement those at the service providers. Based on the review, the Department would have better assurance that the internal controls are adequate to ensure the taxpayer account balances and revenue recorded from such returns are accurate and reliable, and that confidential information is safeguarded.

Per Department management, there was no procedure in place to request SAS 70 reports from vendors who perform data processing services for the Department. The Department follows the Central Management Service's Procurement Guidelines to secure services from vendors. Those guidelines do not require the Department to secure SAS 70 reports from vendors that provide data entry services. The Department requires vendors to meet specific specifications and provides specific instructions, formats, and passwords/controls for vendors when transmitting data files to the Department. In addition, the Department has batch controls and quality review processes that ensure the total return values going to data entry vendors equal what is being returned.

Under the present system, tax returns could be processed inaccurately resulting in misstatement of the financial statements. (Finding Code No. 09-13)

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**RECOMMENDATION**

We recommend the Department obtain and adequately review copies of the independent reviews (SAS 70 reports) for tax processing services provided by all third-party service providers on an annual basis. User controls delineated in these reports should be implemented and monitored by the Department.

**DEPARTMENT RESPONSE**

The Department has since obtained SAS70 audit reports from all but one vendor. The fifth vendor provided an internal control report but it was not in accordance with SAS70.

The Department agrees with this recommendation, when feasible, for future development of RFP requirements in order to request SAS70 audit reports; however the Department must also comply with the Small Business and Business Enterprise Program goals set forth by CMS. It is likely that some qualified providers that meet these program criteria will not currently have SAS70 audits performed as it is not cost effective for Small Businesses. The Department of Revenue does have batch controls and quality review processes that ensure that the total return values going to data entry vendors equal what is being returned.

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09-14. **FINDING** (Failure to Pay Personal Property Replacement Tax Refunds Created a Statutory Excess)

During our testing of the draft financial statements, we noted that the Department of Revenue (Department) transferred \$85 million from the Income Tax Refund Fund #278 to the Personal Property Tax Replacement (PPRT) Fund #802. The Department calculated the transfer pursuant to the statute cited below. At the same time, on June 30, 2009, the Department had estimated there were approximately \$84 million in PPRT refunds that were not paid and were held for payment due to cash shortages in the #278 Fund. Some of these refunds were approved and held for payment since February 2009. (See also Finding 09-1)

The Illinois Income Tax Act (35 ILCS 5/904(a)) and the Illinois Administrative Code (86 Ill. Adm. Code 100.9300(a)) state: “As soon as practicable after a return is filed, the Department shall examine it to determine the correct amount of tax. If the Department finds that the tax paid is more than the correct amount, it shall credit or refund the overpayment.”

The Illinois Income Tax Act (35 ILCS 5/901(d)(3)) requires as soon as possible after the end of each fiscal year, the Director shall order transferred and the State Treasurer and State Comptroller shall transfer from the Income Tax Refund Fund to the Personal Property Tax Replacement Fund an amount, certified by the Director to the Comptroller, equal to the excess of the amount collected and deposited into the Income Tax Refund Fund during the fiscal year over the amount of refunds resulting from the overpayment of tax liability paid from the Income Tax Refund Fund during the fiscal year.

The Department believes the PPRT portion of refunds approved and held for payment at June 30, 2009 should not be included in the statutory calculation of excess as they were not paid during the fiscal year as referenced in the statute. The auditors believe that simply not paying the PPRT refunds that are due should not create an “excess” amount in accordance with the statutory parameters. Instead, the refunds due should be paid first and any funds remaining would be considered excess and available for transfer.

The \$85 million was eventually transferred from the Income Tax Refund Fund to the Personal Property Tax Replacement Fund by the Department as cash was made available. It was not used to liquidate amounts owed to taxpayers for PPRT refunds due at year-end and not paid due to the lack of available cash. As these refunds were not paid, interest accumulates from the date the taxpayer filed the return and overpaid their tax liability. In the future, when PPRT refunds exceed PPRT deposits into the Income Tax Refund Fund #278, a transfer will have to be made from PPRT Fund #802 into the Income Tax Refund Fund #278.

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A summary obtained from the Office of the State Comptroller for the Personal Property Replacement Tax transactions in the Income Tax Refund Fund #278 and information from the Department of Revenue for refunds approved, but not paid follows:

<b>REFUNDS APPROVED AND PAID</b>			
	<u>Personal Property Replacement Tax</u>		
	FY09	FY08	% Increase (Decrease)
Receipts, Net	\$ 225,680,828	\$ 232,106,240	(3%)
Less:			
Tax Refunds Paid	120,854,515	127,786,997	(5%)
Interest Paid	19,444,233	8,967,603	117%
Transfer Out*	1,998	8,632	(77%)
Receipts Over (Under) Expenditures	<u>\$ 85,380,082</u>	<u>\$ 95,343,008</u>	<u>(10%)</u>
Statutory Excess to Transfer Out^	<u>85,328,850</u>	<u>95,330,382</u>	<u>(10%)</u>

Per Departmental records, the refunds held for payment at June 30, 2009 follows:

<b>REFUNDS APPROVED, BUT UNPAID AS ESTIMATED BY THE DEPARTMENT</b>			
	<u>Personal Property Replacement Tax</u>		
	FY09	FY08	% Increase (Decrease)
Tax Refunds Approved but Unpaid	\$ 82,601,236	\$ 1,244,625	6537%
Estimated Unpaid Accrued Interest	1,378,424	139,151	891%
Total Payable at June 30, 2009	<u>\$ 83,979,660</u>	<u>\$ 1,383,776</u>	<u>5969%</u>

^Statutory Transfer Pursuant to the Illinois Income Tax Act (35 ILCS 5/901(d))

\*Statutory Transfer Pursuant to the State Finance Act (30 ILCS 105/6z-27), Net

Failure to pay refunds timely could materially impact the calculation of the statutory excess amounts related to the Personal Property Tax Replacement Fund and resulted in at least \$84 million in funds being transferred that were needed to pay refunds to taxpayers, thus further prolonging the payment of PPRT refunds to those taxpayers. (Finding Code No. 09-14)

**RECOMMENDATION**

We recommend the Department pay PPRT refunds due to taxpayers from the Income Tax Refund Fund. Amounts remaining only after PPRT refunds are paid should be determined as excess and transferred to the Personal Property Tax Replacement Fund as required by statute, or seek legislative remedy.

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**DEPARTMENT RESPONSE**

The Department pays all refunds, including Personal Property Replacement Tax (PPRT) refunds from the Income Tax Refund Fund.

In Fiscal Year 2009, deposits into the Income Tax Refund (ITR) Fund were insufficient to pay all refunds, and the department gave priority to Individual Income Tax refunds and delayed some Business Income Tax refunds (including some PPRT refunds).

As the finding notes, the Income Tax Act requires the department to, at the conclusion of each fiscal year, compare PPRT deposits into the ITR Fund to PPRT refunds paid from the ITR Fund. If refunds paid exceed deposits, the statute requires a transfer from the PPRT Fund to the ITR Fund; if deposits exceed refunds paid, the statute requires a transfer from the ITR Fund to the PPRT Fund.

The Department believes that when there is too little money to pay all refunds, its policy of paying the higher volume smaller refunds to individuals and delaying the typically larger business refunds makes sense.

The Department agrees to make members of the legislative and executive branches aware of the issue of “statutory excess” identified by OAG, but recognizes that changing the current statutory scheme would raise serious policy and fiscal issues that would need to be carefully weighed.

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09-15. **FINDING** (Lack of Adequate Disaster Contingency Planning or Testing to Ensure Recovery of Applications and Data)

The Department of Revenue (Department) had not provided adequate planning for the recovery of its applications and data. Additionally, midrange recovery testing had not been performed during the audit period.

The Department carries out its daily operations through the use of Information Technology. The Department is reliant on a significant number of computer systems in order to support the Department's mission as "chief tax collector for the State of Illinois."

The Department had established 24 individual contingency plans; however, they had not been updated within the last three to seven years and did not depict the current environment. In addition, the plans did not address the restoration of applications/data, and testing procedures for recovery.

In December 2007, the Department implemented an enterprise wide tax system (GenTax), which the Department classified as mission critical. As of June 30, 2009, the Department had not developed a recovery plan or conducted recovery testing.

Department personnel stated that in mid-2007, the Department hired a replacement for the Department's Recovery Coordinator dedicating 50% of their time to disaster recovery issues. A project was initiated shortly after their hiring to re-engineer the Department's Business Continuity plans and processes. Alongside this initiative were the GenTax project, the IT consolidation efforts, and new industry security and privacy compliance that brought additional complications to the original effort and timelines for the project. The IT consolidation requires coordination of efforts for disaster recovery with the Department of Central Management Services' staff. Many of the project tasks involve interaction with the Department of Central Management Services and are elongated due to the amount of time required to receive responses or action from the Department of Central Management Services.

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

The lack of an adequate and tested disaster contingency plan leaves the Department exposed to the possibility of major disruptions of services. A comprehensive test of the plan across all platforms utilized will assist management in identifying weaknesses to ensure recovery procedures are adequate in the event a disaster. Continuous reviews and tests of plans would help management ensure the plans are appropriately modified, as the Department's computing environment and disaster recovery needs change. (Finding Code 09-15, 08-10)

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**RECOMMENDATION**

The Department should upgrade the contingency plans to address the current environment, including the enterprise wide tax system (GenTax). The Department should also ensure the contingency plans include details specific to the recovery applications and data. In addition, the contingency plans should be tested on an annual basis and continually updated to reflect environmental changes and improvements identified from tests.

The Department should also work with the Department of Central Management Services to ensure plans, facilities, and other operational provisions are appropriately aligned.

**DEPARTMENT RESPONSE**

We agree with the recommendation. The Department continues to gather and document the technical recovery detail pertaining to applications and data. CMS, as our managed service provider, has been consulted concerning these details concerning recovery requirements affecting the distributed environment. Completion of the plan details cannot be achieved without the cooperative efforts needing to be provided by CMS. IDOR is dedicated to completing the recovery plan detail and providing adequate plan testing on an annual basis for all processing environments. A recent meeting with CMS has given us the best hope of movement on this process. We have their commitment that they will be working with us, and we should see significant movement on this process by the end of 2010.

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09-16. **FINDING** (Failure to Provide Timely Motor Fuel Tax Information to IDOT)

The Department of Revenue (Department) did not provide the necessary information in a timely manner to the Illinois Department of Transportation (IDOT) in order to allocate money according to the Motor Fuel Tax Law (35 ILCS 505/8) and initiate the process for distribution of motor fuel tax to the counties, municipalities, and townships with the most accurate information.

The Department must provide IDOT with the total collections of the additional 2½ cents per gallon tax on motor vehicles with diesel engines under the Motor Fuel Tax Law (35 ILCS 505/2(b)).

The Department provided IDOT with this information on the following dates:

Month	Date Information Sent to IDOT
July 2008	December 5, 2008
August 2008	December 5, 2008
September 2008	December 5, 2008
October 2008	October 13, 2009
November 2008	October 13, 2009
December 2008	October 13, 2009
January 2009	October 13, 2009
February 2009	October 13, 2009
March 2009	October 13, 2009
April 2009	October 13, 2009
May 2009	October 13, 2009
June 2009	October 27, 2009

The Motor Fuel Tax Law (35 ILCS 505/8(e)) requires IDOT to perform certain allocations, based off information provided by the Department, as soon as possible after the first day of the month.

Department personnel stated the information was not provided to IDOT due to oversight.

Failure to provide the necessary information to the IDOT in a timely manner resulted in delays in preparing IDOT's financial statements, as the Statewide Accounting Management System (SAMS) (Procedure 27.10.10) requires State agencies to submit the GAAP reporting packages by August 31. (Finding Code 09-16)

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**RECOMMENDATION**

We recommend that the Department provide the necessary information to IDOT in a timely manner to facilitate compliance with the Motor Fuel Tax Law.

**DEPARTMENT RESPONSE**

The Department concurs with the recommendation, but emphasizes that there was no interruption of money flowing to local governments. Each month IDOT uses an estimated amount (\$2 million) to complete their transfer and then will reconcile the amount once they receive the actual amount. (Actual averages \$2.5 million.) The actual information is not available for a couple months after month end. The Comptroller's Office informed the Department that IDOT needed this information to complete their financial statements and the Department sent it to IDOT the next day.

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09-17. **FINDING** (Inadequate Controls over Contractual Agreements)

The Department of Revenue (Department) did not have adequate controls over contractual agreements. During testing, we noted:

- Five of 32 (16%), or \$19,655,267 of \$93,133,087, contractual agreements tested were not signed by all necessary parties before the effective date. These agreements were signed 21 to 115 days late. Professional and artistic affidavits were filed when applicable for all contracts.
- Seven of 25 (28%), or \$112,365 of \$715,940, interagency agreements tested were not signed by all necessary parties before the effective date. These agreements were signed 26 to 45 days late, with one having no signature date. Of these agreements, four (16%) were professional and artistic services contracts. Of those professional and artistic agreements one did not have a professional or artistic service affidavit filed.
- One of five (20%) or \$417,990 of \$441,090, tobacco enforcement grants tested was not signed by all necessary parties before the effective date. This agreement was signed seven days late.

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

Department personnel stated that contractual agreements are not always returned to the Department timely for signatures. Often contracts, intergovernmental agreements, or grant agreements are held by other agencies and returned to the Department for final approval after the effective date.

Failure to approve contractual and grant agreements prior to the performance of services may result in loss of State funds and subject the State to unnecessary legal risks. In order to assess whether the interagency agreements are reasonable, appropriate, and sufficiently document the responsibilities of the appropriate parties, the agreements need to be approved prior to the effective date. (Finding Code No. 09-17, 08-11, 07-6)

**RECOMMENDATION**

We recommend that the Department ensure all contracts, interagency agreements, and grant agreements are approved prior to the start of the contract period.

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**DEPARTMENT RESPONSE**

The Department agrees with this finding and constantly strives to ensure that all contracts, interagency agreements, and grant agreements are approved prior to the execution of the contract. Unfortunately, the actual implementation of this policy is sometimes out of the Department's control.

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09-18. **FINDING** (Inadequate Controls over Personal Services)

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

- 16 of 50 (32%) annual performance evaluations for employees tested were not completed timely by the Department. The employee evaluations were completed 4 to 338 days late.
- Four of 50 (8%) employees in our sample did not have properly completed probationary evaluations. The probationary evaluations did not include the director's signature or date.
- One of 50 (2%) employees in our sample did not receive a probationary evaluation during the examination period.
- One of 50 (2%) employees in our sample did not have a properly completed annual evaluation. The evaluation did not include the employee's date of acceptance.

Department personnel stated they are working with the Shared Services Center to receive notification of the evaluations due and past due. Management has been made aware of the importance of timely evaluations of staff. The Department's Employee Handbook (Handbook) states initial probationary employees are evaluated twice during the six-month probationary period, with one evaluation at the midpoint of the period and one two weeks prior to the end of such probation. Certified employees are evaluated annually. In addition, good business practices require employee evaluations to be performed to communicate the employee's strengths and weaknesses in meeting their job responsibilities.

- Two of 50 (4%) union deductions in our sample did not properly trace to deduction authorization forms in the employee files. Employees tested did not have deduction cards in the employee files. Department personnel further stated that the payroll department will ensure all necessary union cards will be present in the payroll files.

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

- Five of 50 (10%) employees tested did not have complete support for time spent on "official State business". The Department of Central Management Services' (DCMS) reports from the Central Time and Attendance System (CTAS) were either missing or lacked the required signatures of the employee, timekeeper and/or division manager.

The State Officials and Employees Ethics Act (Act) (5 ILCS 430/5-5(c)) requires the Department to adopt personnel policies consistent with the Act. The Act states, "The

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policies shall require State employees to periodically submit time sheets documenting the time spent each day on official State business to the nearest quarter hour.”

- Seven of 50 (14%) employees tested had employee absences that did not trace to supporting leave request documentation and leave requests were not properly approved or completed timely. Specifically, three employees had leave request slips that were not signed by the employee or employee’s supervisor as required by the Employee Handbook. In addition, a leave request was not completed timely, time off was not correctly deducted on the Central Time and Attendance System (CTAS), personal time was not recorded on timesheet, and inaccurate reporting of time was used on CTAS.

The Handbook additionally states that any time you are absent, you are required to complete Form IDR-139, Request for Leave, which must be signed by you and your supervisor.

The Department stated they will remind timekeepers, employees, and managers that all CTAS reports must be signed. In addition, all employees and supervisors will be reminded to submit time off slips in advance and to sign and date request/approval. The timekeepers will also be reminded that they should be checking the time off requests for signatures when posting the time off to CTAS.

Performance evaluations are a systematic and uniform approach used for the development of employees and communication of performance expectations to employees. Performance evaluations should serve as a foundation for salary adjustments, promotion, demotion, discharge, layoff, recall, and reinstatement decisions. Failure to maintain union deduction authorization cards could result in payroll deductions not reflecting current authorizations. By not maintaining appropriate time sheets, the Department is not in compliance with the State Officials and Employees Ethics Act. Allowing employees paid leave without providing the required pre-certifications could result in payments to individuals not entitled to the benefit and is noncompliance with Department policy. (Finding Code No. 09-18, 08-13, 07-7)

**RECOMMENDATION**

We recommend:

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

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**DEPARTMENT RESPONSE**

The Department agrees that timely completion of evaluations, up-to-date personnel files and accurate time sheets and leave records are important to the agency.

Shared Services is working with CMS to utilize a report that is already in operation for that agency. BCCS will have to agree that this is a priority for our Center. The report will notify the agencies 60 and 30 days out that their evaluations are due. It will also be able to track the probationary evaluations that are due. The Shared Services Director met with the Directors of all of the agencies in the Center on 3/19/10 to reiterate the importance of getting the evaluations completed on time. The intent is to have the evaluation notification process in place early in calendar year 2011.

The Department sought and obtained from the Union payroll deduction cards and they are now in the employees personnel file.

The Department requires all employees to maintain time sheets in compliance with the State Officials and Employees Ethics Act and IDOR to maintain accurate accumulated leave records for all employees. The department will remind timekeepers, employees, and managers that all CTAS reports must be signed, as required by timekeeping policy.

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09-19. **FINDING** (Inadequate Control over the Personal Use of State Vehicles)

The Department of Revenue (Department) did not have adequate controls over the personal use of State vehicles. The Department had 195 individuals that were assigned a State vehicle in fiscal year 2009. Of those 195, only 11 individuals were noted as having personal use of a State vehicle in relation to their job responsibilities. During testing, we noted:

- Four of 11 (36%) employees with personal use of a State vehicle did not have the \$33 per pay period fringe benefit included in their taxable income. The same four employees were noted in the prior finding

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

Department personnel stated that they are working with a group from the Governor's Office to review IRS Publication 15-B. The group's finding should be out shortly. The Department has collected the appropriate fringe benefit for the entire calendar year 2009 from the four employees.

Failure to properly apply the fringe benefit for the personal use of a vehicle is noncompliance with tax guides regarding fringe benefits. (Finding Code No. 09-19, 08-14, 07-8)

**RECOMMENDATION**

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

**DEPARTMENT RESPONSE**

The Department concurs with the recommendation. A new Vehicle Policy has been drafted including a monthly tracking report which will document the appropriate fringe benefit days for each employee assigned a vehicle. This policy is under review with the Governor's Office and upon their approval, and subject to notification to the union and possible revisions pursuant to the collective bargaining process, will be implemented statewide.

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09-20. **FINDING** (Noncompliance with the Illinois Lottery Law)

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

The Department did not automatically notify the Lottery to suspend a lottery retailer's license for noncompliance with tax laws, except during the lottery retailer license renewal process. The lottery retailer license renewal process only occurs every two years and no checks for compliance with the tax laws are performed between renewals. During detail testing, we noted 18 of 25 (72%) tested lottery retailer accounts in our sample went out of compliance with the State's tax laws during FY09. There were approximately 7,695 lottery retailers during FY09.

- 12 of the 18 (67%) noncompliant accounts were noncompliant prior to their license renewal in FY09, owing \$71,446 in back taxes and having not filed nine required returns.
- 16 of the 18 (89%) noncompliant accounts were noncompliant after their license renewal in FY09, owing \$1,271,696 in back taxes and having not filed four required returns.

During our testing of the license renewal suspension process, we noted nine of 25 (36%) tested lottery retailer accounts were noncompliant with the State's tax laws, yet were approved for their lottery license renewal:

- Four of the nine (44%) noncompliant accounts arose from the Department failing to notify the Lottery to stop renewal of the retailer's license. At renewal, these retailers owed \$33,813 in back taxes and having not filed three required returns.
- Five of the nine (56%) noncompliant accounts arose from the Lottery failing to stop renewal of the retailer's license following notification from the Department. At renewal, these retailers owed \$38,752 in back taxes and had not filed one required return.

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During October 2009, the Department determined that 1,756 of 7,695 (23%) lottery retailer accounts were noncompliant with State tax laws.

Total Accounts	Reason for Noncompliance
653	The taxpayer has one or more tax periods with taxes due to the State.
226	The taxpayer has one or more non-filed tax returns.
96	The taxpayer has one or more tax periods with taxes due to the State and has one or more non-filed tax returns.
781	The taxpayer's information (for example, the retailer's FEIN or SSN) does not reconcile between Lottery and Department records.
1,756	Total Noncompliant Accounts

Department personnel stated that during 2009 they were developing a retailer license suspension process that will run each month to determine each active retailer's compliance with the tax laws enforced by the Department. The system was not implemented until December 2009.

Failure to suspend a lottery retailer's license during the two-year period between renewals increases the likelihood of the State utilizing other, potentially more costly, collection techniques. (Finding Code No. 09-20, 08-17)

**RECOMMENDATION**

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

**DEPARTMENT RESPONSE**

We concur with the recommendation. The Department implemented controls to suspend Lottery Retailer's Licenses in the case of noncompliance with any State Tax Law.

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For the Year Ended June 30, 2009

09-21. **FINDING** (Noncompliance with Statutory Mandates)

The Department of Revenue (Department) did not comply with or is not enforcing the following statutes as noted below:

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

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

- The Department did not submit an annual Unified Economic Development Budget to the General Assembly within three months after the end of the fiscal year as required by the Corporate Accountability for Tax Expenditure Act (Act) (20 ILCS 715/10).

Department personnel stated when this legislation was drafted, the Department was incorrectly identified as the agency to produce a report on economic development. The references were changed to the Department of Commerce and Economic Opportunity (DCEO), except in the one reference cited. After the legislation with the conflicting references became law, the two agencies agreed the report should be done by DCEO. Accordingly, the Department changed its forms and tax systems to be able to capture information DCEO needed for its report and has made that information available to DCEO.

Failure to enforce statutory mandates or seek legislative relief is noncompliance with the statutes and lessens governmental oversight. By having ineffective mandates that do not reflect current practice or leaving incorrect mandates the risk of possible litigation increases. (Finding Code No. 09-21, 08-18)

**RECOMMENDATION**

We recommend the Department follow the requirements of the Retailers' Occupation Tax Act and the Corporate Accountability for Tax Expenditure Act or seek legislative remedy.

**DEPARTMENT RESPONSE**

The Department of Revenue exercised its administrative discretion to set bonds at zero, which the Department believes is consistent with the bonding authority granted in Section 2a of the Retailers' Occupation Tax Act. However, legislation has been introduced to make

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For the Year Ended June 30, 2009

the Department's authority more clear. The bill, HB 6359, passed the House on March 19 and is now in the Senate awaiting action.

The Department of Revenue believes that it was incorrectly identified as the agency to produce a report on economic development. In fact, references to the Department of Revenue in other similar legislative measures were changed to reflect the Department of Commerce and Economic Opportunity (DCEO) as the appropriate filer, except in this one cited reference. After legislation with the conflicting references became law, the Department introduced legislation to correct the mistake and reflect the appropriate party responsible for the filing of the report. The proposal did not pass. The Department intends to reintroduce the legislation next spring. It should be noted that the Department has provided the information to the DCEO and General Assembly in the past and will continue to do so.

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**PRIOR FINDINGS NOT REPEATED**  
For the Year Ended June 30, 2009

- A. **FINDING** (The Department did not Ensure Revenue Recognition Relating to Credit-Carry Forward Amounts was Proper)

During the prior examination period, the Department of Revenue (Department) did not have sufficient processes and controls in place to ensure revenue recognition related to the credit-carry forward was proper. Specifically, the examination of Individual Income Tax (IIT) and Business Income Tax (BIT) returns for taxpayers with credit-carry forward amounts revealed deferred revenues were not properly accrued.

In the current examination period, the Department has implemented processes and controls to ensure proper revenue recognition related to the credit-carry forward. (Finding Code 08-1)

- B. **FINDING** (Taxpayer Information that was Material to the Financial Statements was not Considered or Processed Timely)

During the prior examination period, the Department of Revenue (Department) did not consider or process taxpayer information received by the Department by June 30, 2008 that resulted in auditor adjustments to the financial statements.

In the current examination period, the Department improved controls over processing taxpayer information. (Finding Code 08-4)

- C. **FINDING** (Inadequate Controls over Data Reconciliations)

During the prior engagement, the Department of Revenue (Department) had not developed, implemented, or documented procedures to reconcile records between the new enterprise-wide tax system (GenTax) and the Department's other systems.

