

**State of Illinois**  
**Illinois Gaming Board**

Compliance Examination

For the Two Years Ended June 30, 2016  
Performed as Special Assistant Auditors for  
the Auditor General, State of Illinois



**State of Illinois  
Illinois Gaming Board  
Compliance Examination  
For the Two Years Ended June 30, 2016**

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***Board Officials***

Chairman	Donald Tracy (2/2/15 – Present) Vacant (1/13/15 – 2/1/15) Judge Aaron Jaffe (7/1/14 – 1/12/15)
Board Member	Steve Dolins (5/9/16 – Present) Lee Gould (7/1/14 – 5/8/16)
Board Member	Thomas Dunn (2/2/15 – Present) Vacant (1/13/15 – 2/1/15) Michael Holewinski (7/1/14 – 1/12/15)
Board Member	Dee Robinson (10/19/15 – Present) Vacant (7/2/14 – 10/18/15) Marybeth Vander Weele (7/1/14)
Board Member	Hector Alejandre (3/30/15 – Present) Vacant (1/13/15 – 3/29/15) Michael Latz (1/6/15 – 1/12/15) Vacant (7/1/14 – 1/5/15)
Administrator	Mark Ostrowski
General Counsel	Agostino Lorenzini (1/16/16 – Present) James Pellum – Acting (5/8/15 – 1/15/16) Emily Mattison (7/1/14 – 5/7/15)
Deputy General Counsel	Vacant
Deputy Administrators:	
Enforcement	Frank Spizzirri (8/1/15 – Present) Vacant (6/16/15 – 7/31/15) Isaiah Vega (7/1/14 – 6/15/15)
Investigations	Scott Deubel
Audit and Financial Analysis	Jim Lopinski (8/1/15 – Present) Douglas Bybee (7/1/14 – 7/31/15)
Chief Fiscal Officer	Kevin High (1/16/16 – Present) Vacant (10/1/15 – 1/15/16) Mark Lewis (7/1/14 – 9/30/15)

**State of Illinois**  
**Illinois Gaming Board**  
**Compliance Examination**  
**For the Two Years Ended June 30, 2016**

***Office Locations***

801 South 7<sup>th</sup> Street, Ste. 400 South  
Springfield, Illinois 62794

160 North LaSalle Street, Ste. 300  
Chicago, Illinois 60601

9511 West Harrison Street  
Des Plaines, Illinois 60016

8151 West 183<sup>rd</sup> Street  
Tinley Park, Illinois 60487



# ILLINOIS GAMING BOARD

Bruce Rauner • Governor • Don Tracy • Chairman • Mark Ostrowski • Administrator

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

March 6, 2017

BKD, LLP  
Certified Public Accountants  
225 North Water Street, Suite 400  
Post Office Box 1580  
Decatur, IL 62525-1580

Ladies and Gentlemen:

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 Illinois Gaming Board (Board). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Board's compliance with the following assertions during the years ended June 30, 2016 and 2015. Based on this evaluation, we assert that during the years ended June 30, 2016 and 2015 the Board has materially complied with the assertions below.

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

Yours very truly,

Illinois Gaming Board

**SIGNED ORIGINAL ON FILE**

Mark Ostrowski, Administrator

**SIGNED ORIGINAL ON FILE**

Kevin High, Chief Fiscal Officer

**SIGNED ORIGINAL ON FILE**

Agostino Lorenzini, General Counsel

# **Compliance Report**

**State of Illinois**  
**Illinois Gaming Board**  
**Compliance Examination**  
**For the Two Years Ended June 30, 2016**

**Compliance Report**

**Summary**

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

***Accountant's Report***

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

***Summary of Findings***

<b>Number of</b>	<b>Current Report</b>	<b>Prior Report</b>
Findings	7	15
Repeated findings	6	8
Prior recommendations implemented or not repeated	8	4

**Schedule of Findings**

<b>Item No.</b>	<b>Page</b>	<b>Description</b>	<b>Finding Type</b>
<b>Findings (Government Auditing Standards)</b>			
No matters are reportable.			
<b>Findings (State Compliance)</b>			
2016-001	11	Noncompliance with the Fiscal Control and Internal Auditing Act	Significant Deficiency Noncompliance
2016-002	12	Inadequate Controls over Personal Services	Significant Deficiency Noncompliance
2016-003	14	Internal Control Reviews of External Service Providers Not Obtained or Performed	Material Weakness Material Noncompliance
2016-004	16	Inconsistent Provisions of the Riverboat Gambling Act	Significant Deficiency
2016-005	18	Lack of Formalized Change Management Standard	Significant Deficiency Noncompliance

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For the Two Years Ended June 30, 2016**

**Schedule of Findings**

<b>Item No.</b>	<b>Page</b>	<b>Description</b>	<b>Finding Type</b>
2016-006	20	Weaknesses Regarding the Security and Control of Confidential Information	Significant Deficiency Noncompliance
2016-007	22	Lack of Disaster Recovery Planning and Testing to Ensure Recovery of Computer Applications and Data	Significant Deficiency Noncompliance

**Prior Findings Not Repeated**

A.	24	Inadequate Internal Controls over Video Gaming Terminal Licenses
B.	24	Inadequate Controls over Fund Transfers
C.	24	Inadequate Recording and Reporting of Property
D.	24	Failure to Adopt Rules Concerning Undue Economic Concentration
E.	25	Inadequate Controls over Overtime Worked
F.	25	Inadequate Controls over Agency Workforce Reports
G.	25	Lack of Required Board Members
H.	25	Noncompliance with the Open Meetings Act

***Exit Conference***

Board officials waived a formal exit conference in correspondence dated February 9, 2017. Responses to the recommendations were provided by Kevin High, Chief Fiscal Officer, in correspondence dated February 21, 2017.

## Independent Accountant's Report on State Compliance, on Internal Control over Compliance, and on Supplementary Information for State Compliance Purposes

Honorable Frank J. Mautino  
Auditor General  
State of Illinois  
and  
The Board Members of the  
Illinois Gaming Board

### Compliance

As Special Assistant Auditors for the Auditor General, we have examined the State of Illinois, Illinois Gaming Board's (Board) compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2016. The management of the Board is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Board's compliance based on our examination.

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

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the Board's compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Board's compliance with specified requirements.

As described in item 2016-003 in the accompanying schedule of findings, the Board did not comply with requirements regarding internal control over information systems. Compliance with such requirements is necessary, in our opinion, for the Board to comply with the requirements listed in the first paragraph of this report.

In our opinion, except for the noncompliance described in the preceding paragraph, the Board complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2016. However, the results of our procedures disclosed other instances of noncompliance with the requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings as items 2016-001, 2016-002, and 2016-005 through 2016-007.

#### Internal Control

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

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the requirements listed in the first paragraph of this report on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that 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 deficiency in internal control over compliance described in the accompanying schedule of findings as item 2016-003 to be a material weakness.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as items 2016-001, 2016-002, and 2016-004 through 2016-007 to be significant deficiencies.

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

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

#### Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information for the years ended June 30, 2016 and June 30, 2015 in Schedules 1 through 8 and the Analysis of Operations Section is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2016 and June 30, 2015 accompanying supplementary information in Schedules 1 through 8. However, we do not express an opinion on the accompanying supplementary information.

We have not applied procedures to the June 30, 2014 accompanying supplementary information in Schedule 3 through 7 and in the Analysis of Operations Section, and accordingly, we do not express an opinion or provide any assurance on it.

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

**SIGNED ORIGINAL ON FILE**

Decatur, Illinois  
March 6, 2017

**Independent Auditor's Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of the Financial Statements Performed  
in Accordance with *Government Auditing Standards***

Honorable Frank J. Mautino  
Auditor General  
State of Illinois  
and  
The Board Members of the  
Illinois Gaming Board

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the State Gaming Fund of the State of Illinois, Illinois Gaming Board (Board), as of and for the year ended June 30, 2016, and the related notes to the financial statements and have issued our report thereon dated December 8, 2016.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

**SIGNED ORIGINAL ON FILE**

Decatur, Illinois  
December 8, 2016

**State of Illinois**  
**Illinois Gaming Board**  
**Current Findings – State Compliance**  
**For the Two Years Ended June 30, 2016**

**2016-001. Finding – Noncompliance with the Fiscal Control and Internal Auditing Act**

The Illinois Gaming Board (Board) was not in compliance with the Fiscal Control and Internal Auditing Act (Act).

The Board has not filed the fiscal control and internal auditing certification (certification) that is required. There was no other compensating review of internal controls performed during the fiscal year.

