

State of Illinois
Illinois Gaming Board

Compliance Examination

For the Two Years Ended June 30, 2018
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, 2018

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Board Officials

Chairman	Donald Tracy
Board member	Steve Dolins
Board member	Thomas Dunn
Board member	Dee Robinson
Board member	Hector Alejandre
Administrator	Mark Ostrowski (7/1/16 – 3/27/18)
Acting Administrator	Agostino Lorenzini (3/27/18 – Current)
General Counsel	Agostino Lorenzini

Deputy Administrators:

Enforcement	Frank Spizzirri
Investigations	Scott Deubel
Audit and Financial Analysis	Jim Lopinski
Chief Fiscal Officer	Kevin High

Office Locations

801 South 7 th Street, Ste. 400 South Springfield, Illinois 62703	9511 West Harrison Street Des Plaines, Illinois 60016
160 North LaSalle Street, Ste. 300 Chicago, Illinois 60601	8151 West 183 rd Street Tinley Park, Illinois 60487



ILLINOIS GAMING BOARD

JB Prizker • Governor Don Tracy • Chairman Agostino Lorenzini • Acting Administrator

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

February 25, 2019

BKD, LLP
Certified Public Accountants
225 North Water Street, Suite 400
Decatur, IL 62523

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. 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 Illinois Gaming Board's compliance with the following assertions during the years ended June 30, 2017 and June 30, 2018. Based on this evaluation, we assert that during the years ended June 30, 2017 and June 30, 2018 the Illinois Gaming Board has materially complied with the assertions below.

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

Agostino Lorenzini, Acting Administrator and General Counsel

SIGNED ORIGINAL ON FILE

Kevin High, Chief Fiscal Officer

Compliance Report

State of Illinois
Illinois Gaming Board
Compliance Examination
For the Two Years Ended June 30, 2018

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

	Current	2017	2016
GAS Findings	—	1	—
State Compliance Findings	6	N/A	7
Total Findings	6	1	7
GAS New Findings	—	1	—
GAS Repeated Findings	—	—	—
GAS Not Repeated Findings	1	—	2
State Compliance New Findings	1	N/A	1
State Compliance Repeated Findings	5	N/A	6
State Compliance Not Repeated Findings	2	N/A	8

Schedule of Findings

Item No.	Page	Description	Finding Type
Findings (Government Auditing Standards)			
No matters are reportable.			
Findings (State Compliance)			
2018-001	10	Inadequate Controls over Personal Services	Significant Deficiency Noncompliance
2018-002	11	Untimely Filing of the TA-2 Reports	Significant Deficiency Noncompliance

**State of Illinois
Illinois Gaming Board
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Schedule of Findings

Item No.	Page	Description	Finding Type
2018-003	12	Inconsistent Provisions of the Riverboat Gambling Act	Significant Deficiency
2018-004	14	Lack of Formalized Change Management Standard	Significant Deficiency Noncompliance
2018-005	16	Weaknesses Regarding the Security and Control of Confidential Information	Significant Deficiency Noncompliance
2018-006	18	Lack of Disaster Recovery Planning and Testing to Ensure Recovery of Computer Applications and Data	Significant Deficiency Noncompliance

Prior Findings Not Repeated

- A. 20 Internal Control Reviews of External Service Providers Not Obtained or Performed
- B. 20 Noncompliance with the Fiscal Control and Internal Auditing Act

Exit Conference

Board officials waived a formal exit conference in correspondence dated February 11, 2019. Responses to the recommendations were provided by Kevin High, Chief Fiscal Officer, in correspondence dated February 20, 2019.

**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, 2018. 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 (the Audit Guide). Those standards, the Act, and the Audit Guide require that we plan and perform the examination to obtain reasonable assurance about whether the Board complied, in all material respects, with the specified requirements listed above. An examination involves performing procedures to obtain evidence about whether the Board complied with the specified requirements listed above. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error.

We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the Board's compliance with specified requirements.

In our opinion, 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, 2018. However, the results of our procedures disclosed 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 2018-001, 2018-002 and 2018-004 through 2018-006.

The Board's responses to the findings identified in our examination are described in the accompanying schedule of findings. The Board's responses were not subjected to the procedures applied in the compliance examination and, accordingly, we express no opinion on the responses.

The purpose of this report on compliance is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the Audit Guide issued by the Illinois Office of the Auditor General. Accordingly, this report is not suitable for any other purpose.