In the current examination period, the Department developed, implemented, documented, and reconciled records between GenTax and the Department's other systems. (Finding Code 08-5)

- D. **FINDING** (Lack of Supervisory Approval of Large Adjustments and Monitoring of Tax Accounts)

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

In the current examination period, the Department used informal criteria to identify accounts with likely data entry errors from their accounts receivable calculation, improved controls to reduce the total number of unusual pending payments, and implemented procedures for a

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secondary review for some tax processing functions, but lacked adequate supervisory approval of large adjustments that is addressed in Finding No. 09-3. (Finding Code 08-7)

E. **FINDING** (Need to Enhance Controls over Confidential Information)

During the prior examination period, the Department of Revenue (Department) did not maintain adequate safeguards when handling confidential information.

In the current examination period, the auditors uncovered smaller, immaterial conditions of noncompliance. This condition is described in our Letter of Immaterial Findings. (Finding Code 08-12)

F. **FINDING** (Noncompliance with the State Records Act)

During the prior examination period, the Department of Revenue (Department) did not maintain adequate supporting documentation in taxpayer files to protect the legal and financial rights of the State in accordance with the State Records Act (5 ILCS 160/8). The Department was unable to locate and provide the original return filed by the taxpayer in a timely manner for 23 of 439 (5%) accounts tested. The Department was able to eventually locate 15 of the original returns, but the remaining 8 of 439 (2%) tested accounts were not located.

In the current examination period, the Department did maintain supporting documentation in taxpayer files according to our sample test results. Specifically, the Department was able to locate and provide original returns associated with taxpayer files in a timely manner for returns selected for testing. (Finding Code 08-15)

G. **FINDING** (Lack of Required Lottery Board Members)

During the prior examination period, the Lottery Control Board was not comprised of five members as required by the Illinois Lottery Law.

In the current examination period, the auditors uncovered immaterial conditions of noncompliance. This condition is described in our Letter of Immaterial Findings. (Finding Code 08-16)

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**MANAGEMENT AUDIT FOLLOW-UP**  
For the Year Ended June 30, 2009

**STATE'S MULTI-YEAR BEVERAGE VENDING AND POURING CONTRACT**

House Resolution Number 862 directed the Auditor General to conduct an audit of the procurement practices in connection with the State's multi-year Beverage Vending and Pouring contract. The audit, released in March 2009, contained 11 recommendations to the Department of Revenue.

We followed-up with the Department to determine if the recommendations have been implemented. We determined that the 11 recommendations were partially implemented. (See Exhibit 1) The Department has instituted changes to its policies to implement the recommendations. However, because of the timing of the release of the audit and the timing of the changes made, we were unable to test the implementation of these new procedures because there were no procurements issued. Because there were no procurements available to test, we classified the recommendations as partially implemented.

For the next compliance examination for the period ended June 30, 2010, we will test the implementation of the Department's new procedures to determine if they were effective. We also will include, at that time, details on the steps taken by the Department to implement the recommendations.

Exhibit 1 <b>SUMMARY OF RECOMMENDATIONS</b>			
<b>Recommendations</b>	<b>Implemented?</b>		
	Yes	Partially	No
Contract Execution		X	
Timing of the Vendor Conference		X	
Vendor Presentations		X	
Evaluation Scoring Tool		X	
Documenting Evaluation Committee Meetings		X	
Scoring Issues		X	
References		X	
Opening Price Proposals		X	
Evaluation Language in Request for Proposals		X	
Protest Resolution		X	
Clarifying Offers		X	
<b>Total</b>	<b>0</b>	<b>11</b>	<b>0</b>

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COMPLIANCE EXAMINATION  
For the Year Ended June 30, 2009

**SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES**

**SUMMARY**

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

- Fiscal Schedules and Analysis:
  - Schedule of Expenditures of Federal Awards
  - Notes to the Schedule of Expenditures of Federal Awards
  - Schedule of Appropriations, Expenditures and Lapsed Balances
  - Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
  - Schedule of Receipts, Disbursements and Fund Balance (Cash Basis) – Locally-Held Funds
  - Schedule of Changes in State Property
  - Comparative Schedule of Cash Receipts
  - Reconciliation of Cash Receipts to Deposits Remitted to the State Comptroller
  - Analysis of Significant Variations in Expenditures
  - Analysis of Significant Variations in Receipts
  - Analysis of Significant Lapse Period Spending
  - Analysis of Accounts Receivable
  - Reconciliation of the Analysis of Accounts Receivable to the Taxes Receivable Footnote in the Financial Statements
  
- Analysis of Operations:
  - Agency Functions and Planning Program
  - Comparative Analysis of the Income Tax Refund Fund (Not Examined)
  - Average Number of Employees
  - Emergency Purchases
  - Illinois Gaming Board Statistics (Not Examined)
  - Illinois Racing Board Statistics (Not Examined)
  - Audit Collections Statistics (Not Examined)
  - Service Efforts and Accomplishments (Not Examined)

The accountants' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the auditors have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General, except for information on the Comparative Analysis of the Income Tax Refund Fund, the Illinois Gaming Board Statistics, the Illinois Racing Board Statistics, the Audit Collections Statistics, and the Service Efforts and Accomplishments on which they did not perform any procedures. However, the accountants do not express an opinion on the supplementary information.

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**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2009  
(Expressed in Thousands)

	<b>Federal CFDA Number</b>	<b>Project Number</b>	<b>Total Expenditures</b>
<b>U.S. Department of Justice</b>			
Federal Equitable Sharing Agreement	16.XXX	IL 08484BI	\$ 9
<b>Total Expenditures of Federal Awards</b>			<b>\$ 9</b>

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

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**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2009

**Note 1 – General**

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

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

**Note 2 – Basis of Presentation**

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

**Note 3 – Description of Programs**

A. U.S. Department of Justice

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

**Note 4 – Non-Cash Awards**

The Department did not receive any non-cash awards.

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**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
For the Fiscal Year Ended June 30, 2009

P.A. 95-0731 and P.A. 96-0004	Appropriations		Lapse Period	Total	Balance	Balances
Fiscal Year 2009	(Net of	Expenditures	Expenditures	Expenditures	Reappropriated	Lapsed
	Transfers)	Through June 30	July 1 to	14 Months Ended	July 1, 2009	August 31
			August 31	August 31		
<b>General Revenue Fund (001)</b>						
Personal Services	\$ 74,268,100	\$ 68,037,455	\$ 3,187,934	\$ 71,225,389	\$ -	\$ 3,042,711
Extra Help	90,000	68,041	1,808	69,849	-	20,151
State Contributions to State						
Employees' Retirement System	13,213,700	13,053,952	159,735	13,213,687	-	13
State Contributions to Social Security	5,680,200	4,919,018	231,555	5,150,573	-	529,627
Contractual Services	9,096,100	6,650,162	628,161	7,278,323	-	1,817,777
Travel	1,285,300	858,373	75,807	934,180	-	351,120
Commodities	630,000	563,631	12,075	575,706	-	54,294
Printing	1,326,300	746,187	22,328	768,515	-	557,785
Equipment	222,800	43,486	148,843	192,329	-	30,471
Electronic Data Processing	20,495,000	18,076,610	1,693,488	19,770,098	-	724,902
Telecommunications	1,340,600	612,915	307,811	920,726	-	419,874
Operation of Automotive Equipment	82,500	51,100	770	51,870	-	30,630
Government Services Shared Services Center	6,307,500	4,414,776	503,700	4,918,476	-	1,389,024
Grants for Additional Compensation for						
Local Assessors (Section 2.7)	660,000	468,000	174,000	642,000	-	18,000
Grants for State's Share of County Supervisors						
of Assessments or County Assessors' Salaries	2,625,000	2,608,916	-	2,608,916	-	16,084
Grants for Additional Compensation for						
Local Assessors (Section 2.3 and 2.6)	450,000	405,750	10,000	415,750	-	34,250
Grants for Additional Compensation for						
County Treasurers Pursuant to P.A. 84-1432	663,000	663,000	-	663,000	-	-
Grants for the State's Share of State's Attorneys'						
and Assistant State's Attorneys' Salaries	12,905,000	12,361,914	541,245	12,903,159	-	1,841
Grants for the Annual Stipend for Sheriffs	663,000	663,000	-	663,000	-	-
Grants for the State's Share of County Public						
Defenders' Salaries	5,700,000	5,699,306	-	5,699,306	-	694
Grants for the Annual Stipend to County Coroners	663,000	656,500	-	656,500	-	6,500
Other Tax Refunds	3,980,500	3,957,490	22,974	3,980,464	-	36
<b>Total General Revenue Fund</b>	<b>\$ 162,347,600</b>	<b>\$ 145,579,582</b>	<b>\$ 7,722,234</b>	<b>\$ 153,301,816</b>	<b>\$ -</b>	<b>\$ 9,045,784</b>

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

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
For the Fiscal Year Ended June 30, 2009

P.A. 95-0731 and P.A. 96-0004	Appropriations		Lapse Period	Total	Balance	Balances
Fiscal Year 2009	(Net of	Expenditures	Expenditures	Expenditures	Reappropriated	Lapsed
	Transfers)	Through June 30	July 1 to	14 Months Ended	July 1, 2009	August 31
			August 31	August 31		
<b>Motor Fuel Tax Fund (012)</b>						
Personal Services	\$ 14,393,300	\$ 12,852,611	\$ 611,012	\$ 13,463,623	\$ -	\$ 929,677
State Contributions to State						
Employees' Retirement System	2,561,500	2,528,566	32,636	2,561,202	-	298
State Contributions to Social Security	1,080,400	928,250	44,441	972,691	-	107,709
Group Insurance	3,192,400	2,539,782	112,093	2,651,875	-	540,525
Contractual Services	2,562,100	2,202,243	220,936	2,423,179	-	138,921
Travel	1,433,200	1,180,914	146,649	1,327,563	-	105,637
Commodities	61,500	32,145	1,328	33,473	-	28,027
Printing	238,700	102,447	-	102,447	-	136,253
Equipment	15,000	-	10,381	10,381	-	4,619
Electronic Data Processing	15,681,100	10,973,055	3,021,295	13,994,350	-	1,686,750
Telecommunications	937,300	920,466	16,834	937,300	-	-
Operation of Automotive Equipment	50,400	29,154	11,220	40,374	-	10,026
Administration of Joint State/Federal Motor						
Fuel Tax Enforcement Program	71,000	7,371	(2,588)	4,783	-	66,217
Government Services Shared Services Center	706,800	551,965	48,344	600,309	-	106,491
Reimbursement to International Fuel						
Tax Agreement Member States	42,000,000	31,367,249	5,986,262	37,353,511	-	4,646,489
Administration of the Motor Fuel Tax Enforcement						
Grant from US Department of Transportation	300,000	67,990	34,104	102,094	-	197,906
Motor Fuel Tax Refunds	16,016,200	15,894,190	114,635	16,008,825	-	7,375
<b>Total Motor Fuel Tax Fund</b>	<b>\$ 101,300,900</b>	<b>\$ 82,178,398</b>	<b>\$ 10,409,582</b>	<b>\$ 92,587,980</b>	<b>\$ -</b>	<b>\$ 8,712,920</b>

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

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
For the Fiscal Year Ended June 30, 2009

P.A. 95-0731 and P.A. 96-0004	Appropriations		Lapse Period		Total		Balance		Balances			
Fiscal Year 2009	(Net of Transfers)		Expenditures Through June 30		Expenditures July 1 to August 31		Expenditures 14 Months Ended August 31		Reappropriated July 1, 2009			
<b>Underground Storage Tank Fund (072)</b>												
Personal Services	\$	560,200	\$	532,259	\$	24,463	\$	556,722	\$	-	\$	3,478
State Contributions to State												
Employees' Retirement System		99,700		99,670		15		99,685		-		15
State Contributions to Social Security		42,900		39,047		1,780		40,827		-		2,073
Group Insurance		174,900		135,390		6,034		141,424		-		33,476
Travel		30,200		28,823		-		28,823		-		1,377
Commodities		2,100		1,195		-		1,195		-		905
Printing		1,500		759		-		759		-		741
Electronic Data Processing		202,600		193,805		4,301		198,106		-		4,494
Telecommunications		61,400		61,252		148		61,400		-		-
Motor Fuel Tax Refunds		12,000		-		-		-		-		12,000
<b>Total Underground Storage Tank Fund</b>	<b>\$</b>	<b>1,187,500</b>	<b>\$</b>	<b>1,092,200</b>	<b>\$</b>	<b>36,741</b>	<b>\$</b>	<b>1,128,941</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>58,559</b>
<b>Illinois Gaming Law Enforcement Fund (085)</b>												
Personal Services	\$	669,200	\$	461,084	\$	28,431	\$	489,515	\$	-	\$	179,685
State Contributions to State												
Employees' Retirement System		119,100		97,072		5,986		103,058		-		16,042
State Contributions to Social Security		51,200		29,476		1,791		31,267		-		19,933
Group Insurance		190,800		120,368		14,379		134,747		-		56,053
Contractual Services		4,300		2,344		627		2,971		-		1,329
Travel		50,200		45,415		893		46,308		-		3,892
Commodities		2,900		2,051		-		2,051		-		849
Printing		1,500		891		-		891		-		609
Electronic Data Processing		392,400		347,067		45,333		392,400		-		-
Telecommunications		14,500		13,802		698		14,500		-		-
Operation of Automotive Equipment		28,600		27,340		1,260		28,600		-		-
Grant for Allocation to Local Law Enforcement Agencies		1,300,000		-		-		-		-		1,300,000
<b>Total Illinois Gaming Law Enforcement Fund</b>	<b>\$</b>	<b>2,824,700</b>	<b>\$</b>	<b>1,146,910</b>	<b>\$</b>	<b>99,398</b>	<b>\$</b>	<b>1,246,308</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>1,578,392</b>

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

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
For the Fiscal Year Ended June 30, 2009

P.A. 95-0731 and P.A. 96-0004	Appropriations		Lapse Period	Total	Balance	Balances
Fiscal Year 2009	(Net of	Expenditures	Expenditures	Expenditures	Reappropriated	Lapsed
	Transfers)	Through June 30	July 1 to	14 Months Ended	July 1, 2009	August 31
			August 31	August 31		
<b>State Gaming Fund (129)</b>						
Personal Services	\$ 6,096,300	\$ 5,620,581	\$ 276,881	\$ 5,897,462	\$ -	\$ 198,838
State Contributions to State						
Employees' Retirement System	1,084,900	1,083,446	833	1,084,279	-	621
State Contributions to Social Security	466,400	214,396	10,125	224,521	-	241,879
Group Insurance	1,493,700	1,030,549	59,513	1,090,062	-	403,638
Contractual Services	1,183,200	616,244	559,701	1,175,945	-	7,255
Travel	85,000	77,960	4,749	82,709	-	2,291
Commodities	10,000	6,969	-	6,969	-	3,031
Printing	6,300	5,007	624	5,631	-	669
Equipment	20,000	15,245	-	15,245	-	4,755
Electronic Data Processing	60,000	17,893	5,623	23,516	-	36,484
Telecommunications	293,500	212,089	63,688	275,777	-	17,723
Operation of Automotive Equipment	39,000	28,835	3,239	32,074	-	6,926
Illinois State Police	9,000,000	8,915,378	82,712	8,998,090	-	1,910
Government Services Shared Services Center	166,700	149,373	12,354	161,727	-	4,973
Distributions to Local Governments for						
Admissions and Wagering Tax	118,500,000	78,913,185	9,322,998	88,236,183	-	30,263,817
<b>Total State Gaming Fund</b>	<b>\$ 138,505,000</b>	<b>\$ 96,907,150</b>	<b>\$ 10,403,040</b>	<b>\$ 107,310,190</b>	<b>\$ -</b>	<b>\$ 31,194,810</b>
<b>Home Rule Municipal ROT Fund (138)</b>						
Personal Services	\$ 399,300	\$ 382,779	\$ 14,157	\$ 396,936	\$ -	\$ 2,364
State Contributions to State						
Employees' Retirement System	71,100	71,084	-	71,084	-	16
State Contributions to Social Security	30,600	28,472	1,057	29,529	-	1,071
Group Insurance	95,400	83,318	2,843	86,161	-	9,239
Travel	50,800	49,373	-	49,373	-	1,427
Electronic Data Processing	264,000	-	264,000	264,000	-	-
Telecommunications	30,100	29,033	1,067	30,100	-	-
<b>Total Home Rule Municipal ROT Fund</b>	<b>\$ 941,300</b>	<b>\$ 644,059</b>	<b>\$ 283,124</b>	<b>\$ 927,183</b>	<b>\$ -</b>	<b>\$ 14,117</b>

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

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
For the Fiscal Year Ended June 30, 2009

P.A. 95-0731 and P.A. 96-0004 Fiscal Year 2009	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balance Reappropriated July 1, 2009	Balances Lapsed August 31
<b>Federal Trust Fund (140)</b>						
Administrative Costs	\$ 100,000	\$ 6,527	\$ -	\$ 6,527	\$ -	\$ 93,473
<b>Rental Housing Support Program Fund (150)</b>						
Administration of the Rental Housing Support Program	\$ 1,100,000	\$ 229,269	\$ 73,963	\$ 303,232	\$ -	\$ 796,768
Grants to Provide Rental Assistance to the Rental Housing Support Program	41,000,000	20,332,468	12,525,719	32,858,187	-	8,141,813
Total Rental Housing Support Program Fund	\$ 42,100,000	\$ 20,561,737	\$ 12,599,682	\$ 33,161,419	\$ -	\$ 8,938,581
<b>State and Local Sales Tax Reform Fund (186)</b>						
Grants to Allocate to Chicago for Additional 1.25% Use Tax Pursuant to P.A. 86-0928	\$ 53,803,700	\$ 48,591,516	\$ 5,212,184	\$ 53,803,700	\$ -	\$ -
<b>RTA Occupation and Use Tax Replacement Fund (187)</b>						
Grants to Allocate to RTA for 10% of the 1.25% Use Tax Pursuant to P.A. 86-0928	\$ 26,901,200	\$ 24,530,652	\$ 2,370,548	\$ 26,901,200	\$ -	\$ -
<b>County Option Motor Fuel Tax Fund (190)</b>						
Personal Services	\$ 335,200	\$ 287,890	\$ 12,758	\$ 300,648	\$ -	\$ 34,552
State Contributions to State Employees' Retirement System	59,700	59,362	296	59,658	-	42
State Contributions to Social Security	25,700	21,450	946	22,396	-	3,304
Group Insurance	111,300	75,763	4,821	80,584	-	30,716
Travel	30,300	30,264	-	30,264	-	36
Commodities	2,400	2,203	-	2,203	-	197
Electronic Data Processing	184,400	-	184,400	184,400	-	-
Telecommunications	41,600	41,560	40	41,600	-	-
Total County Option Motor Fuel Tax Fund	\$ 790,600	\$ 518,492	\$ 203,261	\$ 721,753	\$ -	\$ 68,847
<b>Debt Collection Fund (279)</b>						
Administration of Statewide Debt Collection	\$ 10,000	\$ 4,224	\$ -	\$ 4,224	\$ -	\$ 5,776

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

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
For the Fiscal Year Ended June 30, 2009

P.A. 95-0731 and P.A. 96-0004 Fiscal Year 2009	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balance Reappropriated July 1, 2009	Balances Lapsed August 31
<b>Illinois Tax Increment Fund (281)</b>						
Personal Services	\$ 216,100	\$ 206,478	\$ 8,003	\$ 214,481	\$ -	\$ 1,619
State Contributions to State Employees' Retirement System	38,500	38,471	9	38,480	-	20
State Contributions to Social Security	16,600	15,233	588	15,821	-	779
Group Insurance	64,800	51,176	1,518	52,694	-	12,106
Electronic Data Processing	135,000	135,000	-	135,000	-	-
Telecommunications	18,700	17,239	1,461	18,700	-	-
Grants for Distribution to Local Tax Increment Finance Districts	21,937,300	14,502,972	4,445,344	18,948,316	-	2,988,984
<b>Total Illinois Tax Increment Fund</b>	<b>\$ 22,427,000</b>	<b>\$ 14,966,569</b>	<b>\$ 4,456,923</b>	<b>\$ 19,423,492</b>	<b>\$ -</b>	<b>\$ 3,003,508</b>
<b>Illinois Affordable Housing Trust Fund (286)</b>						
Administration of the Illinois Affordable Housing Act	\$ 2,500,000	\$ 1,990,753	\$ 508,164	\$ 2,498,917	\$ -	\$ 1,083
Grants to Other State Agencies	6,300,000	1,995,550	-	1,995,550	-	4,304,450
Grants, Mortgages, Loans, or for the Purpose of Securing Bonds	66,500,000	23,021,000	5,953,000	28,974,000	-	37,526,000
<b>Total Illinois Affordable Housing Trust Fund</b>	<b>\$ 75,300,000</b>	<b>\$ 27,007,303</b>	<b>\$ 6,461,164</b>	<b>\$ 33,468,467</b>	<b>\$ -</b>	<b>\$ 41,831,533</b>
<b>Federal HOME Investment Trust Fund (338)</b>						
Illinois HOME Investment Partnerships Program	\$ 46,900,000	\$ 31,121,289	\$ -	\$ 31,121,289	\$ 13,150,000	\$ 2,628,711

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

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
For the Fiscal Year Ended June 30, 2009

P.A. 95-0731 and P.A. 96-0004	Appropriations		Lapse Period		Total		Balance		
Fiscal Year 2009	(Net of	Expenditures	Expenditures	July 1 to	Expenditures	Reappropriated	Balances		
	Transfers)	Through June 30	July 1 to	August 31	14 Months Ended	July 1, 2009	Lapsed		
			August 31		August 31		August 31		
<b>Tax Compliance and Administration Fund (384)</b>									
Personal Services	\$ 923,500	\$ 874,843	\$ 39,406	\$ 914,249	\$ -	\$ 9,251			
State Contributions to State									
Employees' Retirement System	164,400	164,336	-	164,336	-	64			
State Contributions to Social Security	70,600	33,693	1,521	35,214	-	35,386			
Group Insurance	222,600	190,915	8,062	198,977	-	23,623			
Electronic Data Processing	355,000	42,448	312,552	355,000	-	-			
Telecommunications	32,200	27,787	4,413	32,200	-	-			
Administration of the Dyed Diesel Fuel Roadside									
Enforcement Plan Pursuant to P.A. 91-173	29,600	25,939	2,061	28,000	-	1,600			
Administration of the Illinois Petroleum									
Education and Marketing Act	9,000	8,868	-	8,868	-	132			
Administration of the Dry Cleaners									
Environmental Response Trust Fund Act	69,900	67,222	-	67,222	-	2,678			
Administration of the Simplified									
Telecommunications Act	1,667,600	1,540,598	125,626	1,666,224	-	1,376			
Administration of the Municipality Sales Tax									
Pursuant to P.A. 93-1053	92,700	89,686	-	89,686	-	3,014			
<b>Total Tax Compliance and Administration Fund</b>	<b>\$ 3,637,100</b>	<b>\$ 3,066,335</b>	<b>\$ 493,641</b>	<b>\$ 3,559,976</b>	<b>\$ -</b>	<b>\$ 77,124</b>			
<b>Predatory Lending Database Program Fund (478)</b>									
Grants for the Predatory Lending Database Program	\$ 3,000,000	\$ 1,450,000	\$ -	\$ 1,450,000	\$ -	\$ 1,550,000			
<b>Local Government Distributive Fund (515)</b>									
Grants to Allocate to Local Governments for Additional									
1.25% Use Tax Pursuant to P.A. 86-0928	\$ 142,620,700	\$ 130,812,281	\$ 11,808,412	\$ 142,620,693	\$ -	\$ 7			

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

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
For the Fiscal Year Ended June 30, 2009

P.A. 95-0731 and P.A. 96-0004	Appropriations		Lapse Period		Total		Balance	
Fiscal Year 2009	(Net of Transfers)	Expenditures Through June 30	Expenditures July 1 to August 31	Expenditures July 1 to August 31	Expenditures 14 Months Ended August 31	Reappropriated July 1, 2009	Balances Lapsed August 31	
<b>Horse Racing Fund (632)</b>								
Personal Services	\$ 1,070,200	\$ 816,302	\$ 52,784	\$ 52,784	\$ 869,086	\$ -	\$ 201,114	
State Contributions to State								
Employees' Retirement System	190,500	172,145	9,462	9,462	181,607	-	8,893	
State Contributions to Social Security	81,900	59,872	3,965	3,965	63,837	-	18,063	
Group Insurance	286,200	153,901	8,624	8,624	162,525	-	123,675	
Contractual Services	217,900	89,840	5,813	5,813	95,653	-	122,247	
Travel	17,700	10,512	1,922	1,922	12,434	-	5,266	
Commodities	7,500	3,540	-	-	3,540	-	3,960	
Printing	10,700	284	1,076	1,076	1,360	-	9,340	
Equipment	2,300	1,799	-	-	1,799	-	501	
Electronic Data Processing	326,900	34,813	889	889	35,702	-	291,198	
Telecommunications	90,600	83,036	7,564	7,564	90,600	-	-	
Operation of Automotive Equipment	21,500	10,398	954	954	11,352	-	10,148	
Laboratory Program	1,933,100	1,292,536	342,302	342,302	1,634,838	-	298,262	
75 Regulation of Racing Program	3,935,100	3,094,386	144,958	144,958	3,239,344	-	695,756	
Government Services Shared Services Center	79,100	40,241	-	-	40,241	-	38,859	
Refunds	300	-	-	-	-	-	300	
<b>Total Horse Racing Fund</b>	<b>\$ 8,271,500</b>	<b>\$ 5,863,605</b>	<b>\$ 580,313</b>	<b>\$ 580,313</b>	<b>\$ 6,443,918</b>	<b>\$ -</b>	<b>\$ 1,827,582</b>	
<b>Federal Low Income Housing Tax Credit Gap</b>								
<b>Home Investment Fund (681)</b>								
Grants for Capital Investment in Qualified Low Income Housing Tax Credit Housing Developments	\$ 96,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96,000,000	
<b>Federal Low Income Housing Tax Credit</b>								
<b>Exchange Fund (682)</b>								
Grants for Capital Investment in Affordable Housing Developments	\$ 250,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,000,000	