The Act (30 ILCS 10/3003) requires the Board to prepare and transmit to the Auditor General a certification that the systems of internal fiscal and administration controls of the Board comply or do not comply with the requirements of the Act. This certification is required by May 1 of each year, and the Board has not transmitted their fiscal year 2016 certification as of the date of our testing (February 2017).

According to Board officials, this was an oversight with a change in management and they were not aware of the requirements to file this certification.

Failure to comply with the Act increases the risk that fraud, misuse of funds, or internal control weaknesses would not be detected on a timely basis. (Finding Code No. 2016-001)

**Recommendation**

We recommend the Board complete the fiscal year 2016 certification and then comply with the requirements of the Act in subsequent years.

**Board Response**

The Board agrees with the recommendation and will complete the 2016 certification before March 31, 2017 and annually before May 1.

**State of Illinois**  
**Illinois Gaming Board**  
**Current Findings – State Compliance**  
**For the Two Years Ended June 30, 2016**

**2016-002. Finding – Inadequate Controls over Personal Services**

The Illinois Gaming Board (Board) did not maintain adequate controls over personal services.

During testing, we noted the following:

- Two of 25 (8%) personnel files tested did not contain performance evaluations that were completed in a timely manner. The evaluations were completed from 165 to 227 days after the employee's anniversary date.
- The Board did not fully comply with the State Officials and Employees Ethics Act (Act) and the Board's Employee Handbook (Handbook). Five of 25 (20%) employees selected for testing did not sign-in and/or sign-out during their regular scheduled shift.
- Two of 25 (8%) employees' time sheets did not agree to the attendance records for time off.

The Illinois Administrative Code (80 Ill. Admin. Code 302.270) and the Handbook require a certified employee to be evaluated annually. Further, the Handbook requires certified employees who have been promoted to be evaluated at the midpoint during the final month of the probationary period. The Act (5 ILCS 430/5-5(c)) requires each State agency to develop a written policy which includes work time requirements and documentation of time worked. Further, the Act requires State employees to periodically submit timesheets documenting the time spent each day on official State business to the nearest quarter hour.

Board personnel stated they continue to have a goal to conduct timely performance evaluations for all certified employees; however, in many cases there are other priorities due to limited staffing in certain areas. Board personnel stated employee errors and oversight are the leading factors contributing to the exceptions noted during the testing of attendance records including sign-in and/or sign-out sheets.

Performance evaluations are important to ensure all employees understand the duties and responsibilities assigned to them and that they are performing the duties for which they are being compensated. Failure to conduct timely evaluations is noncompliance with the Code and the Handbook. Allowing employees paid leave without providing the required documentation could result in payments to individuals not entitled to the benefit and is noncompliance with Board policy. (Finding Code No. 2016-002, 2014-008 and 009, 12-6 and 7)

Recommendation

We recommend the Board conduct timely annual performance evaluations and comply with the Act regarding proper timekeeping, and ensure employee timesheets agree to attendance records.

**State of Illinois**  
**Illinois Gaming Board**  
**Current Findings – State Compliance**  
**For the Two Years Ended June 30, 2016**

**2016-002. Finding – Inadequate Controls over Personal Services (Continued)**

Board Response

The Board agrees with the recommendation. It will continue to be the Board's goal to conduct timely performance evaluations as well as ensure all employees sign-in and/or sign-out during their regular scheduled shift and maintain time sheets which agree to detailed attendance records for time off.

**State of Illinois**  
**Illinois Gaming Board**  
**Current Findings – State Compliance**  
**For the Two Years Ended June 30, 2016**

**2016-003. Finding – Internal Control Reviews of External Service Providers Not Obtained or Performed**

The Illinois Gaming Board (Board) did not obtain or perform internal control reviews of the external service provider used to process video gaming revenue.

The Board utilizes an external service provider to design, develop, implement, operate, maintain and support the secure communication of video gaming terminals across the State. However, the Board had not reviewed the Service Organization Internal Control Report to ensure the service provider's controls were suitable. The Board received approximately \$234,811,500 and \$301,903,400 in FY15 and FY16, respectively in video gaming revenue.

Board management stated the report was reviewed; however, no significant findings were noted and as such, nothing was reported to the Board nor was the review formally documented.

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 to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and maintain accountability over the State's resources. In addition, generally accepted information technology guidance endorses the review and assessment of internal controls related to security of systems and data, including outsourced information systems or operations controlled by external parties.

Lack of independent reviews of internal controls associated with outsourced system or operations could result in internal control weaknesses which could impact the reliability and security of critical systems and confidential data maintained by the Board. (Finding Code No. 2016-003, 2014-003)

Recommendation

We recommend the Board obtain or perform independent reviews of internal controls associated with outsourced systems at least annually.

The independent reviews should include an assessment of the following five key system attributes, as applicable:

- Security - The system is protected against both physical and logical unauthorized access.
- Availability - The system is available for operation and use as committed or agreed.
- Processing integrity - System processing is complete, accurate, timely and authorized.
- Confidentiality - Information designated as confidential is protected as committed or agreed.

**State of Illinois**  
**Illinois Gaming Board**  
**Current Findings – State Compliance**  
**For the Two Years Ended June 30, 2016**

**2016-003. Finding – Internal Control Reviews of External Service Providers Not Obtained or Performed (Continued)**

- Privacy - Personal information is collected, used, retained, disclosed and disposed of in conformity Department requirements.

The Board should review the report, assess the effect of any noted deficiencies, and identify and implement any compensating controls. The Board's reviews and corrective actions taken by the service provider should be documented and maintained.

Board Response

The Board has begun the process of reviewing the internal controls of the external service provider; however, the review has not been documented. The Board will begin documenting the review on a go-forward basis to validate the process has been performed.

**State of Illinois**  
**Illinois Gaming Board**  
**Current Findings – State Compliance**  
**For the Two Years Ended June 30, 2016**

**2016-004. Finding – Inconsistent Provisions of the Riverboat Gambling Act**

The Illinois Gaming Board (Board) was unable to resolve conflicting provisions of the Riverboat Gambling Act (Act) which resulted from the passage of Public Act 098-0018.

During FY13, the Illinois General Assembly passed and the Governor signed Public Act 098-0018, which instructed the Board to pay out amounts which the Board had previously accrued. The amended language of the Act due to Public Act 098-0018, specifically sections (230 ILCS 10/13(c-5)) and (230 ILCS 10/13(c-30)), leaves ambiguity as to the future actions the Board should take with regards to the Horse Racing Equity Fund.

Public Act 098-0018 did not remove or otherwise amend section c-5 of the Act which requires an amount equal to 15% of the adjusted gross receipts of an owners licensee conducting riverboat gambling operations pursuant to an owners license that is initially issued after June 25, 1999 to be paid from the State Gaming Fund into the Horse Racing Equity Fund. The Rivers Casino in Des Plaines is such a licensee, and section c-5 of the Act appears to require the continued accrual of the 15% of adjusted gross receipts from the Rivers Casino for payment into the Horse Racing Equity Fund.

Public Act 098-0018 did, however, require the Board to transfer \$23,000,000 from the State Gaming Fund to the Horse Racing Equity Fund.

The Board, through 1) discussion with Senate Democratic Staff regarding the intent of Public Act 098-0018, 2) direction from the Governor's Office of Management and Budget, and 3) review of memorandum of understanding signed by the key stakeholders from the Illinois horse racing industry, determined that the payments made pursuant to section c-30 of the Act replaced all prior and future obligations to the Horse Racing Equity Fund established by section c-5 of the Act.

As a result of the ambiguous language, the Board could owe an amount totaling \$191,164,617 as of June 30, 2016 to the Horse Racing Equity Fund.

After reviewing the Act, Public Act 098-0018, the memorandum of understanding, and legislative transcripts related to SB1884, which passed into law as Public Act 098-0018, the auditors determined, with reservations, that the position taken by the Board was reasonable, but not without problems given potentially conflicting language of section c-5 of the Act and its requirements.

**State of Illinois**  
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**Current Findings – State Compliance**  
**For the Two Years Ended June 30, 2016**

**2016-004. Finding – Inconsistent Provisions of the Riverboat Gambling Act (Continued)**

Board management stated they have attempted to get clarification on the ambiguous language resolved but have not been successful.

Ambiguous and/or conflicting statutory language could create potential legal issues for the State and the Board's position may represent noncompliance with the Act. (Finding Code No. 2016-004, 2014-004)

Recommendation

We recommend the Board seek legislative remedy to address the ambiguous/conflicting language.