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 control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

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. *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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings as items 2018-001 through 2018-006, that we consider 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 internal control findings identified in our examination are described in the accompanying schedule of findings. The Board's responses were not subjected to the procedures applied in the compliance examination 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, 2018 and June 30, 2017 in Schedules 1 through 5 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, 2018 and June 30, 2017 accompanying supplementary information in Schedules 1 through 5. However, we do not express an opinion on the accompanying supplementary information.

We have not applied procedures to the June 30, 2016 accompanying supplementary information in Schedule 3 through 5 and in the Analysis of Operations Section, and accordingly, we do not express an opinion or provide any assurance on it.

SIGNED ORIGINAL ON FILE

Decatur, Illinois
February 25, 2019

**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, 2018, and the related notes to the financial statements and have issued our report thereon dated December 12, 2018.

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. 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 the Board's 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 12, 2018

State of Illinois
Illinois Gaming Board
Current Findings – State Compliance
For the Two Years Ended June 30, 2018

2018-001. Finding – Inadequate Controls over Personal Services

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

During testing, we noted three of 25 (12%) employees' time sheets did not total the required hours or agree to the attendance records for time off.

The State Officials and Employees Ethics 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 officials stated the individuals identified are on an alternative schedule and travel time is considered part of the total hours. However, this time is not tracked on the employee's timesheet.

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 and State law. (Finding Code No. 2018-001, 2016-002, 2014-008 and 009, 12-6 and 7)

Recommendation

We recommend the Board comply with the Act regarding proper timekeeping.

Board Response

The Board agrees with the recommendation. Human Resources is working with Board personnel to address this item and in developing a fillable reporting form that will aid in verifying accuracy of employee worktime and timesheets.

State of Illinois
Illinois Gaming Board
Current Findings – State Compliance
For the Two Years Ended June 30, 2018

2018-002. Finding – Untimely Filing of the TA-2 Reports

The Illinois Gaming Board (Board) did not submit all required Travel Headquarters reports timely.

During testing, we noted both Travel Headquarters reports (Form TA-2) required to be filed in fiscal year 2017 were filed 16 and 197 days late to the Legislative Audit Commission (Commission). The Board had no employees or officers that were required to be reported on the TA-2 form.

The State Finance Act (30 ILCS 105/12-3) requires the Form TA-2 be completed and filed with the Commission for any individual whose headquarters has been designated as a location other than that at which official duties require the largest part of working time. The reports shall be filed no later than July 15 for the period from January 1 through June 30 of that year and no later than January 15 for the period July 1 through December 31 of the preceding year. If an agency has more than one facility or institution, the report shall indicate on its face to which facility or institution the data pertain. Agencies with no officers or employees in this status shall file negative reports.

Board officials stated the late filing was due to employee oversight.

Failure to timely file the Form TA-2 report to the Commission deprives the Commission of valuable information needed to oversee State travel expenditures. (Finding Code No. 2018-002)

Recommendation

We recommend the Board timely file its Form TA-2's.

Board Response

The Board agrees with the recommendation and will try to ensure the Travel Headquarters reports (Form TA-2) are filed on a timely basis going forward.

State of Illinois
Illinois Gaming Board
Current Findings – State Compliance
For the Two Years Ended June 30, 2018

2018-003. 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) during the examination period.

Section 13(c-5) of the Act (230 ILCS 10) requires the Board to make payments of an amount equal to 15% of the adjusted gross receipts of an owners licensee conducting riverboat gambling operations pursuant to an owners license that was initially issued after June 25, 1999, from the State Gaming Fund to the Horse Racing Equity Fund.

In June 2013, the Illinois General Assembly passed, and the Governor signed into law, Public Act 098-0018 (Public Act). The Public Act amended the Act to add Section 13(c-30), which directed the Board to transfer a one-time amount of \$23,000,000 from the State Gaming Fund to the Horse Racing Equity Fund on July 1, 2013, or as soon as possible thereafter.

According to the Board, following 1) discussions with Senate Democratic Staff regarding the intent of the Public Act, 2) direction from the Governor’s Office of Management and Budget, and 3) review of a memorandum of understanding signed by the key stakeholders from the Illinois horse racing industry, they determined the \$23,000,000 transfer made pursuant to Section 13(c-30) of the Act replaced all prior and future obligations to the Horse Racing Equity Fund established by Section 13(c-5) of the Act. After reviewing the Act, the Public Act, 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 Board’s position was reasonable.