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

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
For the Fiscal Year Ended June 30, 2009

P.A. 95-0731 and P.A. 96-0004	Appropriations		Lapse Period	Total	Balance	Balances
Fiscal Year 2009	(Net of Transfers)	Expenditures Through June 30	Expenditures July 1 to August 31	Expenditures 14 Months Ended August 31	Reappropriated July 1, 2009	Lapsed August 31
<b>State Lottery Fund (711)</b>						
Personal Services	\$ 9,129,500	\$ 8,502,448	\$ 462,262	\$ 8,964,710	\$ -	\$ 164,790
State Contributions to State						
Employees' Retirement System	1,624,700	1,613,559	11,084	1,624,643	-	57
State Contributions to Social Security	698,400	629,442	34,387	663,829	-	34,571
Group Insurance	2,738,000	2,150,634	104,044	2,254,678	-	483,322
Contractual Services	26,326,100	23,858,710	838,824	24,697,534	-	1,628,566
Travel	110,400	51,432	7,949	59,381	-	51,019
Commodities	58,600	8,730	1,511	10,241	-	48,359
Printing	29,800	-	-	-	-	29,800
Equipment	289,500	125,627	36,000	161,627	-	127,873
Electronic Data Processing	3,024,500	2,220,236	764,280	2,984,516	-	39,984
Telecommunications	8,563,700	5,521,771	2,802,950	8,324,721	-	238,979
Operation of Automotive Equipment	450,000	382,792	55,329	438,121	-	11,879
Developing and Promoting Lottery Games	7,533,200	1,669,060	3,134,660	4,803,720	-	2,729,480
Lottery Board	8,300	2,838	567	3,405	-	4,895
Government Services Shared Services Center	524,300	471,975	44,057	516,032	-	8,268
Payment of Prizes to Holders of Winning						
Lottery Tickets or Shares	315,050,000	277,628,272	33,118,088	310,746,360	-	4,303,640
Refunds	48,000	19,958	4,623	24,581	-	23,419
<b>Total State Lottery Fund</b>	<b>\$ 376,207,000</b>	<b>\$ 324,857,484</b>	<b>\$ 41,420,615</b>	<b>\$ 366,278,099</b>	<b>\$ -</b>	<b>\$ 9,928,901</b>
<b>Municipal Telecommunications Fund (719)</b>						
Simplified Municipal Telecommunications Tax Refunds	\$ 12,000	\$ -	\$ -	\$ -	\$ -	\$ 12,000
<b>Personal Property Tax Replacement Fund (802)</b>						
Personal Services	\$ 8,696,100	\$ 8,216,669	\$ 377,089	\$ 8,593,758	\$ -	\$ 102,342
State Contributions to State						
Employees' Retirement System	1,547,600	1,538,875	8,476	1,547,351	-	249
State Contributions to Social Security	665,400	625,807	28,039	653,846	-	11,554
Group Insurance	2,559,900	1,947,381	89,179	2,036,560	-	523,340
Contractual Services	1,137,200	1,129,861	2,337	1,132,198	-	5,002
Travel	243,900	226,350	2,457	228,807	-	15,093
Commodities	52,500	27,186	1,990	29,176	-	23,324
Printing	27,100	20,884	1,373	22,257	-	4,843
Equipment	12,900	5,750	3,000	8,750	-	4,150
Electronic Data Processing	6,123,300	5,433,128	488,453	5,921,581	-	201,719
Telecommunications	561,100	498,358	62,414	560,772	-	328
Operation of Automotive Equipment	16,000	9,322	4,031	13,353	-	2,647
<b>Total Personal Property Tax Replacement Fund</b>	<b>\$ 21,643,000</b>	<b>\$ 19,679,571</b>	<b>\$ 1,068,838</b>	<b>\$ 20,748,409</b>	<b>\$ -</b>	<b>\$ 894,591</b>

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

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
For the Fiscal Year Ended June 30, 2009

P.A. 95-0731 and P.A. 96-0004	Appropriations		Lapse Period	Total	Balance	Balances
Fiscal Year 2009	(Net of Transfers)	Expenditures Through June 30	Expenditures July 1 to August 31	Expenditures 14 Months Ended August 31	Reappropriated July 1, 2009	Lapsed August 31
<b>Dram Shop Fund (821)</b>						
Personal Services	\$ 2,498,500	\$ 2,241,343	\$ 24,252	\$ 2,265,595	\$ -	\$ 232,905
State Contributions to State Employees' Retirement System	444,700	437,388	5,105	442,493	-	2,207
State Contributions to Social Security	191,200	165,196	1,855	167,051	-	24,149
Group Insurance	683,700	531,298	4,803	536,101	-	147,599
Contractual Services	229,500	188,970	12,542	201,512	-	27,988
Travel	110,000	67,850	16,487	84,337	-	25,663
Commodities	10,000	4,859	137	4,996	-	5,004
Printing	5,000	4,293	-	4,293	-	707
Equipment	20,000	180	-	180	-	19,820
Electronic Data Processing	127,300	62,299	62,015	124,314	-	2,986
Telecommunications	65,000	58,852	110	58,962	-	6,038
Operation of Automotive Equipment	75,000	54,630	5,238	59,868	-	15,132
Government Services Shared Services Center	80,800	-	-	-	-	80,800
Tobacco Study	332,700	183,845	23,160	207,005	-	125,695
Retailer Education Program	184,400	146,047	19,733	165,780	-	18,620
Operation of the Beverage Alcohol Sellers and Servers Education and Training (BASSET) Program	220,500	170,286	3,146	173,432	-	47,068
Grants to Local Governmental Units to Establish Enforcement Programs	1,000,000	993,070	-	993,070	-	6,930
Refunds	5,000	525	-	525	-	4,475
<b>Total Dram Shop Fund</b>	<b>\$ 6,283,300</b>	<b>\$ 5,310,931</b>	<b>\$ 178,583</b>	<b>\$ 5,489,514</b>	<b>\$ -</b>	<b>\$ 793,786</b>
<b>Senior Citizens' Real Estate Deferred Tax Revolving Fund (930)</b>						
Payments to Counties	\$ 5,400,000	\$ 3,226,034	\$ 399,105	\$ 3,625,139	\$ -	\$ 1,774,861
<b>SUBTOTAL - Appropriated Funds</b>	<b>\$ 1,588,514,100</b>	<b>\$ 989,122,849</b>	<b>\$ 116,207,388</b>	<b>\$ 1,105,330,237</b>	<b>\$ 13,150,000</b>	<b>\$ 470,033,863</b>

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

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
For the Fiscal Year Ended June 30, 2009

P.A. 95-0731 and P.A. 96-0004 Fiscal Year 2009	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balance Reappropriated July 1, 2009	Balances Lapsed August 31
<b><u>CONTINUING APPROPRIATIONS</u></b>						
<b>General Revenue Fund (001)</b>						
State Contributions to State						
Employees' Retirement System	\$ 1,950,000	\$ 1,294,502	\$ 513,313	\$ 1,807,815	\$ -	\$ 142,185
<b>Motor Fuel Tax Fund (012)</b>						
State Contributions to State						
Employees' Retirement System	\$ 350,000	\$ 180,508	\$ 96,150	\$ 276,658	\$ -	\$ 73,342
<b>Underground Storage Tank Fund (072)</b>						
State Contributions to State						
Employees' Retirement System	\$ 20,000	\$ 12,469	\$ 5,137	\$ 17,606	\$ -	\$ 2,394
<b>State Gaming Fund (129)</b>						
State Contributions to State						
Employees' Retirement System	\$ 165,000	\$ 102,094	\$ 57,495	\$ 159,589	\$ -	\$ 5,411
<b>Home Rule Municipal ROT Fund (138)</b>						
State Contributions to State						
Employees' Retirement System	\$ 15,000	\$ 9,512	\$ 2,981	\$ 12,493	\$ -	\$ 2,507
<b>County Option Motor Fuel Tax Fund (190)</b>						
State Contributions to State						
Employees' Retirement System	\$ 10,500	\$ 1,272	\$ 2,391	\$ 3,663	\$ -	\$ 6,837
<b>Income Tax Refund Fund (278)</b>						
Income Tax Refunds	\$ 1,577,788,061	\$ 1,577,788,060	\$ -	\$ 1,577,788,060	\$ -	\$ 1
<b>Illinois Tax Increment Fund (281)</b>						
State Contributions to State						
Employees' Retirement System	\$ 9,000	\$ 5,021	\$ 1,677	\$ 6,698	\$ -	\$ 2,302
<b>Tax Compliance and Administration Fund (384)</b>						
State Contributions to State						
Employees' Retirement System	\$ 30,000	\$ 19,899	\$ 8,298	\$ 28,197	\$ -	\$ 1,803
<b>Local Government Distributive Fund (515)</b>						
Grants to Local Governments	\$ 1,034,727,653	\$ 1,034,727,653	\$ -	\$ 1,034,727,653	\$ -	\$ -

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

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
For the Fiscal Year Ended June 30, 2009

P.A. 95-0731 and P.A. 96-0004 Fiscal Year 2009	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balance Reappropriated July 1, 2009	Balances Lapsed August 31
<b>Horse Racing Fund (632)</b>						
State Contributions to State						
Employees' Retirement System	\$ 40,000	\$ -	\$ 1,666	\$ 1,666	\$ -	\$ 38,334
<b>State Lottery Fund (711)</b>						
State Contributions to State						
Employees' Retirement System	\$ 265,000	\$ 178,295	\$ 86,343	\$ 264,638	\$ -	\$ 362
<b>Personal Property Tax Replacement Fund (802)</b>						
State Contributions to State						
Employees' Retirement System	\$ 285,000	\$ 191,803	\$ 70,958	\$ 262,761	\$ -	\$ 22,239
Shared Revenue Payments	1,368,137,820	1,368,137,820	-	1,368,137,820	-	-
Total Personal Property Tax Replacement Fund	<u>\$ 1,368,422,820</u>	<u>\$ 1,368,329,623</u>	<u>\$ 70,958</u>	<u>\$ 1,368,400,581</u>	<u>\$ -</u>	<u>\$ 22,239</u>
<b>Dram Shop Fund (821)</b>						
State Contributions to State						
Employees' Retirement System	\$ 35,000	\$ 34,987	\$ -	\$ 34,987	\$ -	\$ 13
<b>SUBTOTAL - Continuing Appropriated Funds</b>	<u><b>\$ 3,983,828,034</b></u>	<u><b>\$ 3,982,683,895</b></u>	<u><b>\$ 846,409</b></u>	<u><b>\$ 3,983,530,304</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 297,730</b></u>
<b>SUBTOTAL - All Appropriated Funds</b>	<u><b>\$ 5,572,342,134</b></u>	<u><b>\$ 4,971,806,744</b></u>	<u><b>\$ 117,053,797</b></u>	<u><b>\$ 5,088,860,541</b></u>	<u><b>\$ 13,150,000</b></u>	<u><b>\$ 470,331,593</b></u>
<b><u>NONAPPROPRIATED EXPENDITURES</u></b>						
<b>County Water Commission Tax Fund (084)</b>						
Shared Revenue Payments		\$ 31,795,337	\$ -	\$ 31,795,337		
<b>Non-Home Rule Municipal ROT Fund (088)</b>						
Shared Revenue Payments		\$ 89,962,231	\$ -	\$ 89,962,231		
<b>Home Rule Municipal Soft Drink ROT Fund (097)</b>						
Shared Revenue Payments		\$ 8,494,068	\$ -	\$ 8,494,068		
Refunds		343	471	814		
Total Home Rule Municipal Soft Drink ROT Fund		<u>\$ 8,494,411</u>	<u>\$ 471</u>	<u>\$ 8,494,882</u>		

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

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
For the Fiscal Year Ended June 30, 2009

P.A. 95-0731 and P.A. 96-0004 Fiscal Year 2009	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balance Reappropriated July 1, 2009	Balances Lapsed August 31
<b>Home Rule Municipal ROT Fund (138)</b>						
Shared Revenue Payments		\$ 731,424,055	\$ -	\$ 731,424,055		
<b>Home Rule County ROT Fund (139)</b>						
Shared Revenue Payments		\$ 589,421,982	\$ -	\$ 589,421,982		
<b>Business District Sales Tax Fund (160)</b>						
Shared Revenue Payments		\$ 6,386,963	\$ -	\$ 6,386,963		
<b>County and Mass Transit District Fund (188)</b>						
Shared Revenue Payments		\$ 205,878,740	\$ -	\$ 205,878,740		
<b>Local Government Tax Fund (189)</b>						
Shared Revenue Payments		\$ 1,569,680,203	\$ -	\$ 1,569,680,203		
<b>County Option Motor Fuel Tax Fund (190)</b>						
Shared Revenue Payments		\$ 31,377,512	\$ -	\$ 31,377,512		
<b>County Public Safety ROT Fund (219)</b>						
Shared Revenue Payments		\$ 78,883,238	\$ -	\$ 78,883,238		
<b>Sports Facility Tax Trust Fund (229)</b>						
Interfund Cash Transfers		\$ 28,979,610	\$ -	\$ 28,979,610		
Shared Revenue Payments		6,017,178	-	6,017,178		
Total Sports Facility Tax Trust Fund		\$ 34,996,788	\$ -	\$ 34,996,788		
<b>Illinois Racing Board Fingerprint License Fund (248)</b>						
Contractual Services		\$ 55,835	\$ 14,602	\$ 70,437		
<b>Illinois Racing Board Charity Fund (271)</b>						
Grants to Non-Profit Organizations		\$ 750,000	\$ -	\$ 750,000		
<b>Illinois Racing Board Grant Fund (280)</b>						
Shared Revenue Payments		\$ 745,374	\$ 64,188	\$ 809,562		

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

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
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For the Fiscal Year Ended June 30, 2009

P.A. 95-0731 and P.A. 96-0004 Fiscal Year 2009	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balance Reappropriated July 1, 2009	Balances Lapsed August 31
<b>Illinois Tourism Tax Fund (452)</b>						
Shared Revenue Payments		\$ 17,532,533	\$ -	\$ 17,532,533		
<b>School Facility Occupation Fund (498)</b>						
Shared Revenue Payments		\$ 4,454,176	\$ -	\$ 4,454,176		
<b>Flood Prevention Occupation Fund (558)</b>						
Shared Revenue Payments		\$ 2,283,764	\$ -	\$ 2,283,764		
<b>Tax Suspense Trust Fund (583)</b>						
Refunds		\$ 34,010	\$ -	\$ 34,010		
<b>Metro East Park and Recreation Fund (717)</b>						
Shared Revenue Payments		\$ 4,197,043	\$ -	\$ 4,197,043		
<b>Municipal Telecommunications Fund (719)</b>						
Grants to Local Governments		\$ 296,678,972	\$ -	\$ 296,678,972		
<b>RTA Sales Tax Trust Fund (812)</b>						
Shared Revenue Payments		\$ 1,040,841,884	\$ -	\$ 1,040,841,884		
<b>Metro East Mass Transit District Tax Fund (841)</b>						
Shared Revenue Payments		\$ 28,443,365	\$ -	\$ 28,443,365		
<b>Tennessee Valley Authority Local Trust Fund (861)</b>						
Shared Revenue Payments		\$ 237,558	\$ 22,287	\$ 259,845		
<b>Municipal Automobile Renting Tax Fund (868)</b>						
Shared Revenue Payments		\$ 5,579,836	\$ -	\$ 5,579,836		
<b>County Automobile Renting Tax Fund (869)</b>						
Shared Revenue Payments		\$ 49,161	\$ -	\$ 49,161		
<b>Deferred Lottery Prize Winners Fund (978)</b>						
Lottery Prizes - Monetary		\$ 129,147,393	\$ 1,853,806	\$ 131,001,199		
<b>SUBTOTAL - Nonappropriated Expenditures</b>		<b>\$ 4,909,332,364</b>	<b>\$ 1,955,354</b>	<b>\$ 4,911,287,718</b>		
<b>DEPARTMENT TOTAL - ALL FUNDS</b>		<b>\$ 9,881,139,108</b>	<b>\$ 119,009,151</b>	<b>\$ 10,000,148,259</b>		

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

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

	Fiscal Year	
	2009	2008
	P.A. 95-0731 & P.A. 96-0004	P.A. 95-0348 & P.A. 95-0011
<b>General Revenue Fund (001)</b>		
Appropriations (Net of Transfers)	\$ 162,347,600	\$ 158,429,450
<u>Expenditures</u>		
Personal Services	\$ 71,225,389	\$ 82,288,092
Extra Help	69,849	86,731
State Contributions to State Employees' Retirement System	13,213,687	13,654,374
State Contributions to Social Security	5,150,573	5,912,505
Contractual Services	7,278,323	8,584,801
Travel	934,180	1,205,011
Commodities	575,706	461,694
Printing	768,515	1,083,856
Equipment	192,329	50,667
Electronic Data Processing	19,770,098	4,564,775
Telecommunications	920,726	1,767,997
Operation of Automotive Equipment	51,870	15,911
Government Services Shared Services Center	4,918,476	6,301,108
Grants for Additional Compensation for Local Assessors (Section 2.7)	642,000	651,000
Grants for State's Share of County Supervisors of Assessments or County Assessors' Salaries	2,608,916	2,474,669
Grants for Additional Compensation for Local Assessors (Section 2.3 and 2.6)	415,750	283,500
Grants for Additional Compensation for County Treasurers Pursuant to P.A. 84-1432	663,000	663,000
Grants for the State's Share of State's Attorneys' and Assistant State's Attorneys' Salaries	12,903,159	12,894,293
Grants for the Annual Stipend for Sheriffs	663,000	663,000
Grants for the State's Share of County Public Defenders' Salaries	5,699,306	5,390,773
Grants for the Annual Stipend to County Coroners	656,500	656,500
Other Tax Refunds	3,980,464	6,568,577
Total General Revenue Fund	\$ 153,301,816	\$ 156,222,834
Lapsed Balances	\$ 9,045,784	\$ 2,206,616

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

	Fiscal Year	
	2009	2008
	P.A. 95-0731 & P.A. 96-0004	P.A. 95-0348 & P.A. 95-0011
<b>Motor Fuel Tax Fund (012)</b>		
Appropriations (Net of Transfers)	\$ 101,300,900	\$ 91,276,700
<u>Expenditures</u>		
Personal Services	\$ 13,463,623	\$ 12,945,386
State Contributions to State Employees' Retirement System	2,561,202	2,148,693
State Contributions to Social Security	972,691	960,089
Group Insurance	2,651,875	2,574,895
Contractual Services	2,423,179	2,022,957
Travel	1,327,563	1,428,412
Commodities	33,473	41,690
Printing	102,447	199,333
Equipment	10,381	22,558
Electronic Data Processing	13,994,350	9,111,109
Telecommunications	937,300	316,866
Operation of Automotive Equipment	40,374	50,104
Administration of Joint State/Federal Motor Fuel Tax Enforcement Program	4,783	42,648
Government Services Shared Services Center	600,309	638,559
Reimbursement to International Fuel Tax Agreement Member States	37,353,511	41,580,973
Administration of the Motor Fuel Tax Enforcement Grant from USDOT	102,094	116,694
Motor Fuel Tax Refunds	16,008,825	16,009,480
Total Motor Fuel Tax Fund	<u>\$ 92,587,980</u>	<u>\$ 90,210,446</u>
Lapsed Balances	<u>\$ 8,712,920</u>	<u>\$ 1,066,254</u>
<b>Underground Storage Tank Fund (072)</b>		
Appropriations (Net of Transfers)	\$ 1,187,500	\$ 1,000,700
<u>Expenditures</u>		
Personal Services	\$ 556,722	\$ 589,811
State Contributions to State Employees' Retirement System	99,685	97,743
State Contributions to Social Security	40,827	43,545
Group Insurance	141,424	153,214
Travel	28,823	30,108
Commodities	1,195	1,868
Printing	759	769
Electronic Data Processing	198,106	17,800
Telecommunications	61,400	34,000
Total Underground Storage Tank Fund	<u>\$ 1,128,941</u>	<u>\$ 968,858</u>
Lapsed Balances	<u>\$ 58,559</u>	<u>\$ 31,842</u>

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

	Fiscal Year	
	2009	2008
	P.A. 95-0731 & P.A. 96-0004	P.A. 95-0348 & P.A. 95-0011
<b>Illinois Gaming Law Enforcement Fund (085)</b>		
Appropriations (Net of Transfers)	\$ 2,824,700	\$ 2,809,400
<u>Expenditures</u>		
Personal Services	\$ 489,515	\$ 455,995
State Contributions to State Employees' Retirement System	103,058	75,537
State Contributions to Social Security	31,267	29,928
Group Insurance	134,747	118,599
Contractual Services	2,971	1,877
Travel	46,308	46,541
Commodities	2,051	2,043
Printing	891	766
Electronic Data Processing	392,400	392,400
Telecommunications	14,500	13,500
Operation of Automotive Equipment	28,600	28,600
Grant for Allocation to Local Law Enforcement Agencies	-	1,153,948
Total Illinois Gaming Law Enforcement Fund	<u>\$ 1,246,308</u>	<u>\$ 2,319,734</u>
Lapsed Balances	<u>\$ 1,578,392</u>	<u>\$ 489,666</u>
<b>State Gaming Fund (129)</b>		
Appropriations (Net of Transfers)	\$ 138,505,000	\$ 138,781,800
<u>Expenditures</u>		
Personal Services	\$ 5,897,462	\$ 5,610,973
State Contributions to State Employees' Retirement System	1,084,279	929,837
State Contributions to Social Security	224,521	218,912
Group Insurance	1,090,062	1,036,279
Contractual Services	1,175,945	752,935
Travel	82,709	87,632
Commodities	6,969	12,157
Printing	5,631	2,950
Equipment	15,245	7,252
Electronic Data Processing	23,516	20,575
Telecommunications	275,777	141,731
Operation of Automotive Equipment	32,074	36,357
Illinois State Police	8,998,090	8,298,050
Government Services Shared Services Center	161,727	149,106
Distributions to Local Governments for Admissions and Wagering Tax	88,236,183	106,491,465
Refunds	-	10,000
Total State Gaming Fund	<u>\$ 107,310,190</u>	<u>\$ 123,806,211</u>
Lapsed Balances	<u>\$ 31,194,810</u>	<u>\$ 14,975,589</u>

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

	Fiscal Year	
	2009	2008
	P.A. 95-0731 & P.A. 96-0004	P.A. 95-0348 & P.A. 95-0011
<b>Home Rule Municipal ROT Fund (138)</b>		
Appropriations (Net of Transfers)	\$ 941,300	\$ 605,400
<u>Expenditures</u>		
Personal Services	\$ 396,936	\$ 194,783
State Contributions to State Employees' Retirement System	71,084	32,301
State Contributions to Social Security	29,529	14,547
Group Insurance	86,161	41,920
Travel	49,373	50,655
Electronic Data Processing	264,000	264,000
Telecommunications	30,100	3,000
Total Home Rule Municipal ROT Fund	<u>\$ 927,183</u>	<u>\$ 601,206</u>
Lapsed Balances	<u>\$ 14,117</u>	<u>\$ 4,194</u>
<b>Federal Trust Fund (140)</b>		
Appropriations (Net of Transfers)	\$ 100,000	\$ 675,000
<u>Expenditures</u>		
Administrative Costs	\$ 6,527	\$ 44,690
Lapsed Balances	<u>\$ 93,473</u>	<u>\$ 630,310</u>
<b>Rental Housing Support Program Fund (150)</b>		
Appropriations (Net of Transfers)	\$ 42,100,000	\$ 32,100,000
<u>Expenditures</u>		
Administration of the Rental Housing Support Program	\$ 303,232	\$ 319,611
Grants to Provide Rental Assistance to the Rental Housing Support Program	32,858,187	29,052,795
Total Rental Housing Support Program Fund	<u>\$ 33,161,419</u>	<u>\$ 29,372,406</u>
Lapsed Balances	<u>\$ 8,938,581</u>	<u>\$ 2,727,594</u>
<b>State and Local Sales Tax Reform Fund (186)</b>		
Appropriations (Net of Transfers)	\$ 53,803,700	\$ 53,803,700
<u>Expenditures</u>		
Grants to Allocate to Chicago for Additional 1.25% Use Tax Pursuant to P.A. 86-0928	\$ 53,803,700	\$ 53,803,700
Lapsed Balances	<u>\$ -</u>	<u>\$ -</u>
<b>RTA Occupation and Use Tax Replacement Fund (187)</b>		
Appropriations (Net of Transfers)	\$ 26,901,200	\$ 26,901,200
<u>Expenditures</u>		
Grants to Allocate to RTA for 10% of the 1.25% Use Tax Pursuant to P.A. 86-0928	\$ 26,901,200	\$ 26,901,200
Lapsed Balances	<u>\$ -</u>	<u>\$ -</u>