Board Response

The Board agrees there is ambiguous and conflicting language in the Act. Furthermore, the Board has attempted to seek a legislative remedy in the past only to have the proper language removed and unrelated material was added. In 2017, the Governor has once again approved new legislation proposed by the Board to repeal Section 13 (c-5). This legislation is currently being drafted by the Legislative Reference Bureau and will be introduced in bill form in the near future.

**State of Illinois**  
**Illinois Gaming Board**  
**Current Findings – State Compliance**  
**For the Two Years Ended June 30, 2016**

**2016-005. Finding – Lack of Formalized Change Management Standard**

The Illinois Gaming Board (Board) had not developed an effective change management process to control modifications to computer applications to ensure changes are properly approved, tested and documented. In addition, programmers developing and making changes to applications had access to the production environment and the capability to implement changes.

The Board maintains twenty applications in order to meet their mission of administering and regulating riverboat casino gambling and video gaming in the State. During our review, we noted the Board had not developed a formal change management process to control modifications to their systems. In the event a change was required, the IT Project Request Form was completed by the requestor and sent to the programmer for completion, without proper approval.

Board management stated this is their current practice and they utilize the policy from the Department of Central Management Services in regards to Change Management.

Generally accepted Information Technology guidance endorses the development of change management procedures to control changes to computer systems. Effective change management procedures reduce the risk of unauthorized, improper, or erroneous changes to computer systems.

The lack of controls over system changes could result in unauthorized actions and affect data integrity. (Finding Code 2016-005, 2014-005, 12-4)

**Recommendation**

We recommend the Gaming Board implement a structured change management standard to ensure adequate oversight to modifications to existing systems. The standard should include, at a minimum:

- Procedures for formally requesting changes,
- Management approval,
- Testing requirements,
- Documentation requirements, and
- Implementation reviews.

We also recommend the Board restrict programmer access to all production programs and data. If the Board determines the access may be necessary, the Board should establish and enforce compensating controls to ensure appropriate management oversight.

**State of Illinois**  
**Illinois Gaming Board**  
**Current Findings – State Compliance**  
**For the Two Years Ended June 30, 2016**

**2016-005. Finding – Lack of Formalized Change Management Standard (Continued)**

Board Response

The Board agrees with the recommendation and will put its practices into policy.

**State of Illinois**  
**Illinois Gaming Board**  
**Current Findings – State Compliance**  
**For the Two Years Ended June 30, 2016**

**2016-006. Finding – Weaknesses Regarding the Security and Control of Confidential Information**

The security and control of confidential information at the Illinois Gaming Board (Board) contained weaknesses.

As part of their responsibilities the Board obtained and stored (electronic and hardcopy) a significant amount of confidential information related to license applications.

Specifically, the Board received:

- Personal Information; social security numbers, driver license numbers, passport data, arrest records, birth certificates, date of birth, addresses;
- Tax Information;
- Banking Information; and
- Background Information.

During our examination, we noted the Board had not performed a risk assessment of its computing resources to identify confidential or personal information to ensure such information is protected from unauthorized disclosure. In addition, we noted:

- The Board was not able to provide information to confirm their laptops had encryption software to protect confidential data; and
- The Board had not developed a Statement of Purpose as required by the Identity Protection Act (5 ILCS 179) and the Board's Policy.

Board management stated they apparently overlooked specifically creating a statement of the purpose or purposes for which the Board is collecting and using a social security number. Furthermore, the Board incurred turnover in the IT Manager role since the last audit which probably contributed to a lack of knowledge on whether or not the statement of purpose had been incorporated in the Identity Protection Policy. Additionally, Board management stated all of their laptops have encryption software to protect confidential data; however, all of the encryption keys could not be located.

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 to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and maintain accountability over the State's resources.

The Board has the responsibility to ensure that confidential information is protected from accidental or unauthorized disclosure. (Finding Code 2016-006, 2014-012, 12-12)

**State of Illinois**  
**Illinois Gaming Board**  
**Current Findings – State Compliance**  
**For the Two Years Ended June 30, 2016**

**2016-006. Finding – Weaknesses Regarding the Security and Control of Confidential Information (Continued)**

Recommendation

We recommend the Board:

- Perform a comprehensive risk assessment to identify all forms of confidential or personal information and ensure adequate security controls.
- Ensure confidential information is adequately secured with methods such as encryption or redaction.
- Develop a Statement of Purpose to ensure compliance with the requirements outlined in the Identity Protection Policy (5 ILCS 179).

Board Response

The Board agrees with the recommendation. The Board takes the protection of confidential information very seriously and are comfortable all laptops are protected with encryption. Unfortunately, not all of the encryption keys can be locate at this time. However, all users who enter information directly into our system use an encryption session via remote access which provides further security. The Board will also be developing a statement of purpose or purposes for which the Board is collecting and using a social security number.

**State of Illinois**  
**Illinois Gaming Board**  
**Current Findings – State Compliance**  
**For the Two Years Ended June 30, 2016**

**2016-007. Finding – Lack of Disaster Recovery Planning and Testing to Ensure Recovery of Computer Applications and Data**

The Illinois Gaming Board (Board) had not provided adequate planning for the recovery of its applications and data. Additionally, recovery testing of the Board's applications and data had not been performed.

The Board administers and regulates riverboat casino gambling and video gaming operations in the State. The Board's IT group maintains a network of servers which host various applications containing critical, financially sensitive, and confidential information to perform mission-critical functions.

The Board had determined twenty applications to be critical to their mission of collecting licensing fees, video terminal fees, video gaming revenue, daily admissions, adjusted gross receipt taxes and reporting of casinos. In FY15 and FY16, the Board processed \$755,215,775 and \$798,416,213, respectively, in receipts.

The Disaster Recovery Plan addressed various high level areas of recovery; however, several key areas were not addressed. Specifically, the Disaster Recovery Plan did not include:

- Detailed recovery scripts,
- Testing and documentation requirements,
- Established Recovery Time Objectives, and
- Detailed procedures for the declaration of a disaster.

In addition, the Board had not performed testing of the recovery plan.

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

Board management stated that although they have a Disaster Recovery Plan, key areas of the plan still need to be addressed and tested. This has not been performed due to other competing priorities.

Failure to adequately develop and test a disaster recovery plan leaves the Board exposed to the possibility of major disruptions of service. (Finding Code No. 2016-007, 2014-013)

**State of Illinois**  
**Illinois Gaming Board**  
**Current Findings – State Compliance**  
**For the Two Years Ended June 30, 2016**

**2016-007. Finding – Lack of Disaster Recovery Planning and Testing to Ensure Recovery of Computer Applications and Data (Continued)**

Recommendation

We recommend the Board update its plan to include key documentation for the recovery of the environment and applications. In addition, the Board should conduct testing to ensure the adequacy of the plan.

Board Response

The Board agrees with the recommendation and will be revising its existing backup / disaster plan to include key documentation for the recovery of the environment and applications.

**State of Illinois**  
**Illinois Gaming Board**  
**Prior Findings Not Repeated**  
**For the Two Years Ended June 30, 2016**

**A. Finding – Inadequate Internal Controls over Video Gaming Terminal Licenses**

During the prior engagement, the Illinois Gaming Board did not develop adequate internal controls over the billing of Video Gaming Terminal (VGT) Licenses. (Finding Code No. 2014-001)

Status: Implemented

During the current engagement, the auditors' sample testing did not identify instances of errors with the VGT license billing.

**B. Finding – Inadequate Controls over Fund Transfers**

During the prior engagement, the Illinois Gaming Board did not exercise adequate internal control over the calculation of its transfers to the Education Assistance Fund from the State Gaming Fund. (Finding Code No. 2014-002, 2013-002, 12-3)

Status: Implemented

During the current engagement, the auditors' sample testing did not identify instances of errors with the transfers to the Education Assistance Fund from the State Gaming Fund.

**C. Finding – Inadequate Recording and Reporting of Property**

During the prior engagement, the Illinois Gaming Board did not maintain sufficient controls over recording and reporting of its property. (Finding Code No. 2014-006, 12-5, 10-5)

Status: Implemented

During the current engagement, the auditors' sample testing did not identify instances of errors over recording and reporting of property.

**D. Finding – Failure to Adopt Rules Concerning Undue Economic Concentration**

During the prior engagement, the Illinois Gaming Board did not adopt rules concerning undue economic concentration which should be taken into consideration when approving or denying the operation of video gaming terminals by a terminal operator. (Finding Code No. 2014-007)

Status: Implemented

During the current engagement, the Board adopted appropriate rules to address the finding.