The addition of Section 13(c-30) to the Act conflicts with Section 13(c-5) of the Act in that Section 13(c-5) requires the transfer from the State Gaming Fund to the Horse Racing Equity Fund of 15% of adjusted gross receipts for licenses issued subsequent to June 25, 1999, which the auditors determined could total over \$321 million as of Fiscal Year 2018. The amended language of Section 13(c-30) requires a one-time transfer of \$23 million from the State Gaming Fund to the Horse Racing Equity Fund and does not address transfers required by Section 13(c-5).

Board management stated it has been in continued communication with the Illinois General Assembly and Governor’s Office since this finding was first issued attempting to resolve it, however, the attempts have not been successful.

Ambiguous and/or conflicting statutory language could create potential future legal issues for the State. (Finding Code No. 2018-003, 2016-004, 2014-004)

State of Illinois
Illinois Gaming Board
Current Findings – State Compliance
For the Two Years Ended June 30, 2018

2018-003. Finding – Inconsistent Provisions of the Riverboat Gambling Act (Continued)

Recommendation

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

Board Response

The Board agrees there is ambiguous and conflicting language in the Act. The Board has attempted and is continuing to attempt to seek a legislative remedy to eliminate the conflicting provision.

State of Illinois
Illinois Gaming Board
Current Findings – State Compliance
For the Two Years Ended June 30, 2018

2018-004. 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 computer 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.

Board management indicated they followed the Department of Innovation & Technology (DoIT) change management process; however, documentation was not provided to support the claim. We found the Board used its own IT Project Request Form to request changes and the process did not require independent approval.

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 No. 2018-004, 2016-005, 2014-005, 12-4)

Recommendation

We recommend the 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, 2018

2018-004. Finding – Lack of Formalized Change Management Standard (Continued)

Board Response

The Board agrees with the recommendation and will work to update current formal procedures to ensure that programming modifications are documented more efficiently.

State of Illinois
Illinois Gaming Board
Current Findings – State Compliance
For the Two Years Ended June 30, 2018

2018-005. Finding – Weaknesses Regarding the Security and Control of Confidential Information

The Illinois Gaming Board's (Board) security and control of confidential information process 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's license numbers, passport data, arrest records, birth certificates, dates of birth, addresses;
- Tax Information;
- Banking Information; and
- Background Information.

During our examination, we noted the Board had not completed 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 that all laptops had encryption software to protect confidential data.

Board management stated a risk assessment has been initiated, but not yet finalized.

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 had the responsibility to ensure that confidential information is protected from accidental or unauthorized disclosure. Policies and procedures help ensure prompt notification of security breaches to all involved parties in an effort to minimize the potential impact and costs resulting from identity thefts. (Finding Code No. 2018-005, 2016-006, 2014-012, 12-12)

State of Illinois
Illinois Gaming Board
Current Findings – State Compliance
For the Two Years Ended June 30, 2018

2018-005. 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, including adequate physical and logical access restrictions, have been established to safeguard data and resources.
- Ensure confidential information is adequately secured with methods such as encryption or redaction.

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 encryption keys could be located. However, all users who enter information directly into our system use an encryption session via remote access which provides further security.

State of Illinois
Illinois Gaming Board
Current Findings – State Compliance
For the Two Years Ended June 30, 2018

2018-006. 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 Fiscal Year 2018 and Fiscal Year 2017, the Board processed \$899,941,497 and \$845,446,233, 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) endorses 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. 2018-006, 2016-007, 2014-013)

State of Illinois
Illinois Gaming Board
Current Findings – State Compliance
For the Two Years Ended June 30, 2018

2018-006. 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, 2018

A. Finding – Internal Control Reviews of External Service Providers Not Obtained or Performed

During the prior engagement, the Illinois Gaming Board (Board) did not obtain or perform internal control reviews of the external provider used to process video gaming revenue. (Finding Code No. 2016-003, 2014-003)

Status: Moved to the Immaterial Letter

During the current engagement, the Board performed a review of the external provider, however it did not address all required elements. As such, this issue will be reported in the Board's *Report of Immaterial Findings*.

B. Finding – Noncompliance with the Fiscal Control and Internal Auditing Act

During the prior engagement, the Board had not filed the fiscal control and internal auditing certification as required. (Finding Code No. 2016-001)

Status: Moved to the Immaterial Letter

During the current engagement, the Board filed the fiscal control and internal auditing certification; however, it was not filed timely. As such, this issue will be reported in the Board's *Report of Immaterial Findings*.