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

	Fiscal Year	
	2009	2008
	P.A. 95-0731 & P.A. 96-0004	P.A. 95-0348 & P.A. 95-0011
<b>County Option Motor Fuel Tax Fund (190)</b>		
Appropriations (Net of Transfers)	\$ 790,600	\$ 604,200
<u>Expenditures</u>		
Personal Services	\$ 300,648	\$ 319,142
State Contributions to State Employees' Retirement System	59,658	52,879
State Contributions to Social Security	22,396	23,656
Group Insurance	80,584	99,131
Travel	30,264	30,283
Commodities	2,203	2,258
Electronic Data Processing	184,400	34,400
Telecommunications	41,600	14,000
Total County Option Motor Fuel Tax Fund	<u>\$ 721,753</u>	<u>\$ 575,749</u>
Lapsed Balances	<u>\$ 68,847</u>	<u>\$ 28,451</u>
<b>Debt Collection Fund (279)</b>		
Appropriations (Net of Transfers)	\$ 10,000	\$ 10,000
<u>Expenditures</u>		
Administration of Statewide Debt Collection	\$ 4,224	\$ 8,738
Lapsed Balances	<u>\$ 5,776</u>	<u>\$ 1,262</u>
<b>Illinois Tax Increment Fund (281)</b>		
Appropriations (Net of Transfers)	\$ 22,427,000	\$ 23,307,200
<u>Expenditures</u>		
Personal Services	\$ 214,481	\$ 209,915
State Contributions to State Employees' Retirement System	38,480	34,779
State Contributions to Social Security	15,821	15,456
Group Insurance	52,694	52,369
Electronic Data Processing	135,000	135,000
Telecommunications	18,700	15,600
Grants for Distribution to Local Tax Increment Finance Districts	18,948,316	20,191,040
Total Illinois Tax Increment Fund	<u>\$ 19,423,492</u>	<u>\$ 20,654,159</u>
Lapsed Balances	<u>\$ 3,003,508</u>	<u>\$ 2,653,041</u>
<b>Illinois Affordable Housing Trust Fund (286)</b>		
Appropriations (Net of Transfers)	\$ 75,300,000	\$ 55,102,000
<u>Expenditures</u>		
Administration of the Illinois Affordable Housing Act	\$ 2,498,917	\$ 2,452,911
Grants to Other State Agencies	1,995,550	2,300,000
Grants, Mortgages, Loans, or for the Purpose of Securing Bonds	28,974,000	34,243,646
Total Illinois Affordable Housing Trust Fund	<u>\$ 33,468,467</u>	<u>\$ 38,996,557</u>
Lapsed Balances	<u>\$ 41,831,533</u>	<u>\$ 16,105,443</u>

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

	Fiscal Year	
	2009	2008
	P.A. 95-0731 & P.A. 96-0004	P.A. 95-0348 & P.A. 95-0011
<b><u>Federal HOME Investment Trust Fund (338)</u></b>		
Appropriations (Net of Transfers)	\$ 46,900,000	\$ 54,379,700
<u>Expenditures</u>		
Illinois HOME Investment Partnerships Program	\$ 31,121,289	\$ 22,450,403
Balances Reappropriated	\$ 13,150,000	\$ 18,900,000
Lapsed Balances	\$ 2,628,711	\$ 13,029,297
<b><u>Tax Compliance and Administration Fund (384)</u></b>		
Appropriations (Net of Transfers)	\$ 3,637,100	\$ 2,406,600
<u>Expenditures</u>		
Personal Services	\$ 914,249	\$ 281,004
State Contributions to State Employees' Retirement System	164,336	46,538
State Contributions to Social Security	35,214	20,863
Group Insurance	198,977	74,555
Electronic Data Processing	355,000	100,397
Telecommunications	32,200	6,700
Administration of the Dyed Diesel Fuel Roadside Enforcement Plan		
Pursuant to P.A. 91-173	28,000	28,000
Administration of the Illinois Petroleum Education and Marketing Act	8,868	8,646
Administration of the Dry Cleaners Environmental Response Trust Fund Act	67,222	64,803
Administration of the Simplified Telecommunications Act	1,666,224	1,633,468
Administration of the Municipality Sales Tax Pursuant to P.A. 93-1053	89,686	85,657
Total Tax Compliance and Administration Fund	\$ 3,559,976	\$ 2,350,631
Lapsed Balances	\$ 77,124	\$ 55,969
<b><u>Predatory Lending Database Program Fund (478)</u></b>		
Appropriations (Net of Transfers)	\$ 3,000,000	\$ 3,500,000
<u>Expenditures</u>		
Grants for the Predatory Lending Database Program	\$ 1,450,000	\$ -
Lapsed Balances	\$ 1,550,000	\$ 3,500,000

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

	Fiscal Year	
	2009	2008
	P.A. 95-0731 & P.A. 96-0004	P.A. 95-0348 & P.A. 95-0011
<b><u>Local Government Distributive Fund (515)</u></b>		
Appropriations (Net of Transfers)	\$ 142,620,700	\$ 142,620,700
<u>Expenditures</u>		
Grants to Allocate to Local Governments for Additional 1.25% Use Tax Pursuant to P.A. 86-0928	\$ 142,620,693	\$ 142,620,695
Lapsed Balances	\$ 7	\$ 5
<b><u>Horse Racing Fund (632)</u></b>		
Appropriations (Net of Transfers)	\$ 8,271,500	\$ 8,096,500
<u>Expenditures</u>		
Personal Services	\$ 869,086	\$ 991,917
State Contributions to State Employees' Retirement System	181,607	164,583
State Contributions to Social Security	63,837	71,845
Group Insurance	162,525	204,042
Contractual Services	95,653	137,372
Travel	12,434	23,593
Commodities	3,540	2,546
Printing	1,360	191
Equipment	1,799	17,490
Electronic Data Processing	35,702	92,258
Telecommunications	90,600	75,385
Operation of Automotive Equipment	11,352	17,045
Laboratory Program	1,634,838	1,696,892
Regulation of Racing Program	3,239,344	3,657,485
Government Services Shared Services Center	40,241	57,405
Total Horse Racing Fund	\$ 6,443,918	\$ 7,210,049
Lapsed Balances	\$ 1,827,582	\$ 886,451
<b><u>Federal Low Income Housing Tax Credit Gap Home Investment Fund (681)</u></b>		
Appropriations (Net of Transfers)	\$ 96,000,000	\$ -
Lapsed Balances	\$ 96,000,000	\$ -
<b><u>Federal Low Income Housing Tax Credit Exchange Fund (682)</u></b>		
Appropriations (Net of Transfers)	\$ 250,000,000	\$ -
Lapsed Balances	\$ 250,000,000	\$ -

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

	Fiscal Year	
	2009	2008
	P.A. 95-0731 & P.A. 96-0004	P.A. 95-0348 & P.A. 95-0011
<b><u>State Lottery Fund (711)</u></b>		
Appropriations (Net of Transfers)	\$ 376,207,000	\$ 376,641,500
<b><u>Expenditures</u></b>		
Personal Services	\$ 8,964,710	\$ 7,996,798
State Contributions to State Employees' Retirement System	1,624,643	1,325,681
State Contributions to Social Security	663,829	591,149
Group Insurance	2,254,678	2,038,807
Contractual Services	24,697,534	22,243,777
Travel	59,381	59,120
Commodities	10,241	4,982
Printing	-	15,695
Equipment	161,627	149,597
Electronic Data Processing	2,984,516	3,422,625
Telecommunications	8,324,721	7,142,487
Operation of Automotive Equipment	438,121	454,240
Developing and Promoting Lottery Games	4,803,720	3,860,259
Lottery Board	3,405	3,040
Government Services Shared Services Center	516,032	446,217
Payment of Prizes to Holders of Winning Lottery Tickets or Shares	310,746,360	295,106,019
Refunds	24,581	23,959
Total State Lottery Fund	<u>\$ 366,278,099</u>	<u>\$ 344,884,452</u>
Lapsed Balances	<u>\$ 9,928,901</u>	<u>\$ 31,757,048</u>
<b><u>Municipal Telecommunications Fund (719)</u></b>		
Appropriations (Net of Transfers)	\$ 12,000	\$ 12,000
Lapsed Balances	<u>\$ 12,000</u>	<u>\$ 12,000</u>
<b><u>Tobacco Settlement Recovery Fund (733)</u></b>		
Appropriations (Net of Transfers)	\$ -	\$ 3,579
<b><u>Expenditures</u></b>		
Operation of the Local Government Tobacco Enforcement Grant Program	\$ -	\$ 3,579
Lapsed Balances	<u>\$ -</u>	<u>\$ -</u>

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

	Fiscal Year	
	2009	2008
	P.A. 95-0731 & P.A. 96-0004	P.A. 95-0348 & P.A. 95-0011
<b><u>Child Support Administrative Fund (757)</u></b>		
Appropriations (Net of Transfers)	\$ -	\$ 518,648
<u>Expenditures</u>		
Personal Services	\$ -	\$ 342,441
State Contributions to State Employees' Retirement System	-	56,724
State Contributions to Social Security	-	25,366
Group Insurance	-	91,758
Telecommunications	-	2,356
Total Child Support Administrative Fund	<u>\$ -</u>	<u>\$ 518,645</u>
Lapsed Balances	<u>\$ -</u>	<u>\$ 3</u>
<b><u>Personal Property Tax Replacement Fund (802)</u></b>		
Appropriations (Net of Transfers)	\$ 21,643,000	\$ 15,409,300
<u>Expenditures</u>		
Personal Services	\$ 8,593,758	\$ 5,444,544
State Contributions to State Employees' Retirement System	1,547,351	902,198
State Contributions to Social Security	653,846	403,495
Group Insurance	2,036,560	1,502,028
Contractual Services	1,132,198	318,626
Travel	228,807	241,719
Commodities	29,176	51,967
Printing	22,257	20,115
Equipment	8,750	21,461
Electronic Data Processing	5,921,581	5,716,951
Telecommunications	560,772	197,200
Operation of Automotive Equipment	13,353	15,776
Total Personal Property Tax Replacement Fund	<u>\$ 20,748,409</u>	<u>\$ 14,836,080</u>
Lapsed Balances	<u>\$ 894,591</u>	<u>\$ 573,220</u>

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

	Fiscal Year	
	2009	2008
	P.A. 95-0731 & P.A. 96-0004	P.A. 95-0348 & P.A. 95-0011
<b><u>Dram Shop Fund (821)</u></b>		
Appropriations (Net of Transfers)	\$ 6,283,300	\$ 5,913,200
<u>Expenditures</u>		
Personal Services	\$ 2,265,595	\$ 2,151,179
State Contributions to State Employees' Retirement System	442,493	355,711
State Contributions to Social Security	167,051	157,988
Group Insurance	536,101	543,222
Contractual Services	201,512	221,553
Travel	84,337	84,224
Commodities	4,996	4,865
Printing	4,293	4,211
Equipment	180	18,214
Electronic Data Processing	124,314	127,610
Telecommunications	58,962	44,861
Operation of Automotive Equipment	59,868	66,346
Government Services Shared Services Center	-	67,251
Tobacco Study	207,005	253,454
Retailer Education Program	165,780	155,895
Operation of the Beverage Alcohol Sellers and Servers Education and Training (BASSET) Program	173,432	149,410
Grants to Local Governmental Units to Establish Enforcement Programs	993,070	1,000,000
Refunds	525	1,000
Total Dram Shop Fund	<u>\$ 5,489,514</u>	<u>\$ 5,406,994</u>
Lapsed Balances	<u>\$ 793,786</u>	<u>\$ 506,206</u>
<b><u>Senior Citizens' Real Estate Deferred Tax Revolving Fund (930)</u></b>		
Appropriations (Net of Transfers)	\$ 5,400,000	\$ 5,900,000
<u>Expenditures</u>		
Payments to Counties	\$ 3,625,139	\$ 5,222,943
Lapsed Balances	<u>\$ 1,774,861</u>	<u>\$ 677,057</u>
<b><u>TOTAL - APPROPRIATED FUNDS</u></b>		
Total Appropriations (Net of Transfers)	<u>\$ 1,588,514,100</u>	<u>\$ 1,200,808,477</u>
Total Appropriated Expenditures	<u>\$ 1,105,330,237</u>	<u>\$ 1,089,990,959</u>
Balances Reappropriated July 1	<u>\$ 13,150,000</u>	<u>\$ 18,900,000</u>
Lapsed Balances	<u>\$ 470,033,863</u>	<u>\$ 91,917,518</u>

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

	Fiscal Year	
	2009	2008
	P.A. 95-0731 & P.A. 96-0004	P.A. 95-0348 & P.A. 95-0011
<b><u>CONTINUING APPROPRIATED FUNDS</u></b>		
<b><u>General Revenue Fund (001)</u></b>		
Appropriations (Net of Transfers)	\$ 1,950,000	\$ -
<u>Expenditures</u>		
State Contributions to State Employees' Retirement System	\$ 1,807,815	\$ -
Lapsed Balances	<u>\$ 142,185</u>	<u>\$ -</u>
<b><u>Motor Fuel Tax Fund (012)</u></b>		
Appropriations (Net of Transfers)	\$ 350,000	\$ -
<u>Expenditures</u>		
State Contributions to State Employees' Retirement System	\$ 276,658	\$ -
Lapsed Balances	<u>\$ 73,342</u>	<u>\$ -</u>
<b><u>Underground Storage Tank Fund (072)</u></b>		
Appropriations (Net of Transfers)	\$ 20,000	\$ -
<u>Expenditures</u>		
State Contributions to State Employees' Retirement System	\$ 17,606	\$ -
Lapsed Balances	<u>\$ 2,394</u>	<u>\$ -</u>
<b><u>State Gaming Fund (129)</u></b>		
Appropriations (Net of Transfers)	\$ 165,000	\$ -
<u>Expenditures</u>		
State Contributions to State Employees' Retirement System	\$ 159,589	\$ -
Lapsed Balances	<u>\$ 5,411</u>	<u>\$ -</u>
<b><u>Home Rule Municipal ROT Fund (138)</u></b>		
Appropriations (Net of Transfers)	\$ 15,000	\$ -
<u>Expenditures</u>		
State Contributions to State Employees' Retirement System	\$ 12,493	\$ -
Lapsed Balances	<u>\$ 2,507</u>	<u>\$ -</u>

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

	Fiscal Year	
	2009	2008
	P.A. 95-0731 & P.A. 96-0004	P.A. 95-0348 & P.A. 95-0011
<b><u>County Option Motor Fuel Tax Fund (190)</u></b>		
Appropriations (Net of Transfers)	\$ 10,500	\$ -
<u>Expenditures</u>		
State Contributions to State Employees' Retirement System	\$ 3,663	\$ -
Lapsed Balances	\$ 6,837	\$ -
<b><u>Income Tax Refund Fund (278)</u></b>		
Appropriations (Net of Transfers)	\$ 1,577,788,061	\$ 1,395,699,142
<u>Expenditures</u>		
Income Tax Refunds	\$ 1,577,788,060	\$ 1,395,699,141
Lapsed Balances	\$ 1	\$ 1
<b><u>Illinois Tax Increment Fund (281)</u></b>		
Appropriations (Net of Transfers)	\$ 9,000	\$ -
<u>Expenditures</u>		
State Contributions to State Employees' Retirement System	\$ 6,698	\$ -
Lapsed Balances	\$ 2,302	\$ -
<b><u>Tax Compliance and Administration Fund (384)</u></b>		
Appropriations (Net of Transfers)	\$ 30,000	\$ -
<u>Expenditures</u>		
State Contributions to State Employees' Retirement System	\$ 28,197	\$ -
Lapsed Balances	\$ 1,803	\$ -
<b><u>Local Government Distributive Fund (515)</u></b>		
Appropriations (Net of Transfers)	\$ 1,034,727,653	\$ 1,207,299,308
<u>Expenditures</u>		
Grants to Local Governments	\$ 1,034,727,653	\$ 1,207,299,307
Lapsed Balances	\$ -	\$ 1
<b><u>Horse Racing Fund (632)</u></b>		
Appropriations (Net of Transfers)	\$ 40,000	\$ -
<u>Expenditures</u>		
State Contributions to State Employees' Retirement System	\$ 1,666	\$ -
Lapsed Balances	\$ 38,334	\$ -

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

	Fiscal Year	
	2009	2008
	P.A. 95-0731 & P.A. 96-0004	P.A. 95-0348 & P.A. 95-0011
<b><u>State Lottery Fund (711)</u></b>		
Appropriations (Net of Transfers)	\$ 265,000	\$ -
<u>Expenditures</u>		
State Contributions to State Employees' Retirement System	\$ 264,638	\$ -
Lapsed Balances	\$ 362	\$ -
<b><u>Personal Property Tax Replacement Fund (802)</u></b>		
Appropriations (Net of Transfers)	\$ 1,368,422,820	\$ 1,560,655,004
<u>Expenditures</u>		
State Contributions to State Employees' Retirement System	\$ 262,761	\$ -
Shared Revenue Payments	1,368,137,820	1,560,655,004
Total Personal Property Tax Replacement Fund	\$ 1,368,400,581	\$ 1,560,655,004
Lapsed Balances	\$ 22,239	\$ -
<b><u>Dram Shop Fund (821)</u></b>		
Appropriations (Net of Transfers)	\$ 35,000	\$ -
<u>Expenditures</u>		
State Contributions to State Employees' Retirement System	\$ 34,987	\$ -
Lapsed Balances	\$ 13	\$ -
<b><u>TOTAL - CONTINUING APPROPRIATED FUNDS</u></b>		
Total Continuing Appropriations (Net of Transfers)	\$ 3,983,828,034	\$ 4,163,653,454
Total Expenditures	\$ 3,983,530,304	\$ 4,163,653,452
Lapsed Balances	\$ 297,730	\$ 2

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

	Fiscal Year	
	2009	2008
	P.A. 95-0731 & P.A. 96-0004	P.A. 95-0348 & P.A. 95-0011
<b><u>NONAPPROPRIATED FUNDS</u></b>		
<b><u>General Revenue Fund (001)</u></b>		
Refunds	\$ -	\$ 7,680
<b><u>County Water Commission Tax Fund (084)</u></b>		
Shared Revenue Payments	\$ 31,795,337	\$ 35,884,092
<b><u>Non-Home Rule Municipal ROT Fund (088)</u></b>		
Shared Revenue Payments	\$ 89,962,231	\$ 79,709,545
<b><u>Home Rule Municipal Soft Drink ROT Fund (097)</u></b>		
Shared Revenue Payments	\$ 8,494,068	\$ 8,507,674
Refunds	814	5,537
Total Home Rule Municipal Soft Drink ROT Fund	\$ 8,494,882	\$ 8,513,211
<b><u>Home Rule Municipal ROT Fund (138)</u></b>		
Shared Revenue Payments	\$ 731,424,055	738,352,994
<b><u>Home Rule County ROT Fund (139)</u></b>		
Shared Revenue Payments	\$ 589,421,982	\$ 318,946,152
<b><u>Business District Sales Tax Fund (160)</u></b>		
Shared Revenue Payments	\$ 6,386,963	\$ 2,450,235
<b><u>County and Mass Transit District Fund (188)</u></b>		
Shared Revenue Payments	\$ 205,878,740	\$ 217,023,272
<b><u>Local Government Tax Fund (189)</u></b>		
Shared Revenue Payments	\$ 1,569,680,203	\$ 1,643,535,149
<b><u>County Option Motor Fuel Tax Fund (190)</u></b>		
Shared Revenue Payments	\$ 31,377,512	\$ 33,653,378
<b><u>County Public Safety ROT Fund (219)</u></b>		
Shared Revenue Payments	\$ 78,883,238	\$ 77,412,415
<b><u>Sports Facility Tax Trust Fund (229)</u></b>		
Interfund Cash Transfers	\$ 28,979,610	\$ 30,993,133
Shared Revenue Payments	6,017,178	7,438,405
Total Sports Facility Tax Trust Fund	\$ 34,996,788	\$ 38,431,538
<b><u>Illinois Racing Board Fingerprint License Fund (248)</u></b>		
Contractual Services	\$ 70,437	\$ 95,903

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

	Fiscal Year	
	2009	2008
	P.A. 95-0731 & P.A. 96-0004	P.A. 95-0348 & P.A. 95-0011
<b>Illinois Racing Board Charity Fund (271)</b>		
Grants to Non-Profit Organizations	\$ 750,000	\$ 750,000
<b>Illinois Racing Board Grant Fund (280)</b>		
Shared Revenue Payments	\$ 809,562	\$ 957,713
<b>Illinois Tourism Tax Fund (452)</b>		
Shared Revenue Payments	\$ 17,532,533	\$ 17,902,890
<b>School Facility Occupation Fund (498)</b>		
Shared Revenue Payments	\$ 4,454,176	\$ -
<b>Flood Prevention Occupation Fund (558)</b>		
Shared Revenue Payments	\$ 2,283,764	\$ -
<b>Tax Suspense Trust Fund (583)</b>		
Refunds	\$ 34,010	\$ 146,446
<b>Metro East Park and Recreation Fund (717)</b>		
Shared Revenue Payments	\$ 4,197,043	\$ 4,287,968
<b>Municipal Telecommunications Fund (719)</b>		
Grants to Local Governments	\$ 296,678,972	\$ 288,596,324
<b>RTA Sales Tax Trust Fund (812)</b>		
Shared Revenue Payments	\$ 1,040,841,884	\$ 733,556,753
<b>Metro East Mass Transit District Tax Fund (841)</b>		
Shared Revenue Payments	\$ 28,443,365	\$ 29,028,751
<b>Tennessee Valley Authority Local Trust Fund (861)</b>		
Shared Revenue Payments	\$ 259,845	\$ 264,940
<b>Municipal Automobile Renting Tax Fund (868)</b>		
Shared Revenue Payments	\$ 5,579,836	\$ 6,063,187
<b>County Automobile Renting Tax Fund (869)</b>		
Shared Revenue Payments	\$ 49,161	\$ 52,966
<b>Deferred Lottery Prize Winners Fund (978)</b>		
Lottery Prizes - Monetary	\$ 131,001,199	\$ 191,641,289
<b>TOTAL EXPENDITURES - NONAPPROPRIATED FUNDS</b>	<b>\$ 4,911,287,718</b>	<b>\$ 4,467,264,791</b>
<b>GRAND TOTAL EXPENDITURES - ALL FUNDS</b>	<b>\$ 10,000,148,259</b>	<b>\$ 9,720,909,202</b>

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

	Fiscal Year	
	2009	2008
	P.A. 95-0731 & P.A. 96-0004	P.A. 95-0348 & P.A. 95-0011
<b><u>STATE OFFICERS' SALARIES</u></b>		
<b><u>General Revenue Fund (001) State Comptroller</u></b>		
Appropriations (Net of Transfers)	\$ 599,500	\$ 579,400
<u>Expenditures</u>		
Department of Revenue:		
Director	\$ 142,339	\$ 137,128
Assistant Director	85,978	116,580
Liquor Control Commission:		
Chairman	38,917	37,122
Members (6 total)	198,642	180,108
Secretary	37,571	34,667
Chairman and 2 members, per diem for work on License Appeal Commission	22,000	27,739
Total Expenditures	<u>\$ 525,447</u>	<u>\$ 533,344</u>
Lapsed Balances	<u>\$ 74,053</u>	<u>\$ 46,056</u>
<b><u>Horse Racing Fund (632) State Comptroller</u></b>		
Appropriations (Net of Transfers)	\$ 137,800	\$ 132,800
<u>Expenditures</u>		
Illinois Racing Board:		
Members (11 total) per diem	\$ 25,500	\$ 25,500
Lapsed Balances	<u>\$ 112,300</u>	<u>\$ 107,300</u>

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

<u>Fund Name/Fund Number</u>	<u>2009</u>
<b>Surety Bond (1151)</b>	
Beginning Cash Balance 07/01/08	\$ 2,847,915
Receipts:	
Bond Operations	709,457
Disbursements:	
Refunds	399,540
Ending Cash Balance 06/30/09	<u>\$ 3,157,832</u>
<b>Prize Payment Fund (1279)</b>	
Beginning Cash Balance 07/01/08	\$ 2,466,961
Receipts:	
Fund Transfers-In	74,412,299
Investment Income	18,305
Disbursements:	
Awards or Grants	75,076,104
Fund Transfers-Out	21,400
Ending Cash Balance 06/30/09	<u>\$ 1,800,061</u>
<b>Agent Security Deposit (1309)</b>	
Beginning Cash Balance 07/01/08	\$ 639,891
Receipts:	
Fund Transfers-In	347,593
Investment Income	7,432
Miscellaneous	467,479
Disbursements:	
Refunds	292,186
Ending Cash Balance 06/30/09	<u>\$ 1,170,209</u>

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

<b>Fund Name/Fund Number</b>	<b>2009</b>
<b>Agent Sales Sweep Account (1373)</b>	
Beginning Cash Balance 07/01/08	\$ 2,018,888
Receipts:	
Lottery Sales	1,038,513,590
Disbursements:	
Fund Transfers-Out	1,038,544,152
Ending Cash Balance 06/30/09	\$ 1,988,326
 <b>Agent Sales Concentration Account (1374)</b>	
Beginning Cash Balance 07/01/08	\$ 76,417
Receipts:	
Fund Transfers-In	1,038,544,152
Lottery Sales	2,074,409
Disbursements:	
PY Correction	
Contractual Services	57,917,456
Fund Transfers-Out	982,643,769
Ending Cash Balance 06/30/09	\$ 133,753
 <b>Evidence Fund (1369)</b>	
Beginning Cash Balance 07/01/08	\$ 4,521
Receipts:	
Private Organizations or Individuals	11,190
Disbursements:	
Purchase of Evidence	9,670
Ending Cash Balance 06/30/09	\$ 6,041

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**SCHEDULE OF CHANGES IN STATE PROPERTY**  
For the Year Ending June 30, 2009