**State of Illinois**  
**Illinois Gaming Board**  
**Prior Findings Not Repeated**  
**For the Two Years Ended June 30, 2016**

**E. Finding – Inadequate Controls over Overtime Worked**

During the prior engagement, the Illinois Gaming Board did not comply with the policy for overtime as written in the Board’s Employee Handbook. (Finding Code No. 2014-010)

Status: Implemented

During the current engagement, the auditors’ sample testing did not identify instances of noncompliance with the Board’s Employee Handbook as it relates to overtime.

**F. Finding – Inadequate Controls over Agency Workforce Reports**

During the prior engagement, the Illinois Gaming Board did not include complete and accurate information on its Agency Workforce Reports. (Finding Code No. 2014-011)

Status: Implemented

During the current engagement, the auditors did not identify instances of errors with the Agency Workforce Reports.

**G. Finding – Lack of Required Board Members**

During the prior engagement, the Illinois Gaming Board was not composed of the required number of members as required by the Riverboat Gambling Act. (Finding Code No. 2014-014, 12-10)

Status: Implemented

During the current engagement, the auditors noted the Board is comprised of five members.

**H. Finding – Noncompliance with the Open Meetings Act**

During the prior engagement, the Illinois Gaming Board failed to comply with the requirements of the Open Meetings Act. Specifically the Board did not comply with training requirements and the reporting of closed meeting minutes. (Finding Code No. 2014-015)

Status: Implemented

During the current engagement, the auditors’ sample testing did not disclose any instances of noncompliance with the Open Meetings Act.

**Supplementary Information  
for State Compliance Purposes**

**State of Illinois**  
**Illinois Gaming Board**  
**Supplementary Information for State Compliance Purposes**  
**Summary**  
**For the Two Years Ended June 30, 2016**

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

- Fiscal Schedules and Analysis:
  - Schedule of Appropriations, Expenditures and Lapsed Balances
  - Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
  - Schedule of Changes in State Property
  - Comparative Schedule of Cash Receipts and Reconciliation of Cash Receipts to Deposits Remitted to the State Comptroller
  - Analysis of Significant Variations in Expenditures
  - Analysis of Significant Variations in Receipts
  - Analysis of Significant Lapse Period Spending
  
- Analysis of Operations (Not Examined):
  - Agency Functions and Planning Program (Not Examined)
  - Budget Impasse Disclosures (Not Examined)
  - Alternative Financing in Lieu of Appropriations and Programs to Address Untimely Payments to Vendors (Not Examined)
  - Interest Costs on Fiscal Year 2016 Invoices (Not Examined)
  - Average Number of Employees (Not Examined)
  - Gaming Board Statistics (Not Examined)
  - Service Efforts and Accomplishments (Not Examined)

The accountant's report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states that accountants have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2016 and June 30, 2015 accompanying supplementary information in Schedule 1 through 8. However, the accountants do not express an opinion on the supplementary information. The accountant's report also states that they have not applied procedures to the Analysis of Operations Section, and accordingly, they do not express an opinion or provide any assurance on it.

## **Fiscal Schedules and Analysis**

**State of Illinois**  
**Illinois Gaming Board**  
**Schedule of Appropriations, Expenditures and Lapsed Balances**  
**Expenditure Authority for Fiscal Year 2016**  
**For the Fourteen Months Ended August 31, 2016**

	Expenditure Authority (Net After Transfers)	Expenditures Through June 30, 2016	Lapse Period Expenditures July 1 through August 31, 2016	Total Expenditures	Balances Lapsed
<b>Public Acts 99-0491, 99-0524 and Court Ordered Expenditures Appropriated Funds</b>					
State Gaming Fund – 129					
Personal services	\$ 9,946,800	\$ 9,234,932	\$ 472,042	\$ 9,706,974	\$ 239,826
State contributions to State Employees' Retirement System	4,535,900	4,217,587	215,508	4,433,095	102,805
State Contributions to Social Security	450,000	332,112	15,405	347,517	102,483
Group insurance	2,633,700	2,310,756	112,605	2,423,361	210,339
Contractual services	700,000	—	425,697	425,697	274,303
Travel	60,000	—	24,548	24,548	35,452
Commodities	15,000	—	3,330	3,330	11,670
Printing	2,500	—	74	74	2,426
Equipment	50,000	—	5,695	5,695	44,305
Electronic data processing	138,000	—	109,612	109,612	28,388
Telecommunications	350,000	—	152,492	152,492	197,508
Operations of auto equipment	100,000	—	38,033	38,033	61,967
Refunds	50,000	—	—	—	50,000
Expenses related to Illinois State Police	14,768,900	11,819,609	675,010	12,494,619	2,274,281
Distributions to Local Governments for admissions and wagering tax (including prior year costs)	100,000,000	83,222,773	9,442,337	92,665,110	7,334,890
Costs associated with the implementation and administration of the Video Gaming Act	20,270,700	17,490,655	1,273,958	18,764,613	1,506,087
Costs associated with Government Shared Services Center	<u>272,000</u>	<u>242,593</u>	<u>16,158</u>	<u>258,751</u>	<u>13,249</u>
<b>Total State Gaming Fund</b>	<b><u>\$ 154,343,500</u></b>	<b><u>\$ 128,871,017</u></b>	<b><u>\$ 12,982,504</u></b>	<b><u>\$ 141,853,521</u></b>	<b><u>\$ 12,489,979</u></b>

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller records as of September 30, 2016, and have been reconciled to Board records.

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

**Illinois Gaming Board  
of the State of Illinois**

**Schedule of Appropriations, Expenditures and Lapsed Balances  
Expenditure Authority for Fiscal Year 2016  
Fourteen Months Ended August 31, 2016**

Note 3: During Fiscal Year 2016, the Board operated without enacted appropriations until Public Act 99-0491 and Public Act 99-0524 were signed into law on December 7, 2015, and June 30, 2016, respectively. During the impasse, the Circuit Court of St. Clair County in *AFSCME Council 31 v. Munger* (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to “draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay.” As such, the Board’s court-ordered payroll payments were merged into the enacted appropriation for Fund 129. Further, the Board incurred non-payroll obligations within Fund 129, which the Board was unable to pay until the passage of Public Act 99-0491 and Public Act 99-0524.

Note 4: Public Act 99-0524 authorizes the Board to pay Fiscal Year 2016 costs using its Fiscal Year 2017 appropriations for non-payroll expenditures. There were no invoices held by the Board to be submitted against its Fiscal Year 2017 appropriations.

**State of Illinois**  
**Illinois Gaming Board**  
**Schedule of Appropriations, Expenditures and Lapsed Balances**  
**Appropriations for Fiscal Year 2015**  
**For the Fourteen Months Ended August 31, 2015**

	Appropriations (Net After Transfers)	Expenditures Through June 30, 2015	Lapse Period Expenditures July 1 through August 31, 2015	Total Expenditures	Balances Lapsed
<b>Public Act 98-0679</b>					
<b>Appropriated Funds</b>					
State Gaming Fund – 129					
Personal services	\$ 12,402,000	\$ 8,987,260	\$ 487,091	\$ 9,474,351	\$ 2,927,649
State contributions to State Employees' Retirement System	5,251,000	3,811,030	206,482	4,017,512	1,233,488
State Contributions to Social Security	551,000	333,048	16,729	349,777	201,223
Group insurance	3,151,000	1,976,845	89,634	2,066,479	1,084,521
Contractual services	500,000	434,353	33,388	467,741	32,259
Travel	60,000	47,798	2,619	50,417	9,583
Commodities	15,000	5,791	53	5,844	9,156
Printing	2,500	505	—	505	1,995
Equipment	50,000	1,596	2,796	4,392	45,608
Electronic data processing	138,000	67,636	27,360	94,996	43,004
Telecommunications	350,000	134,346	24,702	159,048	190,952
Operations of auto equipment	100,000	42,082	8,408	50,490	49,510
Refunds	50,000	—	—	—	50,000
Expenses related to Illinois State Police	15,102,500	12,655,318	256,494	12,911,812	2,190,688
Distributions to Local Governments for admissions and wagering tax (including prior year costs)	110,000,000	84,870,977	9,932,163	94,803,140	15,196,860
Costs associated with the implementation and administration of the Video Gaming Act	22,164,000	17,766,942	580,496	18,347,438	3,816,562
Costs associated with Government Shared Services Center	<u>432,000</u>	<u>265,745</u>	<u>13,291</u>	<u>279,036</u>	<u>152,964</u>
<b>Total State Gaming Fund</b>	<u>\$ 170,319,000</u>	<u>\$ 131,401,272</u>	<u>\$ 11,681,706</u>	<u>\$ 143,082,978</u>	<u>\$ 27,236,022</u>

Note 1: Appropriations, expenditures, and lapsed balances were obtained from Board Records and have been reconciled to records of the State Comptroller.