**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, 2018

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

- Fiscal Schedules and Analysis:
 - Schedules 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 Operations (Not Examined):
 - Agency Functions and Planning Program (Not Examined)
 - Analysis of Significant Variations in Expenditures (Not Examined)
 - Analysis of Significant Variations in Receipts (Not Examined)
 - Analysis of Significant Lapse Period Spending (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 2017 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, 2018 and June 30, 2017 accompanying supplementary information in Schedule 1 through 5. 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
Appropriations for Fiscal Year 2018
Fourteen Months Ended August 31, 2018

	Appropriation (Net After Transfers)	Expenditures Through June 30, 2018	Lapse Period Expenditures July 1 through August 31, 2018	Total Expenditures	Balances Lapsed
Public Acts 100-0021					
Appropriated Funds					
State Gaming Fund – 129					
Personal services	\$ 9,921,000	\$ 8,374,289	\$ 447,210	\$ 8,821,499	\$ 1,099,501
State contributions to State Employees' Retirement System	5,364,900	4,286,397	211,971	4,498,368	866,532
State contributions to Social Security	410,000	275,691	13,544	289,235	120,765
Group insurance	2,592,000	1,813,477	80,536	1,894,013	697,987
Contractual services	702,000	414,288	26,629	440,917	261,083
Travel	60,500	18,424	3,400	21,824	38,676
Commodities	15,000	6,160	9	6,169	8,831
Printing	2,500	592	—	592	1,908
Equipment	50,000	10,715	1,815	12,530	37,470
Electronic data processing	1,881,400	938,582	67,941	1,006,523	874,877
Telecommunications	207,800	176,835	16,753	193,588	14,212
Operations of auto equipment	100,000	39,624	7,549	47,173	52,827
Refunds	50,000	100	—	100	49,900
Expenses related to Illinois State Police	14,461,500	11,127,841	166,739	11,294,580	3,166,920
Distributions to Local Governments for admissions and wagering tax (including prior year costs)	100,000,000	79,964,000	9,355,191	89,319,191	10,680,809
Costs associated with the implementation and administration of the Video Gaming Act	<u>21,218,600</u>	<u>15,379,103</u>	<u>639,433</u>	<u>16,018,536</u>	<u>5,200,064</u>
Total State Gaming Fund	\$ <u>157,037,200</u>	\$ <u>122,826,118</u>	\$ <u>11,038,720</u>	\$ <u>133,864,838</u>	\$ <u>23,172,362</u>

Note 1: Appropriations, expenditures, and lapsed balances were obtained from the State Comptroller records as of August 31, 2018, 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.

State of Illinois
Illinois Gaming Board
Schedule of Appropriations, Expenditures and Lapsed Balances
Appropriations for Fiscal Year 2017
Fourteen Months Ended August 31, 2017

	Appropriations (Net After Transfers)	Expenditures Through June 30, 2017	Lapse Period Expenditures July 1 through August 31, 2017	Total Expenditures	Balances Lapsed
Public Act 99-0524					
Appropriated Funds					
State Gaming Fund – 129					
Personal services	\$ 9,997,300	\$ 9,052,644	\$ 498,030	\$ 9,550,674	\$ 446,626
State contributions to State Employees' Retirement System	4,455,600	4,034,637	222,202	4,256,839	198,761
State contributions to Social Security	388,700	315,077	15,179	330,256	58,444
Group insurance	2,736,000	2,276,581	121,062	2,397,643	338,357
Contractual services	702,000	380,641	29,463	410,104	291,896
Travel	60,500	24,173	3,439	27,612	32,888
Commodities	15,000	9,524	597	10,121	4,879
Printing	2,500	354	—	354	2,146
Equipment	50,000	7,051	—	7,051	42,949
Electronic data processing	281,000	233,417	7,468	240,885	40,115
Telecommunications	350,000	153,164	28,743	181,907	168,093
Operations of auto equipment	100,000	35,065	5,743	40,808	59,192
Refunds	50,000	—	—	—	50,000
Expenses related to Illinois State Police	14,768,900	11,529,407	169,914	11,699,321	3,069,579
Distributions to Local Governments for admissions and wagering tax (including prior year costs)	100,000,000	81,006,467	9,843,349	90,849,816	9,150,184
Costs associated with the implementation and administration of the Video Gaming Act	20,270,700	16,926,338	495,508	17,421,846	2,848,854
Costs associated with Government Shared Services Center	<u>413,000</u>	<u>4,374</u>	<u>—</u>	<u>4,374</u>	<u>408,626</u>
Total State Gaming Fund	<u>\$ 154,641,200</u>	<u>\$ 125,988,914</u>	<u>\$ 11,440,697</u>	<u>\$ 137,429,611</u>	<u>\$ 17,211,589</u>

Note 1: Appropriations, expenditures, and lapsed balances were obtained from the State Comptroller records as of September 30, 2017, 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.