	Total	Financed Equipment	Buildings and Building Improvements	Equipment
Balance at July 1, 2008	\$ 19,972,189	\$ -	\$ 6,322	\$ 19,965,867
Additions	1,362,242	439,243	-	922,999
Deletions	(151,559)	-	-	(151,559)
Net Transfers	(1,684,443)	-	-	(1,684,443)
Balance at June 30, 2009	<u>\$ 19,498,429</u>	<u>\$ 439,243</u>	<u>\$ 6,322</u>	<u>\$ 19,052,864</u>

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

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

FUND/TAX SOURCE	FUND #	2009	2008
Deposits into the State Treasury were designated as follows:			
<b>General Funds:</b>			
<b>General Revenue Fund</b>			
	001		
Income Tax		\$ 10,134,745,366	\$ 11,290,854,767
Retailers' Occupation (Sales) Tax		5,043,229,672	5,376,937,985
Public Utility Tax		1,043,861,105	1,036,250,498
Liquor Tax		157,621,223	158,066,128
Cigarette Tax		138,825,684	135,255,433
Hotel Operators' Occupation Tax		41,485,171	49,184,465
Cigarette Use Tax		39,878,316	43,448,567
Auto Renting Tax		30,826,263	32,692,580
Private Vehicle Use Tax		27,309,419	31,989,394
Liquor Control Commission		6,798,010	6,235,444
Coin Operators' Amusement Tax		2,522,756	2,328,593
General Office		1,679,178	2,098,428
IL Racing Board		476,103	510,723
Bingo License Fees		158,750	173,700
Tennessee Valley Authority		111,362	113,546
Charitable Games Act		19,950	19,000
Replacement Vehicle Tax		352	1,578
Total General Revenue Fund		<u>\$ 16,669,548,680</u>	<u>\$ 18,166,160,829</u>
<b>Common School Fund</b>			
	412		
Cigarette Tax		\$ 133,381,540	\$ 129,951,299
Public Utility Tax		113,995,283	110,168,870
Cigarette Use Tax		38,314,460	41,744,702
Pull Tabs & Jar Games Tax and License Fees		2,668,908	2,975,371
Bingo Tax		1,170,890	1,349,117
Interest Income (Lottery)		21,400	96,068
Total Common School Fund		<u>\$ 289,552,481</u>	<u>\$ 286,285,427</u>
<b>Common School Special Account Fund</b>			
	005		
Retailers' Occupation (Sales) Tax		\$ 1,698,809,732	\$ 1,805,075,875
<b>Education Assistance Fund</b>			
	007		
Income Tax		\$ 798,097,526	\$ 889,139,585
Civil Penalties		30,761	1,025,250
Total Education Assistance Fund		<u>\$ 798,128,287</u>	<u>\$ 890,164,835</u>
<b>Income Tax Refund Fund</b>			
	278		
Income Tax		\$ 1,580,223,167	\$ 1,438,513,368
<b>Special State Funds:</b>			
<b>Build Illinois Fund</b>			
	960		
Retailers' Occupation (Sales) Tax		\$ 400,441,455	\$ 425,490,385
Hotel Operators' Occupation Tax		101,939,854	109,579,288
Private Vehicle Use Tax		5,000,000	5,000,000
Total Build Illinois Fund		<u>\$ 507,381,309</u>	<u>\$ 540,069,673</u>

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

FUND/TAX SOURCE	FUND #	2009	2008
<b>Business District Sales Tax Fund</b>	160		
Retailers' Occupation (Sales) Tax		\$ 6,697,681	\$ 2,686,549
<b>Coal Technology Development Assistance Fund</b>	925		
Public Utility Tax		\$ 5,338,697	\$ 5,290,745
<b>County and Mass Transit District Fund</b>	188		
Retailers' Occupation (Sales) Tax		\$ 315,309,032	\$ 356,289,339
<b>Debt Collection Fund</b>	279		
General Office		\$ 20,303	\$ 11,311
<b>Deferred Lottery Prize Winners Trust Fund</b>	978		
Interest Income (Lottery)		\$ 130,373,299	\$ 190,532,448
<b>Dram Shop Fund</b>	821		
Liquor Control Commission		\$ 6,483,141	\$ 6,203,233
<b>Drycleaner Environmental Response Trust Fund</b>	548		
Retailers' Occupation (Sales) Tax		\$ 2,952,944	\$ 3,256,422
<b>Emergency Public Health Fund</b>	240		
Retailers' Occupation (Sales) Tax		\$ 3,415,805	\$ 3,633,398
<b>Energy Efficiency Trust Fund</b>	571		
Public Utility Tax		\$ 3,729,491	\$ 3,856,722
<b>Horse Racing Fund</b>	632		
Racing Privilege Tax		\$ 6,851,320	\$ 8,338,786
<b>Illinois Affordable Housing Trust Fund</b>	286		
Real Estate Transfer Tax		\$ 20,320,431	\$ 38,419,932
<b>Illinois Gaming Law Enforcement Fund</b>	085		
Pull Tabs & Jar Games Tax and License Fees		\$ 2,668,909	\$ 2,975,371
Charitable Games Tax and License Fees		534,999	486,480
Total Illinois Gaming Law Enforcement Fund		\$ 3,203,908	\$ 3,461,851
<b>Illinois Racing Board Charity Fund</b>	271		
Annual Charity Assessment		\$ 777,060	\$ 750,000
<b>Illinois Racing Board Fingerprint License Fund</b>	248		
IL Racing Board		\$ 91,040	\$ 100,120
<b>Illinois Racing Board Grant Fund</b>	280		
Admission Tax		\$ 837,251	\$ 954,420
<b>Illinois Racing-Quarterhorse Fund</b>	631		
Racing Privilege Tax		\$ 23,401	\$ 21,674
<b>Illinois Sports Facility Fund</b>	225		
Hotel Operators' Occupation Tax		\$ 34,500,000	\$ 33,000,000

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

FUND/TAX SOURCE	FUND #	2009	2008
<b>Illinois Tax Increment Fund</b>	281		
Retailers' Occupation (Sales) Tax		\$ 19,480,936	\$ 20,699,533
<b>Illinois Veterans' Assistance Fund</b>	236		
Lottery Ticket Sales		\$ 1,287,280	\$ 2,506,284
<b>International Tourism Fund</b>	621		
Hotel Operators' Occupation Tax		\$ 9,150,430	\$ 9,862,136
<b>Local Government Tax Fund</b>	189		
Retailers' Occupation (Sales) Tax		\$ 1,528,330,292	\$ 1,707,811,815
<b>Local Tourism Fund</b>	969		
Hotel Operators' Occupation Tax		\$ 16,267,431	\$ 17,532,686
<b>Long-Term Care Provider Fund</b>	345		
Cigarette Tax		\$ 134,069,476	\$ 160,051,352
Cigarette Use Tax		16,493,364	21,954,247
Other Tobacco		21,358,819	21,244,849
Total Long-Term Provider Fund		\$ 171,921,659	\$ 203,250,448
<b>Mental Health Fund</b>	050		
Bingo Tax		\$ 1,170,890	\$ 1,349,117
<b>Motor Fuel Tax Fund</b>	012		
Motor Fuel Tax		\$ 1,393,462,094	\$ 1,264,385,645
General Office		4,586	-
Total Motor Fuel Fund		\$ 1,393,466,680	\$ 1,264,385,645
<b>Municipal Economic Development Fund</b>	650		
Solid Waste Facilities		\$ 32,800	\$ 188,529
<b>Multiple Sclerosis Research Fund</b>	429		
Lottery Ticket Sales		\$ 2,127,268	\$ -
<b>Military Affairs Trust Fund</b>	043		
Pepsi Agreement		\$ 234	\$ -
<b>Natural Areas Acquisition Fund</b>	298		
Real Estate Transfer Tax		\$ 6,096,129	\$ 11,525,980
<b>Open Space Lands Acquisition and Development Fund</b>	299		
Real Estate Transfer Tax		\$ 14,224,302	\$ 26,893,952
<b>Personal Property Tax Replacement Fund</b>	802		
Income Tax		\$ 1,042,512,065	\$ 1,255,849,414
Public Utility Tax		222,906,421	206,852,937
Total Personal Property Tax Replacement Fund		\$ 1,265,418,486	\$ 1,462,702,351
<b>Public Utility Fund</b>	059		
Public Utility Tax		\$ 12,500,198	\$ 12,734,199

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

FUND/TAX SOURCE	FUND #	2009	2008
<b>Quality of Life Endowment Fund</b>	437		
Lottery Ticket Sales		\$ 563,680	\$ 870,410
<b>Renewable Energy Resource Trust Fund</b>	564		
Public Utility Tax		\$ 5,338,697	\$ 5,290,745
<b>Rental Housing Support Program Fund</b>	150		
Real Estate Transfer Tax		\$ 17,508,366	\$ 21,823,695
<b>Revenue Federal Trust Fund</b>	140		
From Federal Agencies		\$ -	\$ 44,504
<b>School Infrastructure Fund</b>	568		
Public Utility Tax		\$ 100,619,124	\$ 98,168,868
Cigarette Tax		53,751,430	51,419,750
Cigarette Use Tax		6,248,570	8,580,250
Total School Infrastructure Fund		\$ 160,619,124	\$ 158,168,868
<b>Senior Citizen Real Estate Deferred Tax Fund</b>	930		
Senior Citizens Real Estate Deferred Real Estate Tax		\$ 3,658,559	\$ 3,624,440
<b>State Gaming Fund</b>	129		
Riverboat Gambling Taxes and License Fees		\$ 553,181,381	\$ 687,805,138
<b>State and Local Sales Tax Reform Fund</b>	186		
Retailers' Occupation (Sales) Tax		\$ 255,103,550	\$ 268,917,053
<b>State Lottery Fund</b>	711		
Lottery Ticket Sales		\$ 985,899,615	\$ 992,065,285
<b>Supplemental Low Income Energy Assistance Fund</b>	550		
Public Utility Tax		\$ 85,423,216	\$ 84,636,835
<b>Tax Compliance and Administration Fund</b>	384		
Public Utility Tax		\$ 1,488,284	\$ 1,450,183
Motor Fuel Tax		406,863	375,548
Retailers' Occupation (Sales) Tax		337,021	185,688
Cigarette Tax		4,630	-
Cigarette Use Tax		300	-
Total Tax Compliance and Administration Fund		\$ 2,237,098	\$ 2,011,419
<b>Ticket for the Cure Fund</b>	208		
Lottery Ticket Sales		\$ 1,179,336	\$ 1,210,018
<b>Underground Storage Tank Fund</b>	072		
Motor Fuel Tax-Underground Storage		\$ 74,779,353	\$ 71,080,677
<b>Used Tire Management Fund</b>	294		
Retailers' Occupation (Sales) Tax- Sale of Tires		\$ 12,991,149	\$ 13,806,911

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

FUND/TAX SOURCE	FUND #	2009	2008
<b>State Trust Funds:</b>			
<b>County Auto Renting Tax Fund</b>	869		
Auto Renting Tax		\$ 57,940	\$ 20,809
<b>County Option Motor Fuel Tax Fund</b>	190		
Retailers' Occupation (Sales) Tax		\$ 31,377,882	\$ 34,103,383
<b>County Public Safety ROT Fund</b>	219		
Retailers' Occupation (Sales) Tax		\$ 77,104,342	\$ 82,088,181
<b>County Water Commission Tax Fund</b>	084		
Retailers' Occupation (Sales) Tax		\$ 29,542,104	\$ 36,787,938
<b>Flood Prevention Occupation Tax Fund</b>	558		
Retailers' Occupation (Sales) Tax		\$ 2,283,764	\$ -
<b>Home Rule County ROT Fund</b>	139		
Retailers' Occupation (Sales) Tax		\$ 653,827,975	\$ 323,705,574
<b>Home Rule Municipal ROT Fund</b>	138		
Retailers' Occupation (Sales) Tax		\$ 714,811,397	\$ 765,322,639
<b>Home Rule Municipal Soft Drink ROT Fund</b>	97		
Retailers' Occupation (Sales) Tax		\$ 8,525,787	\$ 8,860,138
<b>Illinois Tourism Tax Fund</b>	452		
Hotel Operators' Occupation Tax		\$ 17,094,549	\$ 18,870,959
<b>McCormick Place Expansion Fund</b>	377		
Retailers' Occupation (Sales) Tax		\$ 53,266,333	\$ 38,404,357
<b>Metro-East Mass Transit Tax Fund</b>	841		
Retailers' Occupation (Sales) Tax		\$ 26,543,105	\$ 31,538,846
<b>Metro-East Park and Recreation Fund</b>	717		
Retailers' Occupation (Sales) Tax		\$ 3,800,594	\$ 4,766,548
<b>Metropolitan Pier and Exposition Fund</b>	337		
Hotel Operators' Occupation Tax		\$ 39,446,699	\$ 43,554,024
Retailers' Occupation (Sales) Tax		33,320,194	36,248,275
Auto Renting Tax		27,012,181	30,876,353
Total Metropolitan Pier and Exposition Fund		\$ 99,779,074	\$ 110,678,652
<b>Municipal Auto Renting Tax Fund</b>	868		
Auto Renting Tax		\$ 5,681,106	\$ 6,185,049
<b>Municipal Telecommunications Fund</b>	719		
Public Utility Tax		\$ 301,145,261	\$ 288,231,998
<b>Non-Home Rule Municipal ROT Tax Fund</b>	088		
Retailers' Occupation (Sales) Tax		\$ 89,482,062	\$ 88,402,199

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

FUND/TAX SOURCE	FUND #	2009	2008
<b>RTA Sales Tax Trust Fund</b>	812		
Retailers' Occupation (Sales) Tax		\$ 903,040,176	\$ 681,268,393
<b>School Facility Occupation Tax Fund</b>	498		
Retailers' Occupation (Sales) Tax		\$ 4,474,384	\$ -
<b>Sports Facility Tax Trust Fund</b>	229		
Hotel Operators' Occupation Tax		\$ 33,836,632	\$ 37,359,349
<b>Tax Suspense Trust Fund</b>	583		
Tax Suspense		\$ 43,884	\$ 155,180
<b>Tennessee Valley Authority Trust Fund</b>	861		
Tennessee Valley Authority		\$ 259,845	\$ 264,940
<b>Monies Paid under Protest:</b>			
Income and Replacement Tax	401	\$ 28,284,290	\$ 63,970,021
Illinois Racing Board		14,481,446	34,241,987
Retailers' Occupation (Sales) Tax		27,846,588	956,593
Public Utility Tax		89,114	-
Total Monies Paid under Protest		\$ 70,701,438	\$ 99,168,601
<b>Total Receipts Collected by the Department</b>		<b>\$ 31,811,206,233</b>	<b>\$ 33,492,059,363</b>
Items not considered collections by the Department:			
Federal Home Investment Trust Fund Receipts		\$ 31,034,802	\$ 22,475,773
Repayment from the Sports Facility Authority		25,836,747	29,516,533
Repayment from the Illinois Housing Development Authority (IHDA) Pursuant to Law		13,067,041	4,641,113
Loan Repayment from the IHDA - Principal		5,467,445	5,534,422
Transfer from the Local Government Distributive Fund		5,000,000	5,000,000
Prior Year Warrant Voids		9,703,374	4,576,157
Loan Repayment from the IHDA - Interest		2,045,938	1,676,872
Administrative Fee from the Sports Facility Authority		1,493,746	1,467,702
Prior Year Refunds		788,200	454,405
Private Organization or Individual		500,000	500,000
Unidentified Tax Source		84,979	54,849
Yearly Payment from Commonwealth Edison to IHDA		21,700	36,250
		\$ 95,043,972	\$ 75,934,076
<b>Total Deposits into the State Treasury</b>		<b>\$ 31,906,250,205</b>	<b>\$ 33,567,993,439</b>

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**RECONCILIATION OF CASH RECEIPTS TO DEPOSITS**  
**REMITTED TO THE STATE COMPTROLLER**

For the Fiscal Years Ended June 30,

<b>Receipts</b>	2009	2008
Tax and fee collections, including assessments, penalties, and interest:		
Income: individual, corporate, and personal property replacement tax	\$ 13,568,046,406	\$ 14,891,265,259
Sales:		
State, municipal, county, county water commission, RTA, MED retailers' and service occupation tax	11,924,707,140	12,207,023,103
Public Utilities:		
Message, gas, electric	1,885,368,966	1,891,183,198
Motor Fuel Tax	1,301,973,767	1,361,741,936
Other:		
Underground Storage Tank	69,289,856	76,573,355
Cigarette, Cigarette Use, and Other Tobacco Products	583,582,189	615,934,273
Racing Privilege	6,835,017	8,440,474
Hotel Operator and Occupation	286,343,669	322,068,948
Liquor	157,725,265	158,047,240
Vehicle Use	32,360,136	36,406,867
Real Estate Transfer	58,510,203	98,526,068
Bingo	2,505,927	2,868,433
Coin Operated Amusement Device	2,979,872	2,352,913
Automobile Renting	63,539,988	69,773,771
Replacement Vehicle	327	1,603
Charitable Games	552,067	510,197
Pull Tabs and Jar Games	5,345,929	5,948,347
Riverboat Gambling	537,019,353	700,069,733
Petroleum Marketer's Assessment	-	-
Solid Waste	32,517	182,526
Lottery	1,121,495,830	1,227,778,316
Liquor Control Commission	13,284,279	12,498,183
Illinois Racing Board	16,776,634	35,710,217
Miscellaneous Collections	5,793,165	6,329,838
Total Receipts	<u>\$ 31,644,068,502</u>	<u>\$ 33,731,234,798</u>
Items not considered collections by the Department	95,043,972	75,934,076
Unallocated Collections:		
Beginning of year	(27,920,663)	(16,554,272)
End of year	5,250,582	27,920,663
Collections reported, but not yet deposited into clearing:		
Beginning of year	169,828,128	98,295,680
End of year	(186,449,469)	(169,828,128)
Balances in State Treasurer's clearing account:		
Beginning of year	389,469,784	210,460,406
End of year	<u>(183,040,631)</u>	<u>(389,469,784)</u>
Deposits into the State Treasury	<u>\$ 31,906,250,205</u>	<u>\$ 33,567,993,439</u>

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**  
For the Year Ended June 30, 2009

**General Revenue Fund (001)**

Travel

The decrease in travel expenditures during FY09 was due to travel expenses being incurred for a new auditor class in FY08 that were not repeated in FY09.

Commodities

The increase in commodities expenditures during FY09 was due to an increase in the cost of cigarette stamps, which were increased due to additional security features.

Printing

The decrease in printing expenditures during FY09 was due to a decrease in the number of tax booklets printed and mailed out.

Equipment

The increase in equipment expenditures during FY09 was due to a one-time purchase of modular equipment in the Des Plaines Regional Office.

Electronic Data Processing

The increase in electronic data processing expenditures during FY09 was due to Personal Services and Related Benefits being moved from the personal services lines in FY08 to Electronic Data Processing in FY09. In addition, the increase was also due to a large payment for the new integrated tax system.

Telecommunications

The decrease in telecommunications expenditures during FY09 was due to spending being moved from the General Revenue Fund to other State funds.

Government Services Shared Services Center

The decrease in Government Services Shared Services Center expenditures was due to a decrease in headcount budgeted and paid from FY08 to FY09.

Grants for Additional Compensation for Local Assessors

The increase in Grants for Additional Compensation for Local Assessors expenditures during FY09 was due to more local government officials taking classes in order to qualify for the 2010 election.

Other Tax Refunds

The decrease in other tax refund expenditures was due to the Department changing its criteria to issue more credit memoranda than cash refunds due to the fiscal constraints on the General Revenue Fund.

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**  
For the Year Ended June 30, 2009

**General Revenue Fund (001) (cont.)**

State Contributions to State Employees' Retirement System- Continuing Appropriated Funds

The increase in State Contributions to State Employees' Retirement System expenditures during FY09 was due to the retirement rate, which was appropriated at 17.8%, but paid out at 21.049%. A continuing appropriation was established to pay the remaining amount owed to State Employees' Retirement System.

Refunds – Non-Appropriated Funds

The decrease in refund expenditures during FY09 was due to no refunds being paid from the General Revenue Fund in FY09.

**Motor Fuel Tax Fund (012)**

Contractual Services

The increase in contractual services expenditures during FY09 was due to spending being moved from the General Revenue Fund to other State funds.

Printing

The decrease in printing expenditures during FY09 was due to a reduced need for ST-556 (Sales Tax Transaction Return) forms.

Electronic Data Processing

The increase in electronic data processing expenditures was due to \$4.3 million in Personal Services and Related Benefits being moved from the personal services lines in FY08 to Electronic data processing in FY09. In addition, spending moved from the General Revenue Fund to other State funds in FY09.

Telecommunications

The increase in telecommunications expenditures during FY09 was due to spending being moved from the General Revenue Fund to other State funds.

State Contributions to State Employees' Retirement System- Continuing Appropriated Funds

The increase in State Contributions to State Employees' Retirement System expenditures during FY09 was due to the retirement rate, which was appropriated at 17.8%, but paid out at 21.049%. A continuing appropriation was established to pay the remaining amount owed to State Employees' Retirement System.

**Underground Storage Tank Fund (072)**

Electronic Data Processing

The increase in electronic data processing expenditures was due to Personal Services and Related Benefits being moved from the personal services lines in FY08 to electronic data processing lines in FY09. In addition, spending moved from the General Revenue Fund to other State funds in FY09.

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**  
For the Year Ended June 30, 2009

**Underground Storage Tank Fund (072) (cont.)**

State Contributions to State Employees' Retirement System- Continuing Appropriated Funds

The increase in State Contributions to State Employees' Retirement System expenditures during FY09 was due to the retirement rate, which was appropriated at 17.8%, but paid out at 21.049%. A continuing appropriation was established to pay the remaining amount owed to State Employees' Retirement System.

**Illinois Gaming Law Enforcement Fund (085)**

Grant for Allocation to Local Law Enforcement Agencies

The decrease in grants for allocation to local law enforcement agencies in FY09 was due to an insufficient amount of money available in the Fund to make the grant distribution that is normally made during lapse period.

**State Gaming Fund (129)**

Contractual Services

The increase in contractual services expenditures in FY09 was due to increased reimbursements to the Illinois State Police for Personal Services and Related Benefits and the payment of a legal settlement.

Telecommunications

The increase in telecommunications expenditures during FY09 was due to the Department's use of credits in FY08 that were paid in FY07.

Refunds

The decrease in refund expenditures during FY09 was due to no refunds needing to be paid in FY09.

State Contributions to State Employees' Retirement System- Continuing Appropriated Funds

The increase in State Contributions to State Employees' Retirement System expenditures during FY09 was due to the retirement rate, which was appropriated at 17.8%, but paid out at 21.049%. A continuing appropriation was established to pay the remaining amount owed to State Employees' Retirement System.

**Home Rule Municipal ROT Fund (138)**

Personal Services

The increase in personal services expenditures during FY09 was due to an increase in headcount budgeted and paid from FY08 to FY09.

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**  
For the Year Ended June 30, 2009

**Home Rule Municipal ROT Fund (138) (cont.)**

State Contributions to State Employees' Retirement System- Continuing Appropriated Funds

The increase in State Contributions to State Employees' Retirement System expenditures during FY09 was due to the retirement rate, which was appropriated at 17.8%, but paid out at 21.049%. A continuing appropriation was established to pay the remaining amount owed to State Employees' Retirement System.

**Home Rule County ROT Fund (139)**

Shared Revenue Payments

The increase in shared revenue payments expenditures during FY09 was due to eight local governments increasing their home rule tax by either 0.5% or 1.0%

**Business District Sales Tax Fund (160)**

Shared Revenue Payments

The increase in shared revenue payments expenditures during FY09 was due to the number of operating business districts increasing from 15 in FY08 to 23 in FY09.

**County Option Motor Fuel Tax Fund (190)**

Electronic Data Processing

The increase in electronic data processing expenditures during FY09 was due to spending being moved from the General Revenue Fund to other State funds.

State Contributions to State Employees' Retirement System- Continuing Appropriated Funds

The increase in State Contributions to State Employees' Retirement System expenditures during FY09 was due to the retirement rate, which was appropriated at 17.8%, but paid out at 21.049%. A continuing appropriation was established to pay the remaining amount owed to State Employees' Retirement System.

**Tax Increment Financing Fund (281)**

State Contributions to State Employees' Retirement System- Continuing Appropriated Funds

The increase in State Contributions to State Employees' Retirement System expenditures during FY09 was due to the retirement rate, which was appropriated at 17.8%, but paid out at 21.049%. A continuing appropriation was established to pay the remaining amount owed to State Employees' Retirement System.

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
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**Illinois Affordable Housing Trust Fund (286)**

Grants, Mortgages, Loans, or for the Purpose of Securing Bonds

The decrease in grants, mortgages, loans, or for the purpose of securing bonds expenditures during FY09 was due to a smaller number of affordable housing projects being approved by the Illinois Housing Development Authority due to a decline in revenues to the Illinois Affordable Housing Trust Fund.

**Federal HOME Investment Trust Fund (338)**

Illinois HOME Investment Partnerships Program

The increase in Illinois HOME Investment Partnerships Program expenditures was due to more HOME affordable housing projects funds being available to the Illinois Housing Development Authority in FY09. Revenues to the Federal HOME Investment Trust Fund increased from \$22.6 million in FY08 to \$31 million in FY09.

**Tax Compliance and Administration Fund (384)**

Personal Services

The increase in personal services expenditures in FY09 was due to an increase in headcount budgeted and paid from FY08 to FY09.

State Contributions to State Employees' Retirement System

The increase in State contributions to State Employees' Retirement System expenditures during FY09 was due to an increase in headcount budgeted and paid from FY08 to FY09.

Group Insurance

The increase in group insurance expenditures during FY09 was due to an increase in headcount budgeted and paid from FY08 to FY09.