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

**State of Illinois**  
**Illinois Gaming Board**  
**Comparative Schedule of Net Appropriations,**  
**Expenditures and Lapsed Balances**  
**For the Years Ended June 30, 2016, 2015 and 2014**

	Fiscal Year		
	2016	2015	2014
	<b>P.A. 99-0491</b>		
	<b>99-0524 and Court</b>		
	<b>Ordered</b>		
	<b>Expenditures</b>	<b>P.A. 098-0679</b>	<b>P.A. 098-0064</b>
<b>Appropriated Funds</b>			
<b><u>State Gaming Fund – 129</u></b>			
Appropriations (net after transfer)	\$ 154,343,500	\$ 170,319,000	\$ 175,423,000
Expenditures			
Personal services	9,706,974	9,474,351	9,339,952
State contribution to State Employees' Retirement System	4,433,095	4,017,512	3,769,169
State contributions to Social Security	347,517	349,777	336,015
Group insurance	2,423,361	2,066,479	2,100,462
Contractual services	425,697	467,741	581,927
Travel	24,548	50,417	48,401
Commodities	3,330	5,844	9,505
Printing	74	505	3,131
Equipment	5,695	4,392	1,586
Electronic data processing	109,612	94,996	112,798
Telecommunications	152,492	159,048	244,184
Operations of auto equipment	38,033	50,490	74,678
Refunds	—	—	—
Expenses related to Illinois State Police	12,494,619	12,911,812	12,181,860
Distributions to Local Governments for admission and wagering tax (including prior year costs)	92,665,110	94,803,140	96,822,602
Costs associated with the implementation and administration of the Video Gaming Act	18,764,613	18,347,438	16,451,836
Costs associated with Government Shared Services Center	258,751	279,036	277,040
Chicago State University pursuant to Riverboat Gambling Act	—	—	3,000,000
Total State Gaming Fund	<u>141,853,521</u>	<u>143,082,978</u>	<u>145,355,146</u>
Lapsed balances	<u>\$ 12,489,979</u>	<u>\$ 27,236,022</u>	<u>\$ 30,067,854</u>

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller records as of September 30, 2016, and have been reconciled to Board records.

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

Note 3: During Fiscal Year 2016, the Board operated without enacted appropriations until Public Act 99-0491 and Public Act 99-0524 were signed into law on December 7, 2015, and June 30, 2016, respectively. During the impasse, the Circuit Court of St. Clair County in *AFSCME Council 31 v. Munger* (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to “draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay.” As such, the Board’s court-ordered payroll payments were merged into the enacted appropriation for Fund 129. Further, the Board incurred non-payroll obligations within Fund 129, which the Board was unable to pay until the passage of Public Act 99-0491 and Public Act 99-0524.

Note 4: Public Act 99-0524 authorizes the Board to pay Fiscal Year 2016 costs using its Fiscal Year 2017 appropriations for non-payroll expenditures. There were no invoices held by the Board to be submitted against its Fiscal Year 2017 appropriations.

**State of Illinois**  
**Illinois Gaming Board**  
**Schedule of Changes in State Property**  
**For the Two Years Ended June 30, 2016**

	<u>Equipment</u>
<b>Balance at July 1, 2014</b>	\$ 2,189,624
Additions	31,137
Deletions	—
Net transfers	<u>61,343</u>
<b>Balance at June 30, 2015</b>	<u>\$ 2,282,104</u>
<b>Balance at July 1, 2015</b>	\$ 2,282,104
Additions	798
Deletions	(1,058)
Net transfers	<u>(91,582)</u>
<b>Balance at June 30 2016</b>	<u>\$ 2,190,262</u>

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

**State of Illinois**  
**Illinois Gaming Board**  
**Comparative Schedule of Cash Receipts and**  
**Reconciliation of Cash Receipts to Deposits**  
**Remitted to the State Comptroller**  
**For the Years Ended June 30, 2016, 2015 and 2014**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>General Revenue Fund – 001</b>			
Owner License Proceeds	\$ <u>10,000,000</u>	\$ <u>10,000,000</u>	\$ <u>10,000,000</u>
Total cash receipts per Board	10,000,000	10,000,000	10,000,000
Less – In transit at End of Year	—	—	—
Plus – In transit at Beginning of Year	<u>—</u>	<u>—</u>	<u>—</u>
 Total cash receipts per State Comptroller's Records	 \$ <u>10,000,000</u>	 \$ <u>10,000,000</u>	 \$ <u>10,000,000</u>
 <b>Education Assistance Fund – 007</b>			
Civil Penalties	\$ <u>2,324,843</u>	\$ <u>300,241</u>	\$ <u>278,205</u>
Total cash receipts per Board	2,324,843	300,241	278,205
Less – In transit at End of Year	—	—	25
Plus – In transit at Beginning of Year	<u>—</u>	<u>25</u>	<u>100,000</u>
 Total cash receipts per State Comptroller's Records	 \$ <u>2,324,843</u>	 \$ <u>300,266</u>	 \$ <u>378,180</u>
 <b>State Gaming Fund – 129</b>			
Admission Boat & Gambling Tax	\$ 37,141,066	\$ 38,737,829	\$ 41,360,053
Riverboat Wagering Tax	447,736,799	459,664,715	480,833,443
Occupational License Fees	586,450	578,150	564,790
Riverboat Owner License Fees	60,000	50,000	50,000
Supplier License Fees	142,380	142,450	155,000
Video Gaming Application Fees	76,050	58,900	88,200
Video Gaming License Fees	3,753,090	3,556,010	3,413,160
Miscellaneous	<u>70,659</u>	<u>3,309</u>	<u>773</u>
Total cash receipts per Board	489,566,494	502,791,363	526,465,419
Less – In transit at End of Year	13,736,726	8,358,225	15,670,894
Plus – In transit at Beginning of Year	<u>8,358,225</u>	<u>15,670,894</u>	<u>11,864,166</u>
 Total cash receipts per State Comptroller's Records	 \$ <u>484,187,993</u>	 \$ <u>510,104,032</u>	 \$ <u>522,658,691</u>

**State of Illinois**  
**Illinois Gaming Board**  
**Comparative Schedule of Cash Receipts and**  
**Reconciliation of Cash Receipts to Deposits**  
**Remitted to the State Comptroller**  
**For the Years Ended June 30, 2016, 2015 and 2014**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Capital Projects Fund – 694</b>			
30% Video Terminal Tax	\$ <u>251,586,224</u>	\$ <u>195,676,299</u>	\$ <u>114,445,728</u>
Total cash receipts per Board	251,586,224	195,676,299	114,445,728
Less – In transit at End of Year	—	—	—
Plus – In transit at Beginning of Year	<u>—</u>	<u>—</u>	<u>—</u>
Total cash receipts per State Comptroller's Records	\$ <u>251,586,224</u>	\$ <u>195,676,299</u>	\$ <u>114,455,728</u>
<b>Local Government Video Gaming Distributive Fund – 842</b>			
30% Video Terminal Tax	\$ <u>50,317,153</u>	\$ <u>39,135,178</u>	\$ <u>22,890,197</u>
Total cash receipts per Board	50,317,153	39,135,178	22,890,197
Less – In transit at End of Year	—	—	—
Plus – In transit at Beginning of Year	<u>—</u>	<u>—</u>	<u>—</u>
Total cash receipts per State Comptroller's Records	\$ <u>50,317,153</u>	\$ <u>39,135,178</u>	\$ <u>22,890,197</u>
<b>Grand Total – All Funds</b>			
Total cash receipts per Board	\$ 803,794,714	\$ 747,903,081	\$ 674,079,549
Less – In transit at End of Year	13,736,726	8,358,225	15,670,919
Plus – In transit at Beginning of Year	<u>8,358,225</u>	<u>15,670,919</u>	<u>11,964,166</u>
Total cash receipts per State Comptroller's Records	\$ <u>798,416,213</u>	\$ <u>755,215,775</u>	\$ <u>670,372,796</u>

**State of Illinois**  
**Illinois Gaming Board**  
**Analysis of Significant Variations in Expenditures**  
**For the Two Years Ended June 30, 2016**

The following is a summary of explanations for significant variations in expenditures. Variations between fiscal years are considered significant if greater than 20 percent and \$5,000.

***Analysis of Significant Variations in Expenditures Between Fiscal Years 2016 and 2015***

**State Gaming Fund (129)**

Travel Services

The Fiscal Year 2016 decrease was due to the Board making an effort to cut back on travel when possible due to the budget impasse.

Operation of Auto Equipment

The Fiscal Year 2016 decrease was due to the Board making an effort to cut back on all expenditures when possible due to the budget impasse as well as less enforcement/investigation headcount who are all assigned vehicles.

***Analysis of Significant Variations in Expenditures Between Fiscal Years 2015 and 2014***

**State Gaming Fund (129)**

Electronic Data Processing

The Fiscal Year 2015 decrease was due to web security charges in Fiscal Year 2014 totaling \$17,000 that were not incurred in Fiscal Year 2015.

Telecommunications

The Fiscal Year 2015 decrease was due to the Board identifying phone lines no longer needed and other changes to the phone plan that resulted in decreases to the monthly phone charges in Fiscal Year 2015.

Operations of Auto Equipment

The Fiscal Year 2015 decrease was due to lower vehicle mileage and fuel costs as compared to the prior year.

Chicago State University Pursuant to Riverboat Gambling Act

The Fiscal Year 2015 decrease was due to a one-time payment in Fiscal Year 2014 to Chicago State University, per P.A. 098-0018.

**State of Illinois**  
**Illinois Gaming Board**  
**Analysis of Significant Variations in Receipts**  
**For the Two Years Ended June 30, 2016**

The following is a summary of explanations for significant variations in receipts. Variations between fiscal years are considered significant if greater than \$100,000 and 15 percent.

***Analysis of Significant Variations in Receipts Between Fiscal Years 2016 and 2015***

**Capital Projects Fund (694) and Local Government Video Gaming Distributive Fund (842)**

30% Video Terminal Tax

The increase in video terminal tax was due to the increase in the outstanding number of video terminals between Fiscal Year 2016 and 2015. In Fiscal Year 2016 and 2015 there were 23,891 and 20,730, respectively.

**Education Assistance Fund (007)**

Civil Penalties

The increase was due to fines issued associated with Video Gaming in Fiscal Year 2016. Fines issued to gaming patrons and licensees vary by circumstances which can cause one year to have more than the next.

***Analysis of Significant Variations in Receipts Between Fiscal Years 2015 and 2014***

**Capital Projects Fund (694) and Local Government Video Gaming Distributive Fund (842)**

30% Video Terminal Tax

The increase in video terminal tax was due to the increase in the outstanding number of video terminals between Fiscal Year 2015 and 2014. In Fiscal Year 2015 and 2014 there were 20,730 and 17,467, respectively.

**State of Illinois**  
**Illinois Gaming Board**  
**Analysis of Significant Variations in Lapse Period Spending**  
**For the Two Years Ended June 30, 2016**

The following is a summary of explanations for significant lapse period spending. Lapse period spending was considered significant if 20 percent or greater of total expenditures for the fiscal year occurred during lapse period.

**FISCAL YEAR 2016**

**State Gaming Fund (129)**

Contractual, Travel, Commodities, Printing, Equipment, Electronic Data Processing, Telecommunications, Operation of Auto Equipment

All of the above non-payroll expenditures occurred during the lapse period as the Fiscal Year 2016 budget was not passed until June 30, 2016.

**FISCAL YEAR 2015**

**State Gaming Fund (129)**

Equipment

The increase in spending during lapse period was due to billings being received late in the fiscal year.

Electronic Data Processing

The increase in spending during lapse period was due to billings being received late in the fiscal year for electronic data processing.

# **Analysis of Operations**

**State of Illinois**  
**Illinois Gaming Board**  
**Agency Functions and Planning Program (Not Examined)**  
**For the Two Years Ended June 30, 2016**

Mission Statement

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

Organization

The Illinois Gaming Board (Board) administers a regulatory and tax collection system for all legalized gaming in Illinois. The Board administers audit, legal, enforcement, investigative, operational and financial analysis activities to ensure the integrity of gaming in Illinois as mandated by the Riverboat Gambling Act (230 ILCS 10/1 et. seq.) and the Video Gaming Act (230 ILCS 40/1 et. seq.). The Board assures the integrity of gaming through the strict regulatory oversight and licensure of all gaming operations and personnel in Illinois. The Board also has comprehensive law enforcement responsibilities associated with legalized gaming in Illinois.

The Riverboat Gambling Act was enacted in February 1990, making Illinois the second state in the nation to legalize riverboat gambling. The Riverboat Gambling Act authorizes the Board to grant up to ten casino licenses. The Board provides regulatory and criminal law enforcement oversight for the existing ten riverboat casinos.

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

In addition, the Board is responsible for implementation and administration of the Video Gaming Act, which allows for video gaming terminals to be placed in certain liquor establishments, truck stops, fraternal organizations and veterans' clubs throughout the State. The Video Gaming Act authorizes the installation of up to five video gaming terminals in the licensed establishments. Besides the very large number of machines that must be monitored, additional factors that add to the Board's regulatory challenges are the diffuse placement of the video gaming terminals in locations throughout the State and the multiple layers of licenses involved.

The Board consists of a Chairperson and four other Board members who are appointed by the Governor and confirmed by the Illinois Senate. The Board's staff has approximately 273 employees that include a detail of 101 Illinois State Police personnel.

**State of Illinois**  
**Illinois Gaming Board**  
**Agency Functions and Planning Program (Not Examined)**  
**For the Two Years Ended June 30, 2016**

Internal Organization

The Board is organized functionally into the following program areas:

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

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

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

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

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

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

Strategic Planning & Monitoring

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.

**State of Illinois**  
**Illinois Gaming Board**  
**Agency Functions and Planning Program (Not Examined)**  
**For the Two Years Ended June 30, 2016**

The Illinois Gaming Board is committed to its mission and has established a strategic plan to help achieve its objectives. The Board's specific goals, objectives and performance measures are developed every year and discussed at each Board meeting. The Board holds monthly meetings that are divided into separate Riverboat and Video Gaming sessions.

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

**State of Illinois**  
**Illinois Gaming Board**  
**Budget Impasse Disclosures (Not Examined)**  
**For the Two Years Ended June 30, 2016**

Payment of Fiscal Year 2016 Costs in Future Fiscal Years

Article 74 of Public Act 99-0524 authorized the Board to pay Fiscal Year 2016 costs using the Board's Fiscal Year 2017 appropriations for non-payroll expenditures. The Board did not have any outstanding invoices from Fiscal Year 2016 unpaid after the closure of the Fiscal Year 2016 Lapse Period on August 31, 2016. Therefore, the Board did not use its Fiscal Year 2017 appropriations to pay its Fiscal Year 2016 costs.

**State of Illinois**  
**Illinois Gaming Board**  
**Alternative Financing in Lieu of Appropriations and Programs**  
**to Address Untimely Payments to Vendors (Not Examined)**  
**For the Two Years Ended June 30, 2016**

Transactions Involving the Illinois Finance Authority

The Board and its vendors did not participate in alternative financing in lieu of enacted appropriations involving the Illinois Finance Authority during Fiscal Year 2016.

Transactions Involving the Vendor Payment Program and Vendor Support Initiative Program

*Vendor Payment Program (VPP)*

During Fiscal Year 2015 and Fiscal Year 2016, none of the Board's vendors participated in the Vendor Payment Program.

*Vendor Support Initiative Program (VSI)*

During Fiscal Year 2016, the State created the voluntary VSI as an alternative to the VPP for cases where the Board lacked an enacted appropriation or other legal expenditure authority to present invoices to the State Comptroller for payment. The VSI operated similarly to the VPP, although the Board was required to determine a participating vendor's invoice (1) would have met the requirements of the VPP and (2) provided the proper bill date of invoice prior to the qualified purchaser and participating vendor entering into an agreement where the participating vendor received payment for 90% of the receivable balance. The participating vendor, in turn, assigned its rights to the interest due under the Act to the qualified purchaser. After the State Comptroller ultimately paid the invoice after the Board received appropriations or other legal expenditure authority to pay the invoice, the participating vendor received the remaining 10% due (less any offsets).

During Fiscal Year 2016, the Agency had four vendors participate in VSI for 53 invoices, totaling \$157,446. There was only one qualified purchaser for all transactions.