Electronic Data Processing

The increase in electronic data processing expenditures during FY09 was due to spending being moved from the General Revenue Fund to other State funds.

Telecommunications

The increase in telecommunications expenditures during FY09 was due to spending being moved from the General Revenue Fund to other State funds.

State Contributions to State Employees' Retirement System- Continuing Appropriated Funds

The increase in State Contributions to State Employees' Retirement System expenditures during FY09 was due to the retirement rate, which was appropriated at 17.8%, but paid out at 21.049%. A continuing appropriation was established to pay the remaining amount owed to State Employees' Retirement System.

STATE OF ILLINOIS  
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**Predatory Lending Database Program Fund (478)**

Grants for the Predatory Lending Database Program

The increase in Grants for the Predatory Lending Database Program expenditures was due to the Predatory Lending Database Program receiving an appropriation in FY08, but not being implemented until FY09.

**School Facility Occupation Fund (498)**

Shared Revenue Payments

The increase in shared revenue payments expenditures was due to FY09 being the first year of activity for the School Facility Occupation Fund.

**Flood Prevention Occupation Fund (558)**

Shared Revenue Payments

The increase in shared revenue payments expenditures was due to FY09 being the first year of activity for the Flood Prevention Occupation Fund.

**Tax Suspense Trust Fund (583)**

Refunds

The decrease in refunds expenditures during FY09 was due to a decrease in the amount of refunds made to taxpayers for erroneous payments.

**Horse Racing Fund (632)**

Electronic Data Processing

The decrease in electronic data processing expenditures during FY09 was due to BCCS charges and IT rationalization payments being made from the General Revenue Fund because there was a low fund balance in the Horse Racing Fund.

State Contributions to State Employees' Retirement System- Continuing Appropriated Funds

The increase in State Contributions to State Employees' Retirement System expenditures during FY09 was due to the retirement rate, which was appropriated at 17.8%, but paid out at 21.049%. A continuing appropriation was established to pay the remaining amount owed to State Employees' Retirement System.

**State Lottery Fund (711)**

State Contributions to State Employees' Retirement System

The increase in State contributions to State Employees' Retirement System expenditures was due to an increase in the employer contribution rate from 16.561% in FY08 to 21.049% in FY09.

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**State Lottery Fund (711) (cont.)**

Developing and Promoting Lottery Games

The increase in developing and promoting lottery games expenditures during FY09 was due to increased expenditures for advertising. After the selection of a new advertising firm through the RFP process, the lottery allocated additional funds for promotion and advertising of lottery games.

State Contributions to State Employees' Retirement System- Continuing Appropriated Funds

The increase in State Contributions to State Employees' Retirement System expenditures during FY09 was due to the retirement rate, which was appropriated at 17.8%, but paid out at 21.049%. A continuing appropriation was established to pay the remaining amount owed to State Employees' Retirement System.

**Child Support Administrative Fund (757)**

Personal Services

The decrease in personal services expenditures during FY09 was due to the transfer of the Child Support Collections Program to the Department of Healthcare and Family Services on December 1, 2007.

State Contributions to State Employees' Retirement System

The decrease in State contributions to State Employees' Retirement System expenditures during FY09 was due to the transfer of the Child Support Collections Program to the Department of Healthcare and Family Services on December 1, 2007.

Group Insurance

The decrease in Group Insurance expenditures during FY09 was due to the transfer of the Child Support Collections Program to the Department of Healthcare and Family Services on December 1, 2007.

**Personal Property Tax Replacement Fund (802)**

Personal Services

The increase in personal services expenditures during FY09 was due to an increase in headcount budgeted and paid from FY08 to FY09.

State Contributions to State Employees' Retirement System

The increase in State contributions to State Employees' Retirement System expenditures during FY09 was due to an increase in headcount budgeted and paid from FY08 to FY09.

State Contributions to Social Security

The increase in State contributions to Social Security expenditures during FY09 was due to an increase in headcount budgeted and paid from FY08 to FY09.

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For the Year Ended June 30, 2009

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

Group Insurance

The increase in group insurance expenditures during FY09 was due to an increase in headcount budgeted and paid from FY08 to FY09.

Contractual Services

The increase in contractual services expenditures during FY09 was due to spending being moved from the General Revenue Fund to other State funds.

Telecommunications

The increase in telecommunications expenditures during FY09 was due to spending being moved from the General Revenue Fund to other State funds.

State Contributions to State Employees' Retirement System- Continuing Appropriated Funds

The increase in State Contributions to State Employees' Retirement System expenditures during FY09 was due to the retirement rate, which was appropriated at 17.8%, but paid out at 21.049%. A continuing appropriation was established to pay the remaining amount owed to State Employees' Retirement System.

**RTA Sales Tax Trust Fund (812)**

Shared Revenue Payments

The increase in shared revenue payments expenditures was due to FY09 being the first full year of the 0.25% increase in the RTA Sales Tax.

**Dram Shop Fund (821)**

State Contributions to State Employees' Retirement System

The increase in State contributions to State Employees' Retirement System expenditures was due to an increase in the employer contribution rate from 16.561% in FY08 to 21.049% in FY09.

Equipment

The decrease in equipment expenditures during FY09 was due to the purchase of a vehicle in FY08.

Government Services Shared Services Center

The decrease in Government Services Shared Services Center payments in FY09 was due to no headcount being budgeted and paid in FY09.

State Contributions to State Employees' Retirement System- Continuing Appropriated Funds

The increase in State Contributions to State Employees' Retirement System expenditures during FY09 was due to the retirement rate, which was appropriated at 17.8%, but paid out at 21.049%. A continuing appropriation was established to pay the remaining amount owed to State Employees' Retirement System.

STATE OF ILLINOIS  
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For the Year Ended June 30, 2009

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

Payments to Counties

The decrease in payments to counties expenditures during FY09 was due to payments to counties being delayed due to an insufficient amount of money being available in the Fund in FY09.

**Deferred Lottery Prize Winners Fund (978)**

Lottery Prizes- Monetary

The decrease in lottery prizes expenditures during FY09 was due to a decrease in the purchase of securities for the Mega Millions grand prize winner.

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS**  
For the Year Ended June 30, 2009

**County Water Commission Tax (084)**

The decrease in sales tax receipts during FY09 was due to a decrease in the deposit percentage from .0032% to .0028%.

**State Gaming Fund (129)**

The decrease in receipts during FY09 was due to riverboat gambling collections declining by 23%. The decline in riverboat gambling collections was due mainly to economic slowdown.

**Home Rule County ROT Tax Fund (139)**

The increase in sales tax receipts during FY09 was due to an increase in the deposit percentage from .0267% to .0594%.

**Rental Housing Support Fund (150)**

The decrease in real estate transfer tax receipts during FY09 was due to a decrease in real estate collections. Receipts received into this fund are based on surcharges on real estate transactions.

**Business District ROT Fund (160)**

The increase in sales tax receipts was due to the increase in qualifying business districts from 21 in FY08 to 33 in FY09.

**Illinois Veterans' Assistance Fund (236)**

The decrease in lottery ticket sales receipts during FY09 was due to a decrease in lottery sales related to this special ticket where proceeds go to the Illinois Veterans' Assistance Fund.

**Illinois Affordable Housing Trust Fund (286)**

The decrease in real estate transfer tax receipts was due to a decline in real estate tax collections during FY09. This fund receives 50% of the real estate tax collected. This decline was attributable to a depressed housing market.

**Natural Areas Acquisition Fund (298)**

The decrease in real estate transfer tax receipts was due to a decline in real estate tax collections during FY09. This fund receives 15% of real estate tax collected. This decline was attributable to a depressed housing market.

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**Open Space Lands Acquisition and Development Fund (299)**

The decrease in real estate transfer tax receipts was due to a decline in real estate tax collections during FY09. This fund receives 35% of real estate tax collected. This decline was attributable to a depressed housing market.

**Long Term Care Provider Fund (345)**

The decrease in receipts was due to overall cigarette and cigarette use tax collections declining 5% during FY09. Receipts received into this fund are based on cigarette and cigarette use tax collections.

**McCormick Place Expansion Fund (377)**

The increase in receipts during FY09 was due to deposits of sales taxes, hotel taxes and automobile renting taxes into the Metropolitan Pier and Exposition Fund (337) not being sufficient to meet Metropolitan Pier and Exposition Authority bond indebtedness. The shortage is deposited into the McCormick Place Expansion Fund (377) from State sales taxes and transferred to Fund 337 by the State Treasurer.

**Monies Paid Under Protest Fund (401)**

The decrease in receipts was due to a decrease in the number of taxpayers protesting their tax liability during FY09.

**Multiple Sclerosis Research Fund (429)**

The increase in lottery ticket sales receipts during FY09 was due to the introduction of a new lottery ticket in FY09 where proceeds go to the Multiple Sclerosis Research Fund to support the fight against multiple sclerosis.

**Quality of Life Endowment Fund (437)**

The decrease in lottery ticket sales receipts during FY09 was due to a decrease in lottery sales related to this special ticket where proceeds go to the Quality of Life Endowment Fund to support the fight against HIV/AIDS.

**School Facility Occupation Fund (498)**

The increase in receipts was due to the fact that FY09 was the first year of activity for this fund. This fund was created to receive monies obtained from taxes and penalties imposed in accordance with the County Code that are expended for disbursements to regional superintendents of schools. There is currently one county that imposes this tax.

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
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For the Year Ended June 30, 2009

**Flood Prevention Occupation Fund (558)**

The increase in receipts was due to the fact that FY09 was the first year of activity for this fund. This fund was created to receive monies obtained from a sales tax imposed in accordance with the Flood Prevention District Act that are used to pay revenue bonds issued by the Flood Prevention District. There are currently three counties that impose this tax.

**Tax Suspense Trust Fund (583)**

The decrease in receipts was due to a decrease in the number of unidentified remittances requiring Department correspondence with taxpayers during FY09.

**Horse Racing Fund (632)**

The decrease in receipts was due to horse racing collections decreasing 19% in FY09. This decline in horse racing collections was due mainly to economic slowdown.

**Municipal Economic Development Fund (650)**

The decrease in receipts was due to qualified solid waste collections decreasing 82% in FY09.

**Metro East Park and Recreation Fund (717)**

The decrease in receipts during FY09 was due to a decrease in the deposit percentage from .0004% to .0003%

**RTA Sales Tax Trust Fund (812)**

The increase in receipts during FY09 was due to an increase in the deposit percentage from .0526% to .0800%

**Metro-East Mass Transit Tax Fund (841)**

The decrease in receipts during FY09 was due to a decrease in the deposit percentage from .0024% in FY08 to .0023% in FY09.

**Deferred Lottery Prize Winners Trust Fund (978)**

The decrease in receipts during FY09 was due to lottery winners taking the lump sum cash option as opposed to taking annuities.

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING**  
For the Year Ended June 30, 2009

**General Revenue Fund (001)**

Equipment

The Department ordered modular office furniture in February 2009 that was not fully received, installed, and paid for until the lapse period.

Telecommunications

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

Grants for Additional Compensation for Local Assessors

The Department received and processed a large number of performance stipend applications at the end of the fiscal year that were processed and paid during lapse period.

State Contributions to State Employees' Retirement System- Continuing Appropriated Funds

The Department's retirement rate was appropriated at 17.8%, but the actual payout was 21.049%. As a result, a continuing appropriation was established to pay the remaining amount at the end of the fiscal year.

**Motor Fuel Tax Fund (012)**

Equipment

The Department ordered modular furniture in February 2009 that was not fully received, installed, and paid for until the lapse period.

Electronic Data Processing

The Department paid a large amount of DCMS IT rationalization charges during the lapse period due to a delay in the verifications of bills. In addition, the Department paid invoices during the lapse period for electronic data processing services and computer software received prior to June 30.

Operation of Automotive Equipment

The Department made a payment to the DCMS State Garage Revolving Fund for services incurred in May during the lapse period.

Administration of the Motor Fuel Tax Enforcement Grant from the US Department of Transportation

The Department received and paid an invoice during the lapse period for several laptop computers ordered prior to June 30.

State Contributions to State Employees' Retirement System- Continuing Appropriated Funds

The Department's retirement rate was appropriated at 17.8%, but the actual payout was 21.049%. As a result, a continuing appropriation was established to pay the remaining amount at the end of the fiscal year.

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For the Year Ended June 30, 2009

**State Gaming Fund (129)**

Contractual Services

The Gaming Board (Board) paid an invoice to the Illinois State Police during the lapse period for services performed prior to June 30. In addition, the Board paid a settlement agreement during the lapse period.

Telecommunications

The Board held invoices for telecommunications services due to a discrepancy with DCMS over remaining credits in the Communications Revolving Fund. The invoices were paid during lapse period and were for services received prior to June 30.

State Contributions to State Employees' Retirement System- Continuing Appropriated Funds

The Department's retirement rate was appropriated at 17.8%, but the actual payout was 21.049%. As a result, a continuing appropriation was established to pay the remaining amount at the end of the fiscal year.

**Home Rule Municipal ROT Fund (138)**

Electronic Data Processing

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

**Rental Housing Support Program Fund (150)**

Administration of the Rental Housing Program

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

Grants to Provide Rental Assistance to the Rental Housing Support Program

A large number of rental housing projects that were approved by the Illinois Housing Development Authority's Board were completed late in the fiscal year and paid during the lapse period.

**County Option Motor Fuel Tax Fund (190)**

Electronic Data Processing

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

**Illinois Racing Board Fingerprint License Fund (248)**

Contractual Services- Non-Appropriated Funds

The Department made one large payment in June for fingerprinting services. The Department's bill for fingerprinting service was higher due to a larger volume of racing activity occurring during the month.

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For the Year Ended June 30, 2009

**Illinois Tax Increment Fund (281)**

Grants for Distribution to Local Tax Increment Finance Districts

The Department processed the fourth quarter Tax Increment distribution during lapse period.

**Illinois Affordable Housing Trust Fund (286)**

Administration of the Illinois Affordable Housing Act

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

Grants, Mortgages, Loans, or for the Purpose of Securing Bonds

The Department made payments for affordable housing projects approved by IHDA that were received late in the fiscal year.

**Tax Compliance and Administration Fund (384)**

Electronic Data Processing

The Department paid a large amount of DCMS IT rationalization charges during the lapse period due to a delay in the verifications of bills. In addition, the Department paid invoices during the lapse period for computer software received prior to June 30.

**Horse Racing Fund (632)**

Laboratory Program

The Department processed a payment to the University of Illinois during the lapse period for laboratory work performed prior to June 30.

**State Lottery Fund (711)**

Equipment

The Department ordered modular furniture in February 2009 that was not fully received, installed, and paid for until the lapse period.

Electronic Data Processing

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

Telecommunications

The Department experienced a delay in receiving monthly telecommunications bills from DCMS. As a result of the delay, the Department received and paid the invoices during the lapse period for telecommunications services received prior to June 30.

Developing and Promoting Lottery Games

The Department received and paid invoices during the lapse period for promotional and marketing services related to lottery games which occurred prior to June 30.

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING**  
For the Year Ended June 30, 2009

**State Lottery Fund (711) (cont.)**

State Contributions to State Employees' Retirement System- Continuing Appropriated Funds

The Department's retirement rate was appropriated at 17.8%, but the actual payout was 21.049%. As a result, a continuing appropriation was established to pay the remaining amount at the end of the fiscal year.

**Personal Property Tax Replacement Fund (802)**

State Contributions to State Employees' Retirement System- Continuing Appropriated Funds

The Department's retirement rate was appropriated at 17.8%, but the actual payout was 21.049%. As a result, a continuing appropriation was established to pay the remaining amount at the end of the fiscal year.

**Dram Shop Fund (821)**

Travel

The Department increased the number of routine inspections of liquor establishments in May and June. The inspectors' travel vouchers were not paid until lapse period.

Electronic Data Processing

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

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**ANALYSIS OF ACCOUNTS RECEIVABLE**  
For the Fiscal Year Ended June 30, 2009  
(In Thousands)

Accounts Receivable Relating to Taxes Receivable

	<b>Retailer Occupation Tax (ROT)</b>	<b>Business Income Tax (BIT)</b>	<b>Withholding Income Tax (WIT)</b>	<b>Individual Income Tax (IIT)</b>	<b>Excise Tax</b>	<b>Totals</b>
<b><u>Non-Protest</u></b>						
<b><u>Current:</u></b>	\$ 230	\$ -	\$ -	\$ -	\$ 36,314	\$ 36,544
<b><u>Past Due:</u></b>						
1-90 days	\$ 25,558	\$ 13,225	\$ 5,684	\$ 49,863	\$ 11,673	\$ 106,003
91-180 days	21,466	7,432	6,649	13,465	3,768	52,780
181 days- 1 year	28,226	24,716	8,717	35,741	2,960	100,360
1 year <= 2 years	31,836	27,834	10,732	50,912	2,393	123,707
2 years <= 3 years	24,578	10,284	7,881	26,298	1,143	70,184
3 years <= 4 years	24,450	2,622	3,650	25,106	1,175	57,003
4 years <= 5 years	19,503	4,805	3,810	14,467	2,897	45,482
5 years <= 10 years	37,072	3,013	10,717	44,155	13,374	108,331
10 years <= 20 years	20,177	1,920	3,702	27,820	2,694	56,313
>20 years	13,079	275	304	1,672	950	16,280
<b>Total Past Due</b>	<b>\$ 245,945</b>	<b>\$ 96,126</b>	<b>\$ 61,846</b>	<b>\$ 289,499</b>	<b>\$ 43,027</b>	<b>\$ 736,443</b>
<b>Gross Receivables</b>	<b>\$ 246,175</b>	<b>\$ 96,126</b>	<b>\$ 61,846</b>	<b>\$ 289,499</b>	<b>\$ 79,341</b>	<b>\$ 772,987</b>
<b>Estimated Uncollectible</b>	<b>\$ (209,182)</b>	<b>\$ (65,117)</b>	<b>\$ (53,283)</b>	<b>\$ (222,309)</b>	<b>\$ (29,133)</b>	<b>\$ (579,024)</b>
<b>Total Net Receivables</b>	<b>\$ 36,993</b>	<b>\$ 31,009</b>	<b>\$ 8,563</b>	<b>\$ 67,190</b>	<b>\$ 50,208</b>	<b>\$ 193,963</b>
	<b>Retailer Occupation Tax (ROT)</b>	<b>Business Income Tax (BIT)</b>	<b>Withholding Income Tax (WIT)</b>	<b>Individual Income Tax (IIT)</b>	<b>Excise Tax</b>	<b>Totals</b>
<b><u>Protest</u></b>						
<b><u>Current:</u></b>	\$ 204	\$ -	\$ -	\$ -	\$ 823	\$ 1,027
<b><u>Past Due:</u></b>						
1-90 days	\$ 23,622	\$ -	\$ 716	\$ 169	\$ 9,316	33,823
91-180 days	2,569	-	2	153	25	2,749
181 days- 1 year	7,207	7,985	227	74	28,135	43,628
1 year <= 2 years	14,944	1,045	188	1	3	16,181
2 years <= 3 years	16,427	28	-	397	-	16,852
3 years <= 4 years	2,622	749	-	110	-	3,481
4 years <= 5 years	19,601	679	-	41	-	20,321
5 years <= 10 years	13,971	4,239	-	823	1	19,034
10 years <= 20 years	77	355	-	1	-	433
>20 years	-	-	-	-	-	-
<b>Total Past Due</b>	<b>\$ 101,040</b>	<b>\$ 15,080</b>	<b>\$ 1,133</b>	<b>\$ 1,769</b>	<b>\$ 37,480</b>	<b>\$ 156,502</b>
<b>Gross Receivables</b>	<b>\$ 101,244</b>	<b>\$ 15,080</b>	<b>\$ 1,133</b>	<b>\$ 1,769</b>	<b>\$ 38,303</b>	<b>\$ 157,529</b>
<b>Estimated Uncollectible</b>	<b>\$ (74,869)</b>	<b>\$ (12,371)</b>	<b>\$ (397)</b>	<b>\$ (1,508)</b>	<b>\$ (28,803)</b>	<b>\$ (117,948)</b>
<b>Total Net Receivables</b>	<b>\$ 26,375</b>	<b>\$ 2,709</b>	<b>\$ 736</b>	<b>\$ 261</b>	<b>\$ 9,500</b>	<b>\$ 39,581</b>

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**ANALYSIS OF ACCOUNTS RECEIVABLE**  
For the Fiscal Year Ended June 30, 2009  
(In Thousands)

Other Accounts Receivable

	<u>Racing Board - License Fees</u>	<u>Lottery - Charges for Sales</u>	<u>Totals</u>
<b><u>Non-Protest</u></b>			
<b><u>Current:</u></b>	\$ -	\$ 19,844	\$ 19,844
<b><u>Past Due:</u></b>			
1-90 days	\$ 12	\$ 392	\$ 404
91-180 days	4	303	307
181 days-1 year	8	-	8
1 year <= 2 years	2	7,515	7,517
2 years <= 3 years	8	-	8
3 years <= 4 years	4	-	4
4 years <= 5 years	7	-	7
5 years <= 10 years	-	-	-
10 years <= 20 years	-	-	-
>20 years	-	-	-
<b><u>Total Past Due</u></b>	<u>\$ 45</u>	<u>\$ 8,210</u>	<u>\$ 8,255</u>
<b>Gross Receivables</b>	\$ 45	\$ 28,054	\$ 28,099
<b>Estimated Uncollectible</b>	\$ (21)	\$ (6,323)	\$ (6,344)
<b><u>Total Net Receivables</u></b>	<u>\$ 24</u>	<u>\$ 21,731</u>	<u>\$ 21,755</u>

	<u>Racing Board - License Fees</u>	<u>Lottery - Charges for Sales</u>	<u>Totals</u>
<b><u>Protest</u></b>			
<b><u>Current:</u></b>	\$ -	\$ -	\$ -
<b><u>Past Due:</u></b>			
1-90 days	\$ -	\$ -	-
91-180 days	-	-	-
181 days-1 year	-	-	-
1 year <= 2 years	-	-	-
2 years <= 3 years	-	-	-
3 years <= 4 years	-	-	-
4 years <= 5 years	-	-	-
5 years <= 10 years	-	-	-
10 years <= 20 years	-	-	-
>20 years	-	-	-
<b><u>Total Past Due</u></b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Gross Receivables</b>	\$ -	\$ -	\$ -
<b>Estimated Uncollectible</b>	\$ -	\$ -	\$ -
<b><u>Total Net Receivables</u></b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**ANALYSIS OF ACCOUNTS RECEIVABLE**  
For the Year Ended June 30, 2009  
(Not Examined)

**Collection Methods**

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

**Taxes Paid under Protest**

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

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

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**RECONCILIATION OF THE ANALYSIS OF ACCOUNTS RECEIVABLE  
TO THE TAXES RECEIVABLE FOOTNOTE IN FINANCIAL STATEMENTS**

For the Fiscal Year Ended June 30, 2009

(In Thousands)

**Analysis of Accounts Receivable**

Non-Protest Gross Receivable	\$	772,987		
In Protest Gross Receivable		157,529		
Total Gross Taxes Receivable		930,516	\$	930,516

**Miscellaneous Departmental Adjustments**

Lapse Period Collections	\$	998,434		
Fund 930 Not Reported in Financial Statements		(36,284)		
Funds Reported by Other Agencies		(118)		
IOC Adjustment		31,927		
Other Receivables		(6,726)		
Reclassification		(15,483)		
IDOR Exclusions		(1,016)		
Total Departmental Adjustments		970,734		

<b>Total Gross Taxes Receivable</b>			\$	1,901,250
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**Less: Allowance for Uncollectible Taxes**

Non-Protest Uncollectible	\$	(579,024)		
In Protest Uncollectible		(117,948)		
IDOR Exclusions		1,016		
Total Allowance for Uncollectible		(695,956)		

<b>Total, Net Taxes Receivable per Footnote 4*</b>			\$	1,205,294
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\*The Department's Financial Statement Report for the fiscal year ending June 30, 2009 has been released under a separate cover.

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**ANALYSIS OF OPERATIONS**  
For the Year Ended June 30, 2009

**AGENCY FUNCTIONS AND PLANNING PROGRAM**

**General Operations**

The Department of Revenue (Department) was established by the Civil Administrative Code of 1917 and is empowered to administer, collect, enforce and determine the distribution of the taxes imposed by the State's major tax acts. The Department collects approximately 62 percent of the receipts deposited into the General Revenue Fund.

A significant portion of the Department's total effort relates to the collection of the Retailers' Occupation and Related Taxes (ROT), income taxes, and personal property tax replacement taxes. The revenue collected from these sources approximates 81 percent of taxes collected by the Department. The remaining 19 percent of the Department's revenue is derived from the following taxes which the Department is empowered to collect:

Public Utilities:

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

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**ANALYSIS OF OPERATIONS**  
For the Year Ended June 30, 2009

**General Operations – Continued**

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

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

The administrative fee is withheld to cover the administrative costs in rendering the collection service for the local governmental units.

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

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**ANALYSIS OF OPERATIONS**  
For the Year Ended June 30, 2009

**General Operations – Continued**

**Operating Expense Analysis**

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

Years Ended June 30	Fees Deposited in General Revenue Fund	Fees Deposited in Tax Compliance and Administrative Fund
2009	\$2,147,281	\$826,632
2008	2,222,554	843,521
2007	2,218,411	808,095

Operating expenses, derived by using only operations spending, subtracting out the General Revenue Fund transfers into the Senior Citizens Tax Deferral Fund, the Nursing Home Fund, Illinois Affordable Housing Costs, and equipment purchases from appropriated expenditures for the 14 months ended August 31, 2009, 2008, and 2007 per \$1,000 of tax collected is summarized below.