**State of Illinois**  
**Illinois Gaming Board**  
**Interest Costs on Fiscal Year 2016 Invoices (Not Examined)**  
**For the Two Years Ended June 30, 2016**

Prompt Payment Interest Costs

The Board calculated prompt payment interest due to vendors under the State Prompt Payment Act (Act) (30 ILCS 540) using the vendor's proper bill date through the date the State Comptroller issues a warrant to the vendor, regardless of when and if an enacted appropriation existed during the Fiscal Year 2016. The Act (30 ILCS 540/3-2) and the Illinois Administrative Code (74 Ill. Admin. Code 900.100) require interest to be paid under a daily simple interest rate of .033 percent (1 percent over a 30-day period) for every day elapsed following the 90<sup>th</sup> day after a vendor submits an eligible property bill to the Board. The following chart shows the Board's prompt payment interest incurred related to the Fiscal Year 2016 invoices, calculated on the accrual basis of accounting, through June 30, 2016, by fund:

**Prompt Payment Interest Incurred**  
**Year ended June 30, 2016**

<b>Fund #</b>	<b>Fund Name</b>	<b>Invoices</b>	<b>Vendors</b>	<b>Dollar Value</b>
129	State Gaming Fund	<u>181</u>	<u>52</u>	\$ <u>9,905</u>

**State of Illinois**  
**Illinois Gaming Board**  
**Average Number of Employees (Not Examined)**  
**For the Years Ended June 30,**

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

<b>Division</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Officials / Managers	44	48	46
Professionals	101	107	110
Para-Professionals	12	12	13
Office / Clerical	<u>2</u>	<u>3</u>	<u>3</u>
Total	<u>159</u>	<u>170</u>	<u>172</u>

Note: In addition to the average number of employees for the Board noted above, the Board also pays the related salaries and expenses for approximately 101 Illinois State Police through an interagency agreement.

**State of Illinois**  
**Illinois Gaming Board**  
**Gaming Board Statistics (Not Examined)**  
**Calendar Year Summary of Illinois Riverboat Data**

Month/Year	Number of Admissions	Gross Receipts	Taxes Collected		Net Proceeds Per Admission	
			Total	State		Local
1993 Total	10,679,490	\$ 605,684,483	\$ 101,532,162	\$ 40,963,714	\$ 56.71	
1994 Total	20,367,119	979,551,111	167,299,786	69,344,675	48.09	
1995 Total	24,835,833	1,178,311,827	201,582,607	83,751,424	47.44	
1996 Total	25,211,329	1,131,491,531	194,935,059	81,785,905	44.88	
1997 Total	24,972,139	1,054,573,793	183,158,208	77,700,829	42.23	
1998 Total	24,813,818	1,106,751,600	256,782,080	80,117,488	44.60	
1999 Total	21,991,689	1,362,931,231	328,665,137	90,132,196	61.97	
2000 Total	19,014,939	1,658,004,361	410,328,901	101,884,222	87.19	
2001 Total	18,808,281	1,783,958,166	447,228,898	107,975,415	94.85	
2002 Total	18,821,582	1,831,550,836	555,702,432	110,399,391	97.31	
2003 Total	16,597,552	1,709,943,480	617,797,595	102,060,624	103.02	
2004 Total	15,331,021	1,717,991,115	700,930,079	101,230,939	112.06	
2005 Total	15,323,166	1,798,912,344	644,462,903	105,282,514	117.40	
2006 Total	16,180,360	1,923,528,409	717,881,351	112,358,413	118.88	
2007 Total	16,525,437	1,983,386,762	718,157,094	115,727,277	120.02	
2008 Total	14,637,054	1,568,727,252	473,648,638	93,095,279	107.18	
2009 Total	14,418,760	1,428,923,092	409,510,245	85,885,708	99.10	
2010 Total	13,834,414	1,373,421,897	383,521,452	82,552,001	99.28	
2011 Total	14,801,944	1,477,600,520	400,680,832	88,741,621	99.82	
2012 Total	16,157,869	1,638,167,885	476,246,146	98,090,275	101.39	
2013 Total	14,891,745	1,551,311,772	444,205,433	92,493,705	104.17	
January	948,565	106,475,829	13,123,654	6,327,535	112.25	
February	1,030,949	115,296,557	17,176,664	6,800,553	111.84	
March	1,240,117	138,489,748	26,497,134	8,174,906	111.67	
April	1,164,661	127,378,960	30,098,652	7,546,207	109.37	
May	1,214,262	129,356,167	34,733,496	7,697,448	106.53	
June	1,129,600	117,269,041	35,004,626	6,981,651	103.81	
July	1,205,564	124,847,334	39,794,227	7,445,138	103.56	
August	1,216,566	128,010,687	42,744,349	7,611,307	105.22	
September	1,081,670	118,131,121	41,128,315	6,989,313	109.21	
October	1,101,955	119,649,148	43,386,571	7,106,293	108.58	
November	1,071,324	116,722,907	43,422,290	6,901,405	108.95	
December	1,112,820	121,790,754	46,703,964	7,204,612	109.44	
2014 Total	13,518,053	\$ 1,463,418,253	\$ 413,813,942	\$ 86,786,368	\$ 108.26	
January	1,040,696	114,866,155	14,211,421	6,814,774	110.37	
February	980,984	109,798,771	16,383,987	6,467,114	111.93	
March	1,135,785	130,204,713	24,726,456	7,628,844	114.64	
April	1,087,841	126,765,686	29,615,619	7,413,730	116.53	
May	1,174,836	130,084,186	34,640,141	7,693,526	110.73	
June	1,056,271	117,929,542	35,313,849	6,962,100	111.65	
July	1,171,243	127,505,609	40,658,628	7,550,128	108.86	
August	1,122,823	118,336,816	39,710,630	7,049,749	105.39	
September	1,053,849	111,796,057	38,088,088	6,639,800	106.08	
October	1,067,729	122,336,141	43,321,371	7,184,379	114.58	
November	984,700	110,643,867	41,179,721	6,511,916	112.36	
December	1,053,111	117,761,835	45,317,100	6,955,552	111.82	
2015 Total	12,929,868	\$ 1,438,029,378	\$ 403,167,011	\$ 84,871,612	\$ 111.22	

**State of Illinois**  
**Illinois Gaming Board**  
**Gaming Board Statistics (Not Examined)**  
**Five Year Calendar Year Riverboat Gaming Tax History**

<b>Calendar Year Comparison</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Number of Licensees	10	10	10	10	10
Gross Receipts	\$ 1,477,600,520	\$ 1,638,167,885	\$ 1,551,311,772	\$ 1,463,418,253	\$ 1,438,029,348
Table Games	\$ 205,698,256	\$ 261,811,426	\$ 267,846,398	\$ 270,860,357	\$ 277,942,651
Electronic Gaming Devices (EGD)	\$ 1,271,902,264	\$ 1,376,356,459	\$ 1,283,465,374	\$ 1,192,557,896	\$ 1,160,086,697
Number of Admissions	14,801,944	16,157,869	14,891,745	13,518,053	12,929,868
Gross Receipts Per Admission	\$ 99.82	\$ 101.39	\$ 104.17	\$ 108.26	\$ 111.22
Total Tax	\$ 489,422,453	\$ 574,336,421	\$ 536,699,138	\$ 500,600,310	\$ 488,038,623
Wagering Tax	\$ 446,348,998	\$ 527,161,053	\$ 493,226,411	\$ 461,118,691	\$ 450,284,717
Admissions Tax	\$ 43,073,455	\$ 47,175,368	\$ 43,472,727	\$ 39,481,619	\$ 37,753,906
State Share	\$ 400,680,832	\$ 476,246,146	\$ 444,205,433	\$ 413,813,942	\$ 403,167,011
Local Share	\$ 88,741,621	\$ 98,090,275	\$ 92,493,705	\$ 86,786,368	\$ 84,871,612

**State of Illinois**  
**Illinois Gaming Board**  
**Gaming Board Statistics (Not Examined)**  
**Calendar Year Comparison Statistics – Riverboat Gaming**