Years Ended June 30	Tax Collections (in thousands)	Operating Expenses (in thousands)	\$1,000 of Tax Collection
2009	\$31,699,064	\$196,248	\$6.19
2008	36,332,411	175,779	4.84
2007	30,406,497	164,066	5.11

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**ANALYSIS OF OPERATIONS**  
For the Year Ended June 30, 2009

**Agency Functions and Planning Program**

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

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

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

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

**Account Processing**

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

**Tax Enforcement/Bureau of Audits**

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

**Taxpayer Services**

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

**Information Services**

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

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**ANALYSIS OF OPERATIONS**  
For the Year Ended June 30, 2009

**Agency Functions and Planning Program - Continued**

**Administrative Services**

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

**Other Divisions of the Department**

**Illinois Gaming Board**

The Illinois Gaming Board regulates riverboat gambling in Illinois.

**Liquor Control Commission**

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

**Lottery**

The Lottery program administers lottery wagering activities in Illinois.

**Racing Board**

The Racing Board regulates horse racing activities in Illinois.

**Executive Order 5 (2009)**

Effective July 1, 2009, the functions and all associated powers, duties, rights and responsibilities of the Illinois Racing Board and the Illinois Gaming Board that now are being provided by the Department of Revenue for each of the respective Boards shall be transferred to the Illinois Racing Board and the Illinois Gaming Board, respectively, except that any of the functions currently being provided by the Administrative & Regulatory Shared Services Center (ARSSC) housed in the Department of Revenue will not be transferred and will continue to be provided by the ARSSC.

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**COMPARATIVE ANALYSIS OF THE INCOME TAX REFUND FUND**  
For the Fiscal Year Ending June 30, 2009  
(Not Examined)

**REFUNDS APPROVED AND PAID**

	<u>Individual Income Tax (IIT)</u>			<u>Business Income Tax (BIT)</u>			<u>Personal Property Replacement Tax</u>		
	FY09	FY08	% Increase (Decrease)	FY09	FY08	% Increase (Decrease)	FY09	FY08	% Increase (Decrease)
Receipts, Net	\$1,011,836,882	\$ 886,653,552	14%	\$370,384,461	\$ 343,240,778	8%	\$225,680,828	\$ 232,106,240	(3%)
Less:									
Tax Refunds Paid	1,217,575,299	1,073,751,169	13%	179,818,026	169,405,626	6%	120,854,515	127,786,997	(5%)
Interest Paid	2,566,657	2,629,884	(2%)	37,529,330	13,157,861	185%	19,444,233	8,967,603	117%
Transfers Out* <sup>1</sup>	8,956	32,974	(73%)	3,278	69,717,710	(100%)	95,332,380	86,217,529	11%
Receipts Over (Under)									
Expenditures and Transfers Out	\$ (208,314,030)	\$ (189,760,475)	10%	\$153,033,827	\$ 90,959,581	68%	\$ (9,950,300)	\$ 9,134,111	(209%)

**REFUNDS APPROVED BUT UNPAID**

	<u>Individual Income Tax (IIT)</u>			<u>Business Income Tax (BIT)</u>			<u>Personal Property Replacement Tax</u>		
	FY09	FY08	% Increase (Decrease)	FY09	FY08	% Increase (Decrease)	FY09	FY08	% Increase (Decrease)
Tax Refunds Approved but Unpaid	\$ 5,309,247	\$ -	n/a	\$128,116,203	\$ 1,930,439	6537%	\$ 82,601,236	\$ 1,244,625	6537%
Estimated Unpaid Accrued Interest	2,062	-	n/a	2,137,964	215,826	891%	1,378,424	139,151	891%
Total Payable at June 30, 2009	\$ 5,311,309	\$ -	n/a	\$130,254,167	\$ 2,146,265	5969%	\$ 83,979,660	\$ 1,383,776	5969%

Auditor's Note: During FY09, the Department began paying Business and Personal Property Replacement Tax refunds on a hardship basis.

<sup>1</sup> See Finding 09-1 for the Financial Statement Impact and Finding 09-14 for Personal Property Replacement Tax Issue

\* Statutory Transfers Pursuant to the Illinois Income Tax Act (35 ILCS 5/901(d)) and the State Finance Act (30 ILCS 105/6z-27)

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**AVERAGE NUMBER OF EMPLOYEES**  
For the Year Ended June 30, 2009

	FY09 Average Headcount	FY08 Average Headcount
<b>Government Services</b>		
General Revenue	-	50
Motor Fuel Tax	-	6
Personal Property Tax Replacement	-	18
Illinois Tax Increment	-	4
<b>Total Government Services</b>	<b>-</b>	<b>78</b>
<b>Tax Enforcement</b>		
General Revenue	-	677
Motor Fuel Tax	-	102
County Motor Fuel Tax	-	2
Illinois Gaming Law Enforcement	-	3
Personal Property Tax Replacement	-	22
Underground Storage Tank	-	3
Home Rule Municipal ROT	-	3
Child Support Enforcement Trust	-	7
<b>Total Tax Enforcement</b>	<b>-</b>	<b>819</b>
<b>Tax Operations</b>		
General Revenue	1,239	575
Motor Fuel Tax	213	70
County Motor Fuel Tax	6	5
Illinois Gaming Law Enforcement	9	6
Personal Property Tax Replacement	158	77
Underground Storage Tank	12	9
Home Rule Municipal ROT	6	-
Illinois Tax Increment	4	-
Tax Compliance and Administration	35	27
<b>Total Tax Operations</b>	<b>1,682</b>	<b>769</b>
<b>Illinois Gaming Board</b>		
State Gaming Fund	77	75
<b>Liquor Control Commission</b>		
Dram Shop	42	42
<b>Illinois Racing Board</b>		
Horse Racing	53	66
<b>Illinois State Lottery</b>		
State Lottery	176	176
<b>Shared Services</b>		
General Revenue	55	61
Motor Fuel Tax	5	5
Dram Shop	-	1
Horse Racing	1	1
State Gaming Fund	2	2
State Lottery	6	6
<b>Total Shared Services</b>	<b>69</b>	<b>76</b>
<b>TOTAL DEPARTMENT</b>	<b>2,099</b>	<b>2,101</b>

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**EMERGENCY PURCHASES**  
For the Year Ended June 30, 2009

The Department reported the following emergency purchases to the Office of the Auditor General during Fiscal Year 2009:

<u>DESCRIPTION OF EMERGENCY PURCHASE</u>	<u>AMOUNT</u>
The Department engaged a vendor to provide data entry services for key entry and verification of individual income tax returns.	\$ 165,965
The Department contracted with an auditing firm to supervise and ensure the integrity of the evening Lottery drawings.	8,578
The Department contracted with a vendor to provide professional services to implement a Spanish prompt on the call center software.	Cancelled
The Department contracted with a vendor to provide professional services to review and assist with the implementation of new call center software.	<u>5,375</u>
<b>TOTAL COST</b>	<u><u>\$ 179,918</u></u>

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

<b>Calendar Year Comparison</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Number of Licensees	10	10	10	10	10
Adjusted Gross Receipts (AGR)	\$ 1,717,991,115	\$ 1,798,912,344	\$ 1,923,528,409	\$ 1,983,386,762	\$ 1,568,727,252
Table Games	\$ 236,157,413	\$ 231,446,105	\$ 233,322,595	\$ 233,974,384	\$ 199,666,168
Electronic Gaming Devices (EGD)	\$ 1,481,833,702	\$ 1,567,466,239	\$ 1,690,205,814	\$ 1,749,412,378	\$ 1,369,061,084
Number of Admissions	15,331,021	15,323,166	16,180,360	16,525,437	14,637,054
AGR Per Admission	\$ 112	\$ 117	\$ 119	\$ 120	\$ 107
Total Tax	\$ 802,161,018	\$ 749,745,417	\$ 830,239,764	\$ 833,884,371	\$ 566,743,917
Wagering Tax	\$ 736,786,218	\$ 692,806,990	\$ 782,391,975	\$ 784,931,153	\$ 523,523,703
Admissions Tax	\$ 65,374,800	\$ 56,938,427	\$ 47,847,789	\$ 48,953,218	\$ 43,220,214
State Share	\$ 700,930,079	\$ 644,462,903	\$ 717,881,351	\$ 718,157,094	\$ 473,648,638
Local Share	\$ 101,230,939	\$ 105,282,514	\$ 112,358,413	\$ 115,727,277	\$ 93,095,279

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

	<b>Totals</b>		<b>% Change</b>
	<b>2007</b>	<b>2008</b>	
Adjusted Gross Receipts (AGR)	\$ 1,983,386,762	\$ 1,568,727,252	(20.91) %
Taxable AGR (includes adjustments)	\$ 1,984,036,703	\$ 1,569,363,526	(20.90) %
Number of Table Games	219	223	1.83 %
Table Drop	\$ 1,334,069,385	\$ 1,178,223,781	(11.68) %
Table AGR	\$ 233,974,384	\$ 199,666,168	(14.66) %
AGR/Table/Day	\$ 2,927	\$ 2,446	(16.43) %
Table Game AGR to Drop %	17.5 %	16.9 %	(3.43) %
Number of Electronic Gaming Devices (EGD)	9,946	9,955	0.09 %
EGD Handle	\$ 24,076,716,234	\$ 18,152,605,454	(24.61) %
EGD AGR	\$ 1,749,412,378	\$ 1,369,061,084	(21.74) %
AGR/EGD/Day	\$ 482	\$ 376	(21.99) %
EGD AGR to Handle %	7.3 %	7.5 %	2.74 %
Admissions	16,525,437	14,637,054	(11.43) %
AGR Per Admission	\$ 120	\$ 107	(10.83) %
Total Tax	\$ 833,884,371	\$ 566,743,917	(32.04) %
Wagering Tax	\$ 784,931,153	\$ 523,523,703	(33.30) %
Admission Tax	\$ 48,953,218	\$ 43,220,214	(11.71) %
Other Revenues	\$ 1,060,457	\$ 1,672,249	57.69 %

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**GAMING BOARD STATISTICS**  
2008 Calendar Year Sources of Revenue  
(Not Examined)

**Table Games and Electronic Gaming Devices**

<b>Docksite</b>	<b>Total AGR</b>	<b>Table Games</b>	<b>% of Total</b>	<b>Electronic Gaming Devices</b>	<b>% of Total</b>
Alton	\$ 90,689,307	\$ 5,880,663	6.5 %	\$ 84,808,644	93.5 %
East Peoria	116,726,216	12,594,911	10.8	104,131,305	89.2
Rock Island	34,282,665	2,472,425	7.2	31,810,240	92.8
Joliet-Empress	183,930,419	20,215,351	11.0	163,715,068	89.0
Metropolis	126,501,001	18,487,720	14.6	108,013,281	85.4
Joliet-Harrah's	297,674,723	34,146,461	11.5	263,528,262	88.5
Aurora	220,000,676	24,680,013	11.2	195,320,663	88.8
East St. Louis	160,194,391	24,008,175	15.0	136,186,216	85.0
Elgin	338,727,854	57,180,449	16.9	281,547,405	83.1
<b>Total</b>	<b>\$ 1,568,727,252</b>	<b>\$ 199,666,168</b>	<b>12.7 %</b>	<b>\$ 1,369,061,084</b>	<b>87.3 %</b>

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

**Distribution to Local Governments**

	2004	2005	2006	2007	2008	% Change 2007 to 2008
<b>Alton</b>	\$ 6,774,624	\$ 7,097,896	\$ 7,554,349	\$ 7,724,803	\$ 5,722,030	-25.93%
<b>East Peoria</b>	8,253,947	8,117,498	7,901,581	8,011,938	7,188,723	-10.27%
<b>Rock Island</b>	2,670,644	2,714,536	2,649,411	2,411,087	2,387,351	-0.98%
<b>Joliet</b>	28,775,387	31,721,572	34,864,387	36,168,333	28,335,882	-21.66%
<b>Metropolis</b>	8,469,446	8,413,434	9,330,506	9,921,866	7,407,894	-25.34%
<b>Aurora</b>	12,923,396	13,606,013	15,105,581	15,449,378	12,632,336	-18.23%
<b>East St. Louis</b>	10,483,145	10,545,446	10,820,363	11,738,204	10,292,397	-12.32%
<b>Elgin</b>	22,880,350	23,066,119	24,132,235	24,301,668	19,128,666	-21.29%
<b>Total</b>	\$ 101,230,939	\$ 105,282,514	\$ 112,358,413	\$ 115,727,277	\$ 93,095,279	-19.56%

State Share of Gaming Taxes				Local Share of Gaming Taxes			
Distribution	Admission Tax	Wagering Tax	Total	Distribution	Admission Tax	Wagering Tax	Total
<b>2007</b>	32,427,781	685,729,313	718,157,094	<b>2007</b>	16,525,437	99,201,840	115,727,277
<b>2008</b>	34,940,222	438,708,416	473,648,638	<b>2008</b>	8,279,992	84,815,287	93,095,279
<b>% Change</b>	<b>7.75%</b>	<b>-36.02%</b>	<b>-34.05%</b>	<b>% Change</b>	<b>-49.90%</b>	<b>-14.50%</b>	<b>-19.56%</b>

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

Month	Admission		AGR		Taxes Collected		Net Proceeds Per Admission		
	Total		Total		State	Local			
<b>1994 Total</b>	\$	<b>20,367,119</b>	\$	<b>979,551,111</b>	\$	<b>167,299,786</b>	\$	<b>69,344,675</b>	<b>48.09</b>
1995 Total		24,835,833		1,178,311,827		201,582,607		83,751,424	47.44
1996 Total		25,211,329		1,131,491,531		194,935,059		81,785,905	44.88
1997 Total		24,972,139		1,054,573,793		183,158,208		77,700,829	42.23
1998 Total		24,813,818		1,106,751,600		256,782,080		80,117,488	44.60
1999 Total		21,991,689		1,362,931,231		328,665,137		90,132,196	61.97
2000 Total		19,014,939		1,658,004,361		410,328,901		101,884,222	87.19
2001 Total		18,808,281		1,783,958,166		447,228,898		107,975,415	94.85
2002 Total		18,821,582		1,831,550,836		555,702,432		110,399,391	97.31
2003 Total		16,597,552		1,709,943,480		617,797,595		102,060,624	103.02
2004 Total		15,331,021		1,717,991,115		700,930,079		101,230,939	112.06
2005 Total		15,323,166		1,798,912,344		644,462,903		105,282,514	117.40
<b>2006 Total</b>	\$	<b>16,180,360</b>	\$	<b>1,923,528,409</b>	\$	<b>717,881,351</b>	\$	<b>112,358,413</b>	<b>118.88</b>
January		1,315,333		159,250,023		19,661,197		9,278,738	121.07
February		1,191,768		150,216,237		26,006,624		8,696,057	126.04
March		1,483,896		184,206,822		42,608,692		10,699,593	124.14
April		1,346,645		167,631,649		46,022,578		9,724,079	124.48
May		1,354,572		166,000,294		52,214,012		9,658,005	122.55
June		1,390,381		164,893,782		125,006,022		9,638,260	118.60
July		1,454,494		173,339,131		64,582,572		10,125,174	119.17
August		1,517,363		172,262,771		69,137,082		10,152,113	113.53
September		1,434,880		166,673,392		67,605,015		9,798,836	116.16
October		1,414,910		164,576,467		68,584,389		9,613,126	116.32
November		1,350,151		159,434,609		69,108,629		9,324,559	118.09
December		1,271,044		154,901,585		67,620,282		9,018,737	121.87
<b>2007 Total</b>	\$	<b>16,525,437</b>	\$	<b>1,983,386,762</b>	\$	<b>718,157,094</b>	\$	<b>115,727,277</b>	<b>120.02</b>
January		1,238,289		131,481,422		15,850,576		7,811,527	106.18
February		1,197,403		130,677,565		21,074,636		7,725,783	109.13
March		1,349,151		147,740,992		31,152,683		8,734,129	109.51
April		1,222,244		135,121,192		34,645,917		7,979,197	110.55
May		1,314,544		142,670,712		40,302,688		8,450,970	108.53
June		1,206,528		130,819,499		42,019,363		7,749,628	108.43
July		1,302,176		138,316,557		47,531,454		8,223,146	106.22
August		1,297,912		135,488,139		49,906,250		8,068,833	104.39
September		1,152,143		122,734,037		47,434,928		7,291,777	106.53
October		1,155,120		121,862,256		48,294,882		7,256,420	105.50
November		1,112,723		120,737,265		49,410,721		7,153,007	108.51
December		1,088,821		111,077,616		46,024,540		6,650,862	102.02
<b>2008 Total</b>	\$	<b>14,637,054</b>	\$	<b>1,568,727,252</b>	\$	<b>473,648,638</b>	\$	<b>93,095,279</b>	<b>107.18</b>

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**RACING BOARD STATISTICS**  
For the Year Ended June 30, 2009  
(Not Examined)

**1998 - 2008 PURSES, COMMISSIONS, AND STATE REVENUE**

	<b><u>THOROUGHbred PURSES DISTRIBUTED</u></b>	<b><u>HARNESs PURSES DISTRIBUTED</u></b>	<b><u>TOTAL PURSES DISTRIBUTED</u></b>	<b><u>TRACK/OTB COMMISSIONS FROM TAKEOUT</u></b>
1998	49,904,435	34,542,076	84,446,511	93,374,131
1999	52,398,833	39,180,917	91,579,750	93,937,886
2000	65,955,254	42,068,597	108,023,851	101,185,883
2001	65,176,932	39,863,175	105,040,107	101,339,464
2002	79,233,651	40,177,699	119,411,350	103,066,740
2003	60,224,987	32,900,951	93,125,938	95,597,139
2004	57,231,170	40,178,599	97,409,769	95,847,940
2005	57,250,778	34,906,211	92,156,989	90,580,281
2006	57,314,077	31,810,706	89,124,783	84,895,542
2007	54,064,946	31,307,830	85,372,776	83,365,559
2008	50,490,454	29,256,533	79,746,987	73,222,359
	<b><u>STATE REVENUE</u></b>	<b><u>% OF HANDLE ON ILLINOIS</u></b>	<b><u>ILLINOIS HANDLE</u></b>	<b><u>PAYOUT TO THE PUBLIC</u></b>
1998	42,072,401	36%	1,087,061,250	844,351,543
1999	42,404,844	34%	1,103,849,329	856,519,567
2000	13,338,057	34%	1,102,541,723	855,730,378
2001	13,444,319	33%	1,105,692,484	858,186,861
2002	12,839,705	34%	1,131,874,324	880,017,501
2003	12,783,565	29%	1,067,918,400	828,298,451
2004	12,757,741	31%	1,059,383,287	821,615,350
2005	11,794,271	30%	1,002,819,877	777,582,763
2006	10,347,144	27%	952,119,485	736,885,775
2007	8,939,122	27%	928,898,436	720,155,792
2008	7,950,361	27%	818,655,036	634,543,073

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**RACING BOARD STATISTICS**  
For the Year Ended June 30, 2009  
(Not Examined)

**2008 COMPARISON OF WAGERING POOLS  
COMBINED LIVE RACING AND SIMULCASTS**

<u>%</u>	<u>THOROUGHBRED MEETS</u>	<u>TOTAL HANDLE</u>	<u>ON TRACK</u>	<u>%</u>	<u>INTER TRACK</u>	<u>%</u>	<u>OFF TRACK</u>	<u>%</u>
Arlington Park								
36.6%	WIN, PLACE, SHOW	117,041,640	38,170,225	32.6%	22,924,655	19.6%	55,946,760	47.8%
28.4%	2-HORSE	90,741,277	22,550,242	24.9%	19,016,769	21.0%	49,174,266	54.2%
35.0%	3-HORSE	111,706,982	27,714,112	24.8%	21,677,817	19.4%	62,315,053	55.8%
	<b>TOTAL HANDLE</b>	<b>319,489,899</b>	<b>88,434,579</b>	<b>27.7%</b>	<b>63,619,241</b>	<b>19.9%</b>	<b>167,436,079</b>	<b>52.4%</b>
Hawthorne Race Course								
34.1%	WIN, PLACE, SHOW	80,920,974	15,052,527	18.6%	20,636,884	25.5%	45,231,563	55.9%
29.5%	2-HORSE	69,986,827	9,318,126	13.3%	18,634,969	26.6%	42,033,732	60.1%
36.3%	3-HORSE	86,098,834	9,657,695	11.2%	24,260,164	28.2%	52,180,975	60.6%
	<b>TOTAL HANDLE</b>	<b>237,006,635</b>	<b>34,028,348</b>	<b>14.4%</b>	<b>63,532,017</b>	<b>26.8%</b>	<b>139,446,270</b>	<b>58.8%</b>
Fairmount Park								
44.0%	WIN, PLACE, SHOW	4,959,797	3,854,164	77.7%	314,366	6.3%	791,267	16.0%
29.0%	2-HORSE	3,265,788	2,252,179	69.0%	260,429	8.0%	753,180	23.1%
27.0%	3-HORSE	3,037,836	2,085,730	68.7%	224,855	7.4%	727,251	23.9%
	<b>TOTAL HANDLE</b>	<b>11,263,421</b>	<b>8,192,073</b>	<b>72.7%</b>	<b>799,650</b>	<b>7.1%</b>	<b>2,271,698</b>	<b>20.2%</b>
<b>THOROUGHBRED TOTAL</b>								
35.7%	WIN, PLACE, SHOW	202,922,411	57,076,916	28.1%	43,875,905	21.6%	101,969,590	50.3%
28.9%	2-HORSE	163,993,892	34,120,547	20.8%	37,912,167	23.1%	91,961,178	56.1%
35.4%	3-HORSE	200,843,652	39,457,537	19.6%	46,162,836	23.0%	115,223,279	57.4%
	<b>TOTAL HANDLE</b>	<b>567,759,955</b>	<b>130,655,000</b>	<b>23.0%</b>	<b>127,950,908</b>	<b>22.5%</b>	<b>309,154,047</b>	<b>54.5%</b>

<u>%</u>	<u>HARNESS MEETS</u>	<u>TOTAL HANDLE</u>	<u>ON TRACK</u>	<u>%</u>	<u>INTER TRACK</u>	<u>%</u>	<u>OFF TRACK</u>	<u>%</u>
Balmoral Racing Club								
30.4%	WIN, PLACE, SHOW	40,136,778	4,674,553	11.6%	12,116,795	30.2%	23,345,430	58.2%
26.8%	2-HORSE	35,429,695	3,674,527	10.4%	10,380,217	29.3%	21,374,951	60.3%
42.8%	3-HORSE	56,503,850	6,017,833	10.7%	15,914,033	28.2%	34,571,984	61.2%
	<b>TOTAL HANDLE</b>	<b>132,070,323</b>	<b>14,366,913</b>	<b>10.9%</b>	<b>38,411,045</b>	<b>29.1%</b>	<b>79,292,365</b>	<b>60.0%</b>
Maywood Park Trot. Assoc.								
31.1%	WIN, PLACE, SHOW	25,758,388	3,920,036	15.2%	6,735,652	26.1%	15,102,700	58.6%
27.0%	2-HORSE	22,288,416	2,877,357	12.9%	5,544,553	24.9%	13,866,506	62.2%
41.9%	3-HORSE	34,654,886	3,982,014	11.5%	8,484,904	24.5%	22,187,968	64.0%
	<b>TOTAL HANDLE</b>	<b>82,701,690</b>	<b>10,779,407</b>	<b>13.0%</b>	<b>20,765,109</b>	<b>25.1%</b>	<b>51,157,174</b>	<b>61.9%</b>
Suburban Downs at Hawthorne								
31.0%	WIN, PLACE, SHOW	10,744,930	2,272,169	21.1%	2,801,606	26.1%	5,671,155	52.8%
27.3%	2-HORSE	9,470,716	1,738,024	18.4%	2,441,744	25.8%	5,290,948	55.9%
41.7%	3-HORSE	14,439,016	2,144,350	14.9%	3,942,877	27.3%	8,351,789	57.8%
	<b>TOTAL HANDLE</b>	<b>34,654,662</b>	<b>6,154,543</b>	<b>17.8%</b>	<b>9,186,227</b>	<b>26.5%</b>	<b>19,313,892</b>	<b>55.7%</b>

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**RACING BOARD STATISTICS**  
For the Year Ended June 30, 2009  
(Not Examined)

**2008 COMPARISON OF WAGERING POOLS  
COMBINED LIVE RACING AND SIMULCASTS**

<u>%</u>	<u>HARNESS MEETS (cont.)</u>	<u>TOTAL HANDLE</u>	<u>ON TRACK</u>	<u>%</u>	<u>INTER TRACK</u>	<u>%</u>	<u>OFF TRACK</u>	<u>%</u>
<b>Springfield State Fair</b>								
36.8%	WIN, PLACE, SHOW	330,728	225,463	68.2%	46,730	14.1%	58,535	17.7%
31.5%	2-HORSE	283,557	161,554	57.0%	45,271	16.0%	76,732	27.1%
31.7%	3-HORSE	285,309	166,267	58.3%	40,798	14.3%	78,244	27.4%
	<b>TOTAL HANDLE</b>	<b>899,594</b>	<b>553,284</b>	<b>61.5%</b>	<b>132,799</b>	<b>14.8%</b>	<b>213,511</b>	<b>23.7%</b>
<b>DuQuoin State Fair</b>								
40.2%	WIN, PLACE, SHOW	219,274	133,856	61.0%	37,802	17.2%	47,616	21.7%
26.1%	2-HORSE	142,775	71,267	49.9%	24,348	17.1%	47,160	33.0%
33.7%	3-HORSE	183,948	84,347	45.9%	29,993	16.3%	69,608	37.8%
	<b>TOTAL HANDLE</b>	<b>545,997</b>	<b>289,470</b>	<b>53.0%</b>	<b>92,143</b>	<b>16.9%</b>	<b>164,384</b>	<b>30.1%</b>
<b>Brown County Fair</b>								
66.6%	WIN, PLACE, SHOW	15,189	15,189	100.0%	0	0.0%	0	0.0%
30.4%	2-HORSE	6,943	6,943	100.0%	0	0.0%	0	0.0%
3.0%	3-HORSE	684	684	100.0%	0	0.0%	0	0.0%
	<b>TOTAL HANDLE</b>	<b>22,816</b>	<b>22,816</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
<b>HARNESS TOTAL</b>								
30.8%	WIN, PLACE, SHOW	77,205,287	11,241,266	14.6%	21,738,585	28.2%	44,225,436	57.3%
27.0%	2-HORSE	67,622,102	8,529,672	12.6%	18,436,133	27.3%	40,656,297	60.1%
42.3%	3-HORSE	106,067,693	12,395,495	11.7%	28,412,605	26.8%	65,259,593	61.5%
	<b>TOTAL HANDLE</b>	<b>250,895,082</b>	<b>32,166,433</b>	<b>12.8%</b>	<b>68,587,323</b>	<b>27.3%</b>	<b>150,141,326</b>	<b>59.8%</b>
<b>ALL RACING TOTAL</b>								
34.2%	WIN, PLACE, SHOW	280,127,698	68,318,182	24.4%	65,614,490	23.4%	146,195,026	52.2%
28.3%	2-HORSE	231,615,994	42,650,219	18.4%	56,348,300	24.3%	132,617,475	57.3%
37.5%	3-HORSE	306,911,344	51,853,032	16.9%	74,575,440	24.3%	180,482,872	58.8%
	<b>TOTAL HANDLE</b>	<b>818,655,036</b>	<b>162,821,433</b>	<b>19.9%</b>	<b>196,538,230</b>	<b>24.0%</b>	<b>459,295,373</b>	<b>56.1%</b>
<b>LIVE ILLINOIS RACING</b>								
		<b>TOTAL HANDLE</b>	<b>ON TRACK</b>	<b>%</b>	<b>INTER TRACK</b>	<b>%</b>	<b>OFF TRACK</b>	<b>%</b>
37.0%	WIN, PLACE, SHOW	81,348,296	40,036,593	49.2%	12,541,013	15.4%	28,770,690	35.4%
26.7%	2-HORSE	58,709,853	22,557,319	38.4%	11,073,487	18.9%	25,079,047	42.7%
36.4%	3-HORSE	80,078,104	27,168,544	33.9%	15,985,898	20.0%	36,923,662	46.1%
	<b>TOTAL HANDLE</b>	<b>220,136,253</b>	<b>89,762,456</b>	<b>40.8%</b>	<b>39,600,398</b>	<b>18.0%</b>	<b>90,773,399</b>	<b>41.2%</b>
<b>SIMULCAST RACES</b>								
33.2%	WIN, PLACE, SHOW	198,779,402	28,281,589	14.2%	53,073,477	26.7%	117,424,336	59.1%
28.9%	2-HORSE	172,906,141	20,092,900	11.6%	45,274,813	26.2%	107,538,428	62.2%
37.9%	3-HORSE	226,833,241	24,684,488	10.9%	58,589,543	25.8%	143,559,210	63.3%
	<b>TOTAL HANDLE</b>	<b>598,518,784</b>	<b>73,058,977</b>	<b>12.2%</b>	<b>156,937,833</b>	<b>26.2%</b>	<b>368,521,974</b>	<b>61.6%</b>

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**RACING BOARD STATISTICS**  
For the Year Ended June 30, 2009  
(Not Examined)

**2008 COMPARISON OF WAGERING POOLS  
COMBINED LIVE RACING AND SIMULCASTS**

<b>AVERAGE TAKEOUT RATES WHEN SIMULCASTING OUT-OF-STATE RACES</b>			
(Based on actual Illinois wagering combinations on out-of-state races)			
	<u>WIN, PLACE, SHOW</u>	<u>2- HORSE</u>	<u>3- HORSE</u>
ILLINOIS THOROUGHBRED MEETS	16.75%	20.25%	23.82%
ILLINOIS HARNESS MEETS	17.23%	21.11%	24.02%
TOTAL ILLINOIS MEETS	16.88%	20.48%	23.88%

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**RACING BOARD STATISTICS**  
For the Year Ended June 30, 2009  
(Not Examined)

**SUMMARY OF SURCHARGES AND REVENUES TO LOCAL GOVERNMENTS  
FROM OFF TRACK PARLORS IN 2008**

	DATE OPENED	DATE CLOSED	COUNTY	HANDLE	TOTAL SURCHARGE ON WINNINGS	REVENUE TO CITY (1% OF HANDLE)	REVENUE TO COUNTY (1% OF HANDLE)	OVER/ (UNDER) TO LICENSEE
<b>ARLINGTON</b>								
Waukegan	12/30/88		Lake	28,055,076	533,998	280,551	280,551	(27,104)
Chicago (Weed St.)	06/04/93		Cook	39,228,782	760,749	392,288	392,288	(23,827)
Homewood	10/22/07	10/05/08	Cook	4,645,346	86,988	46,453	46,453	(5,919)
Hodgkins	12/10/07		Cook	16,212,275	308,189	162,123	162,123	(16,057)
<b>BALMORAL</b>								
Chicago (Corliss.)	04/18/91		Cook	33,831,859	631,065	338,319	338,319	(45,572)
Urbana	10/27/05	05/04/08	Champaign	3,297,054	61,365	32,971	32,971	(4,576)
Normal	07/13/06		McLean	5,989,700	111,719	59,897	59,897	(8,075)
Peoria	05/03/00		Peoria	6,539,824	127,094	65,398	65,398	(3,702)
Champaign*	10/23/08		Champaign	1,321,465	23,747	13,215	13,215	(2,682)
<b>FAIRMOUNT</b>								
Springfield	05/05/88		Sangamon	7,469,105	139,269	74,691	74,691	(10,113)
Carbondale	08/20/92		Jackson	3,855,551	71,086	38,556	38,556	(6,025)
Sauget	02/12/01		St. Clair	13,516,966	258,355	135,170	135,170	(11,984)
Alton	10/03/02		Madison	7,415,439	142,709	74,154	74,154	(5,600)
<b>HAWTHORNE</b>								
Oakbrook Terrace	09/04/92		DuPage	49,459,600	952,894	494,596	494,596	(36,298)
Joliet	10/25/09		Will	15,491,497	295,558	154,915	154,915	(14,272)
Crestwood	02/17/92		Cook	38,517,000	725,602	385,170	385,170	(44,738)
Peru	03/05/92		LaSalle	4,614,250	87,986	46,143	46,143	(4,299)
Elk Grove Village	10/19/07		Cook	9,793,544	186,437	97,935	97,935	(9,434)
Chicago (LaSalle St.)	11/19/07		Cook	17,068,202	322,839	170,682	170,682	(18,525)
<b>MAYWOOD</b>								
Chicago (W. Jackson)	07/19/88		Cook	29,212,275	557,107	292,123	292,123	(27,139)
Niles	04/24/06		Cook	40,444,481	774,991	404,445	404,445	(33,899)
Mokena	05/16/03		Will	14,200,885	267,726	142,009	142,009	(16,292)
Aurora	04/08/05		DuPage	9,733,934	185,232	97,339	97,339	(9,447)
North Aurora	10/25/07		Kane	7,365,488	142,604	73,655	73,655	(4,706)
Wauconda	10/11/07	11/16/08	Lake	5,867,848	110,205	58,678	58,678	(7,152)
<b>QUAD CITY DOWNS</b>								
South Beloit	02/17/04		Winnebago	5,474,001	102,718	54,740	54,740	(6,762)
South Elgin	12/07/02		Kane	10,515,160	200,738	105,152	105,152	(9,565)
McHenry	12/08/05		McHenry	9,224,565	175,290	92,246	92,246	(9,201)
Rockford	11/18/87		Winnebago	13,666,716	260,070	136,667	136,667	(13,264)
Lockport	01/31/07		Will	7,267,484	138,528	72,675	72,675	(6,822)
<b>TOTAL</b>				<b>459,295,372</b>	<b>8,742,858</b>	<b>4,592,956</b>	<b>4,592,956</b>	<b>(443,051)</b>

\*OTB PARLOR OPENED IN 2008

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**RACING BOARD STATISTICS**  
For the Year Ended June 30, 2009  
(Not Examined)

**TOTAL: ALL LOCATIONS**

	THOROUGHBRED <u>MEETS</u>	HARNESS <u>MEETS</u>	ALL <u>MEETS</u>
Live Programs Raced	9,057	10,739	19,796
Total Live Programs Raced and Dark Days	423	375	798
Live Races Run	2,419	3,718	6,137
Attendance	1,571,093	592,598	2,163,691
Admission Tax	68,632	12,405	81,037
License Fee	36,110	37,100	73,210
License Fee - Daily Handle	8,300	0	8,300
Purchased Distributed	50,490,454	29,256,533	79,746,987
Uncashed Tickets (2006)	2,716,224	1,469,880	4,186,104
<b>LIVE RACING DAY HANDLE</b>			
Illinois Handle on Illinois Races	138,101,953	82,034,300	220,136,253
<u>Illinois Handle on Out-of-State Races</u>	284,568,186	151,793,755	436,361,941
Combined Illinois Handle	422,670,139	233,828,055	656,498,194
<u>Out-of-State Handle (Commingled) on Illinois Races</u>	579,409,540	266,619,357	846,028,897
Total Live Racing Day Handle	1,002,079,679	500,447,412	1,502,527,091
<b>DARK DAY HANDLE*</b>			
Total Dark Day Handle	145,089,816	17,067,026	162,156,842
<b>TOTAL ILLINOIS HANDLE</b>	567,759,955	250,895,081	818,655,036
<b><u>OUT-OF-STATE COMMINGLED HANDLE</u></b>	579,409,540	266,619,357	846,028,897
<b>GRAND TOTAL MEET HANDLE</b>	1,147,169,495	517,514,438	1,664,683,933

\*Dark Day Handle is the Illinois Portion of Out-of-State Races

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**RACING BOARD STATISTICS**  
For the Year Ended June 30, 2009  
(Not Examined)

**TOTAL: ALL LOCATIONS**

<b>AVERAGE LIVE RACING DAY HANDLE</b>	THOROUGHBRED <u>MEETS</u>	HARNESS <u>MEETS</u>	ALL <u>MEETS</u>
Average Illinois Handle on Illinois Races	519,180	259,602	378,241
<u>Average Illinois Handle on Out-of-State Races</u>	<u>1,069,805</u>	<u>480,360</u>	<u>749,763</u>
Average Combined Illinois Handle	1,588,985	739,962	1,128,004
Average Out-of-State Handle (Commingled) on Illinois Races	<u>2,178,231</u>	<u>843,732</u>	<u>1,453,658</u>
Average Total Live Racing Day Handle	3,767,216	1,583,694	2,581,662
 <b>AVERAGE DARK DAY HANDLE*</b>			
Average Total Dark Day Handle	924,139	289,272	750,726
Combined Illinois Handle	567,759,955	250,895,081	818,655,036
Commission (Take Out)	115,787,911	53,145,025	168,932,935
Track Commission	48,695,565	24,526,794	73,222,359
Purses Earned	44,471,526	20,327,209	64,798,735
Out-of-State Simulcast Fee	14,831,982	4,771,198	19,603,180
Pari-Mutuel Tax	7,788,838	3,519,824	11,308,661
Public Pool	451,972,044	197,750,057	649,722,100
Breakage	2,790,130	1,162,739	3,952,869
Surcharge	7,450,090	3,776,068	11,226,158
Payout to Public	441,731,823	192,811,250	634,543,073

\*Dark Day Handle is the Illinois Portion of Out-of-State Races

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**AUDIT COLLECTIONS STATISTICS**  
For the Year Ended June 30, 2009  
(Not Examined)

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

**Audit Collections per Audit Staff:**

	<b><u>Revenue Collections</u></b> <b>(Audits)</b>	<b><u>Audit Staff</u></b> <b>(Average)</b>	<b><u>Revenue / Audit</u></b> <b>Staff</b>
<b>FY05</b>	\$205,616,197	437	\$470,518
<b>FY06</b>	\$214,020,180	464	\$461,250
<b>FY07</b>	\$290,791,333	476	\$610,906
<b>FY08</b>	\$284,833,027	495	\$575,420
<b>FY09</b>	\$183,863,341	492	\$373,706

**Audit Collections per Audit Related Expenditures:**

	<b><u>Revenue Collections</u></b>	<b><u>Audit Related</u></b> <b><u>Expenditures</u></b>	<b><u>Revenue / \$ Spent</u></b>
<b>FY05</b>	\$205,616,197	\$37,131,256	\$5.5
<b>FY06</b>	\$214,020,180	\$38,033,371	\$5.6
<b>FY07</b>	\$290,791,333	\$41,707,747	\$7.0
<b>FY08</b>	\$284,833,027	\$47,275,341	\$6.0
<b>FY09</b>	\$183,863,341	\$50,165,301	\$3.7

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**SERVICE EFFORTS AND ACCOMPLISHMENTS**  
For the Year Ended June 30, 2009  
(Not Examined)

Administer State and Local Tax Laws:

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

Program Goals:

Objectives:

1. Enhance tax enforcement.
  - a. Re-deploy resources to focus on enforcement.
2. Improve efficiency and effectiveness.
  - a. Expand electronic filing and payment offerings.
3. Advocate sound tax policies.
  - a. Close tax loopholes and eliminate unjustified tax avoidance schemes.
  - b. Develop accurate revenue forecasts.
4. Improve the quality and accessibility of taxpayer education and information.
  - a. Increase self-help and interactive tax assistance options.

Funds:

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

Statutory Authority: 35 ILCS

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**SERVICE EFFORTS AND ACCOMPLISHMENTS**

For the Year Ended June 30, 2009

(Not Examined)

Administer State and Local Tax Laws

	Fiscal Year 2007 Actual	Fiscal Year 2008 Actual	Fiscal Year 2009 Target/ Projected	Fiscal Year 2009 Actual	Fiscal Year 2010 Target/ Projected
<b><u>Input Indicators</u></b>					
Total expenditures all sources (in thousands)	\$ 4,400,887	\$ 4,666,692	\$ 5,859,988	\$ 4,491,499	\$ 6,384,846
Total expenditures - State appropriated funds (in thousands)	\$ 448,067	\$ 503,038	\$ 530,488	\$ 510,846	\$ 519,129
Average monthly full-time equivalents	1,662	1,684	1,740	1,742	1,762
Total expenditures - operations (State appropriated funds - in thousands)	\$ 154,665	\$ 175,779	\$ 203,256	\$ 191,307	\$ 186,677
Total expenditures - grants and refunds (State appropriated funds - in thousands)	\$ 293,402	\$ 327,259	\$ 327,232	\$ 319,539	\$ 332,451
<b><u>Output Indicators</u></b>					
Number of State and local taxes administered	70	70	70	68	68
State and local tax and fee collections (in millions)	\$ 30,246	\$ 36,332	\$ 37,500	\$ 30,622	\$ 31,000
Number of tax return documents processed- includes alternatively filed methods	17,177,634	17,210,322	17,250,000	17,384,066	17,300,000
Number of individual income tax returns processed	5,963,636	6,119,040	6,000,000	6,132,529	6,100,000
Number of individual income tax refunds issued	3,677,188	3,948,748	3,925,000	4,103,427	4,100,000
Number of direct deposits	1,873,933	2,111,507	2,350,000	2,323,594	2,419,000
Number of new registration applications processed	88,435	83,253	85,000	86,706	87,000
Number of active registration accounts	847,646	869,135	875,000	907,497	910,000
Delinquent tax debt cases closed	282,112	375,495	280,000	311,887	315,000
Delinquent tax debt collections (in thousands)	\$ 365,496	\$ 403,263	\$ 375,000	\$ 413,498	\$ 400,000
Number of phone calls answered on toll-free assistance lines	602,873	662,427	675,000	769,998	800,000

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**SERVICE EFFORTS AND ACCOMPLISHMENTS**  
For the Year Ended June 30, 2009  
(Not Examined)

<u>Administer State and Local Tax Laws - (Continued)</u>	Fiscal Year 2007 Actual	Fiscal Year 2008 Actual	Fiscal Year 2009 Target/ Projected	Fiscal Year 2009 Actual	Fiscal Year 2010 Target/ Projected
<b><u>Outcome Indicators</u></b>					
Number of individual income tax returns filed electronically	2,755,376	3,174,857	3,400,000	3,435,449	3,700,000
Percent of individual income tax returns filed electronically	47%	52%	57%	56%	61%
Percent of tax and fee collections received via electronic funds transfer (EFT)	61%	61%	64%	66%	67%
Total tax and fee collections received via Electronic Funds Transfer (EFT) (in millions)	\$ 18,583	\$ 20,020	\$ 21,500	\$ 19,863	\$ 20,000
Average number of days from receipt of registration application to mailing of certificate	7.5	13.0	8.3	8.0	8.0
Average number of days from receipt of payment until deposit	1.0	1.0	1.0	1.0	1.0
Percent of dollars deposited on same day as receipt	89%	90%	91%	92%	92%
Percent of accurately and timely filed individual income tax returns	94%	92%	94%	91%	91%
Average number of days to issue an individual income tax refund	35.2	30.2	32.0	30.6	30.0
<b><u>Efficiency/Cost-Effectiveness</u></b>					
Cost to collect \$1,000 of tax and fees (in dollars)	\$ 5.10	\$ 4.80	\$ 5.40	\$ 6.20	\$ 6.00
Tax and fee collections per staff (in millions)	\$ 18.2	\$ 21.6	\$ 21.6	\$ 17.6	\$ 17.6
Delinquent tax debt collections per dollar spent on delinquent debt collection process (in dollars)	\$ 28	\$ 27	\$ 27	\$ 26	\$ 26

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**SERVICE EFFORTS AND ACCOMPLISHMENTS**  
For the Year Ended June 30, 2009  
(Not Examined)

Liquor Control Commission:

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

Program Goals:

Objectives:

1. Ensure Statewide compliance with the provisions, rules and regulations of the Illinois Liquor Control Act.
2. Reduce youth access to tobacco products in Illinois.
3. Review and determine eligibility of business entities to hold a liquor license in the State of Illinois.
4. Develop a public awareness campaign related to minimum-age liquor laws and to educate retail liquor establishments on how to guard against illegal sales and services to minors.

Funds: Dram Shop Fund

Statutory Authority: 235 ILCS 5/1 et seq.

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**SERVICE EFFORTS AND ACCOMPLISHMENTS**

For the Year Ended June 30, 2009

(Not Examined)

Liquor Control Commission

	Fiscal Year 2007 Actual	Fiscal Year 2008 Actual	Fiscal Year 2009 Target/ Projected	Fiscal Year 2009 Actual	Fiscal Year 2010 Target/ Projected
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**Input Indicators**

Total expenditures all sources (in thousands)	\$ 5,053.8	\$ 5,410.6	\$ 6,283.3	\$ 5,524.5	\$ 8,497.4
Total expenditures - State appropriated funds (in thousands)	\$ 5,053.8	\$ 5,410.6	\$ 6,283.3	\$ 5,524.5	\$ 8,497.4
Average monthly full-time equivalents	41.0	39.0	48.0	43.0	49.0

**Output Indicators**

Inspections- Total	15,464	18,742	19,000	17,915	18,000
Licenses Issued	26,454	27,104	27,250	28,125	28,500

**Outcome Indicators**

Liquor inspections compliance rate	69.4%	63.3%	80.0%	62.0%	80.0%
Tobacco retailers compliance rate on State Annual Survey	90.5%	94.7%	94.0%	87.5%	90.0%

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**SERVICE EFFORTS AND ACCOMPLISHMENTS**  
For the Year Ended June 30, 2009  
(Not Examined)

Lottery:

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

Program Goals:

Objectives:

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

Funds: State Lottery Fund

Statutory Authority: 20 ILCS 1605

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**SERVICE EFFORTS AND ACCOMPLISHMENTS**

For the Year Ended June 30, 2009

(Not Examined)

<u>Lottery</u>	Fiscal Year 2007 Actual	Fiscal Year 2008 Actual	Fiscal Year 2009 Target/ Projected	Fiscal Year 2009 Actual	Fiscal Year 2010 Target/ Projected
<b><u>Input Indicators</u></b>					
Total expenditures all sources (in thousands)	\$ 2,021,258.2	\$ 2,078,228.4	\$ 2,120,500.0	\$ 2,095,506.3	\$ 2,192,880.0
Total expenditures - State appropriated funds (in thousands)	\$ 331,427.4	\$ 344,884.5	\$ 376,207.0	\$ 366,542.7	\$ 381,250.4
Average monthly full-time equivalents	183.0	179.0	181.0	187.0	182.0
Operating Expenses (in millions)	\$ 54.8	\$ 49.8	\$ 61.2	\$ 55.8	\$ 66.6
<b><u>Output Indicators</u></b>					
Sales (in millions)	\$ 2,021.3	\$ 2,078.2	\$ 2,120.5	\$ 2,095.6	\$ 2,192.9
<b><u>Outcome Indicators</u></b>					
Transfers to the Common School Fund (in millions)	\$ 607.4	\$ 657.0	\$ 645.0	\$ 625.0	\$ 650.0
Percentage of sales transferred to the Common School Fund	30.1%	31.6%	30.4%	29.8%	29.6%

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**SERVICE EFFORTS AND ACCOMPLISHMENTS**  
For the Year Ended June 30, 2009  
(Not Examined)

Gaming Board:

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

Program Goals:

Objectives:

1. Ensure fair gaming in a safe environment.
2. Maintain the integrity of the tax and fee payment, collection and distribution process.
3. Ensure that individuals and entities engaged in riverboat gambling are suitable.
4. Effectively maintain the self-exclusion program, which allows individuals with gambling problems to ban themselves from all Illinois Riverboat Casinos.

Funds: State Gaming Fund

Statutory Authority: 230 ILCS 10

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**SERVICE EFFORTS AND ACCOMPLISHMENTS**  
For the Year Ended June 30, 2009  
(Not Examined)

Gaming Board

	Fiscal Year 2007 Actual	Fiscal Year 2008 Actual	Fiscal Year 2009 Target/ Projected	Fiscal Year 2009 Actual	Fiscal Year 2010 Target/ Projected
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**Input Indicators**

Total expenditures all sources (in thousands)	\$ 16,790.5	\$ 17,314.7	\$ 20,005.0	\$ 19,233.6	\$ 20,003.3
Total expenditures - State appropriated funds (in thousands)	\$ 16,790.5	\$ 17,314.7	\$ 20,005.0	\$ 19,233.6	\$ 20,003.3
Average monthly full-time equivalents	77.0	77.0	86.0	79.0	86.0

**Output Indicators**

Number of operating riverboats in Illinois	9.0	9.0	9.0	9.0	9.0
Number of active occupational licenses	8,422	8,010	8,600	8,108	8,200
Number of incident reports filed	4,451	4,561	4,500	4,743	5,000
Number of level one occupational investigations	17.0	26.0	20.0	19.0	20.0
Number of payments received	2,501	2,483	2,503	2,485	2,505
Number of payments and transfers made	38.0	35.0	36.0	34.0	36.0
Number of quarterly and annual audits	45.0	45.0	45.0	45.0	45.0

**Outcome Indicators**

Percentage of audits reviewed in 90 days	100%	100%	100%	100%	100%
Percent of level one investigations completed within six months of receipt of complete application	70%	88%	100%	100%	100%
Percent of payments received on time	100%	100%	100%	100%	100%
Percent of transfers made on time	100%	100%	100%	100%	100%
Complete investigations of all key persons within one year of application and within three months prior to renewal	86%	97%	100%	90%	100%
Total 12 month attendance at riverboat casinos	16,257,640	15,971,101	16,000,000	14,262,074	15,000,000

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**SERVICE EFFORTS AND ACCOMPLISHMENTS**  
For the Year Ended June 30, 2009  
(Not Examined)

Racing Board:

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

Program Goals:

Objectives:

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

Funds: Horse Racing Fund

Statutory Authority: 230 ILCS 5

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**SERVICE EFFORTS AND ACCOMPLISHMENTS**  
For the Year Ended June 30, 2009  
(Not Examined)

Racing Board

Fiscal Year 2007 Actual	Fiscal Year 2008 Actual	Fiscal Year 2009 Target/ Projected	Fiscal Year 2009 Actual	Fiscal Year 2010 Target/ Projected
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**Input Indicators**

Total expenditures all sources (in thousands)	\$ 6,888.1	\$ 7,210.0	\$ 8,271.5	\$ 6,445.6	\$ 9,021.4
Total expenditures - State appropriated funds (in thousands)	\$ 6,888.1	\$ 7,210.0	\$ 8,271.5	\$ 6,445.6	\$ 9,021.4
Average monthly full-time equivalents	75.0	72.0	76.0	69.0	57.0

**Output Indicators**

Total number of steward rulings issued	1,056	803	800	889	850
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**Outcome Indicators**

Horse laboratory proficiency testing score (test sample accuracy)	100%	100%	100%	100%	100%
Total number of administrative appeals of steward's rulings issued	47.0	11.0	15.0	20.0	20.0
Number of live races contested per steward ruling issued (violations)	6.3	7.9	7.5	6.6	6.5