	<b>Totals</b>		<b>% Change</b>
	<b>2014</b>	<b>2015</b>	
<b>Gross Receipts</b>	\$ 1,463,418,253	\$ 1,438,029,348	(1.73) %
<b>Adjusted Gross Receipts (AGR)</b>	\$ 1,465,366,278	\$ 1,438,834,866	(1.81) %
<b>Number of Table Games</b>	278	297	6.83 %
<b>Table Drop</b>	\$ 1,481,586,745	\$ 1,512,233,586	2.07 %
<b>Table AGR</b>	\$ 270,860,357	\$ 277,942,651	2.61 %
<b>AGR/Table/Day</b>	\$ 2,671.56	\$ 2,566.04	(3.95) %
<b>Table Game AGR to Drop %</b>	18.3 %	18.4 %	0.54 %
<b>Number of Electronic Gaming Devices (EGD)</b>	10,926	10,353	(5.24) %
<b>EGD Handle</b>	\$13,253,553,217	\$12,836,110,559	(3.15) %
<b>EGD AGR</b>	\$ 1,192,557,896	\$ 1,160,086,697	(2.72) %
<b>AGR/EGD/Day</b>	\$ 299.28	\$ 307.25	2.66 %
<b>EGD AGR to Handle %</b>	9.0 %	9.0 %	0.00 %
<b>Admissions</b>	13,518,053	12,929,868	(4.35) %
<b>Gross Receipts Per Admission</b>	\$ 108.26	\$ 111.22	2.73 %
<b>Total Tax</b>	\$ 500,600,310	\$ 488,038,623	(2.51) %
<b>Wagering Tax</b>	\$ 461,118,691	\$ 450,284,717	(2.35) %
<b>Admission Tax</b>	\$ 39,481,619	\$ 37,753,906	(4.38) %
<b>Other Revenues</b>	\$ 10,791,332	\$ 10,779,257	(0.11) %

**State of Illinois**  
**Illinois Gaming Board**  
**Gaming Board Statistics (Not Examined)**  
**2014 and 2015 Calendar Year Sources of Revenue – Riverboat Gaming**

2014					
Docksite	Gross Receipts	Table Games	% of Total	Electronic Gaming Devices	% of Total
Alton Belle	\$ 56,539,603	\$ 2,999,070	5.3%	\$ 53,540,533	94.7%
E. Peoria Par-A-Dice	93,953,203	13,645,379	14.5%	80,307,824	85.5%
Casino Rock Island	76,655,771	5,906,081	7.7%	70,749,690	92.3%
Joliet-Hollywood	122,595,482	16,978,562	13.8%	105,616,920	86.2%
Metropolis-Harrah's	81,728,724	13,397,621	16.4%	68,331,103	83.6%
Joliet-Harrah's	197,822,301	28,992,469	14.7%	168,829,832	85.3%
Aurora-Hollywood	126,913,867	17,939,497	14.1%	108,974,370	85.9%
E. St. Louis Casino Queen	110,501,775	14,832,371	13.4%	95,669,404	86.6%
Elgin Grand Victoria	171,623,785	30,904,163	18.0%	140,719,622	82.0%
Des Plaines Rivers Casino	425,083,742	125,265,144	29.5%	299,818,598	70.5%
<b>Total</b>	<b>\$ 1,463,418,253</b>	<b>\$ 270,860,357</b>	<b>18.5%</b>	<b>\$ 1,192,557,896</b>	<b>81.5%</b>

2015					
Docksite	Gross Receipts	Table Games	% of Total	Electronic Gaming Devices	% of Total
Alton Belle	\$ 54,569,117	\$ 3,533,697	6.5%	\$ 51,035,420	93.5%
E. Peoria Par-A-Dice	89,948,192	13,757,587	15.3%	76,190,605	84.7%
Casino Rock Island	76,711,265	6,282,920	8.2%	70,428,345	91.8%
Joliet-Hollywood	125,260,759	15,557,392	12.4%	109,703,367	87.6%
Metropolis-Harrah's	83,320,457	15,166,051	18.2%	68,154,406	81.8%
Joliet-Harrah's	185,976,031	28,648,206	15.4%	157,327,825	84.6%
Aurora-Hollywood	121,133,117	16,665,129	13.8%	104,467,988	86.2%
E. St. Louis Casino Queen	104,826,739	15,826,026	15.1%	89,000,713	84.9%
Elgin Grand Victoria	171,413,992	35,405,826	20.7%	136,008,166	79.3%
Des Plaines River Casino	424,869,679	127,099,817	29.9%	297,769,862	70.1%
<b>Total</b>	<b>\$ 1,438,029,348</b>	<b>\$ 277,942,651</b>	<b>19.3%</b>	<b>\$ 1,160,086,697</b>	<b>80.7%</b>

**State of Illinois**  
**Illinois Gaming Board**  
**Gaming Board Statistics (Not Examined)**  
**Five Year Calendar Year History of Distribution of Riverboat Gaming**

**Distribution to Local Governments**

	2011		2012		2013		2014		2015		% Change 2015 to 2014
<b>Alton</b>	\$	4,598,773	\$	4,425,285	\$	3,966,860	\$	3,475,847	\$	3,304,240	-4.94%
<b>East Peoria</b>		6,984,629		7,020,467		6,459,369		5,698,684		5,468,379	-4.04%
<b>Rock Island</b>		5,625,634		5,691,791		5,280,398		4,906,740		4,872,918	-0.69%
<b>Joliet</b>		21,810,943		20,825,968		19,583,121		18,811,201		18,200,917	-3.24%
<b>Metropolis</b>		5,559,086		5,652,802		4,946,695		4,751,882		4,851,281	2.09%
<b>Aurora</b>		10,157,711		8,968,877		8,350,381		7,441,119		7,103,631	-4.54%
<b>East St. Louis</b>		8,455,040		8,427,048		7,918,236		6,947,279		6,475,514	-6.79%
<b>Elgin</b>		14,730,214		12,275,581		11,326,522		9,961,072		9,939,843	-0.21%
<b>Des Plaines</b>		10,819,591		24,802,456		24,662,123		24,792,544		24,654,889	-0.56%
<b>Total</b>	\$	88,741,621	\$	98,090,275	\$	92,493,705	\$	86,786,368	\$	84,871,612	-2.21%

State Share of Gaming Taxes				Local Share of Gaming Taxes			
Distribution	Admission Tax	Wagering Tax	Total	Distribution	Admission Tax	Wagering Tax	Total
<b>2015</b>	\$ 24,824,038	\$ 378,342,973	\$ 403,167,011	<b>2015</b>	\$ 12,929,868	\$ 71,941,744	\$84,871,612
<b>2014</b>	\$ 25,963,566	\$ 387,850,376	\$ 413,813,942	<b>2014</b>	\$ 13,518,053	\$ 73,268,315	\$86,786,368
<b>% Change</b>	<b>-4.39%</b>	<b>-2.45%</b>	<b>-2.57%</b>	<b>% Change</b>	<b>-4.35%</b>	<b>-1.81%</b>	<b>-2.21%</b>

**State of Illinois**  
**Illinois Gaming Board**  
**Service Efforts and Accomplishments (Not Examined)**

	Fiscal Year 2014 Actual	Fiscal Year 2015 Actual	Fiscal Year 2015 Target/ Projected	Fiscal Year 2016 Actual	Fiscal Year 2016 Target/ Projected
<b><u>Input Indicators</u></b>					
Total expenditures all sources (in thousands)	\$ 145,355.1	\$ 143,083.0	\$ 153,515.0	\$ 141,853.5	\$ 154,343.5
Total expenditures - State appropriated funds (in thousands)	\$ 145,355.1	\$ 143,083.0	\$ 153,515.0	\$ 141,853.5	\$ 154,343.5
Average monthly full-time equivalents	158.0	167.0	180.0	173.0	180.0
<b><u>Output Indicators</u></b>					
Applications Received	11,078	7,309	10,000	7,139	10,000
Criminal Background Investigations performed	14,417	8,474	10,000	12,649	10,000
Financial Investigations performed	3,981	4,643	4,000	4,229	4,000
Licenses Issued	18,834	22,301	20,000	26,982	25,000
<b><u>Outcome Indicators</u></b>					
Licensing revenue received (in thousands)	\$ 14,267.9	\$ 14,383.2	\$ 15,000.0	\$ 14,615.5	\$ 15,000.0
Admissions & Wagering tax received (in thousands)	\$ 522,193.5	\$ 498,402.5	\$ 500,000.0	\$ 484,877.9	\$ 490,000.0
Incident Reports	5,850	5,988	5,500	7,939	6,000
Arrests made	749	782	700	562	700
Disciplinary Complaints assessed	53	65	75	94	75
Fines/Penalties/Violations (in dollars)	\$ 278,205.0	\$ 300,241.0	\$ 300,000.0	\$ 2,324,843.0	\$ 2,000,000.0
Amount transferred to Educational Assistance Fund (in thousands)	\$ 322,070.0	\$ 294,993.0	\$ 300,000.0	\$ 275,219.0	\$ 280,000.0
Net Terminal Income Tax collected	\$ 145,596.4	\$ 241,428.0	\$ 200,000.0	\$ 306,250.8	\$ 300,000.0
<b><u>Efficiency/Cost-Effectiveness</u></b>					
Percentage of revenues transferred to EAF	61.1%	58.7%	59.4%	56.2%	56.6%