State of Illinois
Illinois Gaming Board
Comparative Schedule of Net Appropriations,
Expenditures and Lapsed Balances
For the Years Ended June 30, 2018, 2017 and 2016

	Fiscal Year		
	2018	2017	2016
	P.A. 100-0021	P.A. 099-0524	P.A. 99-0491 99-0524 and Court Ordered Expenditures
Appropriated Funds			
<u>State Gaming Fund – 129</u>			
Appropriations (net after transfer)	\$ 157,051,310	\$ 154,641,200	\$ 154,343,500
Expenditures			
Personal services	8,821,499	9,550,674	9,706,974
State contribution to State Employees' Retirement System	4,498,368	4,256,839	4,433,095
State contributions to Social Security	289,235	330,256	347,517
Group insurance	1,894,013	2,397,643	2,423,361
Contractual services	440,917	410,104	425,697
Travel	21,824	27,612	24,548
Commodities	6,169	10,121	3,330
Printing	592	354	74
Equipment	12,530	7,051	5,695
Electronic data processing	1,006,523	240,885	109,612
Telecommunications	193,588	181,907	152,492
Operations of auto equipment	47,173	40,808	38,033
Refunds	100	—	—
Expenses related to Illinois State Police	11,294,580	11,699,321	12,494,619
Distributions to Local Governments for admission and wagering tax (including prior year costs)	89,319,191	90,849,816	92,665,110
Costs associated with the implementation and administration of the Video Gaming Act	16,018,536	17,421,846	18,764,613
Costs associated with Government Shared Services Center	—	4,374	258,751
Total State Gaming Fund	<u>133,864,838</u>	<u>137,429,611</u>	<u>141,853,521</u>
Lapsed balances	<u>\$ 23,186,472</u>	<u>\$ 17,211,589</u>	<u>\$ 12,489,979</u>

Note 1: Appropriations, expenditures, and lapsed balances were obtained from the State Comptroller records as of August 31, 2018, 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, 2018

	<u>Equipment</u>
Balance at July 1, 2016	\$ 2,190,262
Additions	61,223
Deletions	(731)
Net transfers	<u>(26,643)</u>
Balance at June 30, 2017	<u>\$ 2,224,111</u>
Balance at July 1, 2017	\$ 2,224,111
Additions	67,030
Deletions	(186,142)
Net transfers	<u>(154,758)</u>
Balance at June 30 2018	<u>\$ 1,950,241</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, 2018, 2017 and 2016

	<u>2018</u>	<u>2017</u>	<u>2016</u>
General Revenue Fund – 001			
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>
 Education Assistance Fund – 007			
Civil Penalties	\$ <u>1,675,830</u>	\$ <u>381,534</u>	\$ <u>2,324,843</u>
Total cash receipts per Board	1,675,830	381,534	2,324,843
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>1,675,830</u>	 \$ <u>381,534</u>	 \$ <u>2,324,843</u>
 State Gaming Fund – 129			
Admission Boat & Gambling Tax	\$ 32,591,021	\$ 34,911,914	\$ 37,141,066
Riverboat Wagering Tax	434,454,401	439,332,717	447,736,799
Occupational License Fees	548,940	581,555	586,450
Riverboat Owner License Fees	45,000	45,000	60,000
Supplier License Fees	170,000	140,000	142,380
Video Gaming Application Fees	54,500	90,000	76,050
Video Gaming License Fees	4,594,875	4,199,050	3,753,090
Miscellaneous	<u>2,550</u>	<u>1,912</u>	<u>70,659</u>
Total cash receipts per Board	472,461,287	479,302,148	489,566,494
Less – In transit at End of Year	14,409,617	13,586,863	13,736,726
Plus – In transit at Beginning of Year	<u>13,586,863</u>	<u>13,736,726</u>	<u>8,358,225</u>
 Total cash receipts per State Comptroller's Records	 \$ <u>471,638,533</u>	 \$ <u>479,452,011</u>	 \$ <u>484,187,993</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, 2018, 2017 and 2016

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Capital Projects Fund – 694			
30% Video Terminal Tax	\$ 347,189,374	\$ 296,343,994	\$ 251,586,224
Total cash receipts per Board	347,189,374	296,343,994	251,586,224
Less – In transit at End of Year	—	—	—
Plus – In transit at Beginning of Year	—	—	—
Total cash receipts per State Comptroller's Records	<u>\$ 347,189,374</u>	<u>\$ 296,343,994</u>	<u>\$ 251,586,224</u>
Local Government Video Gaming Distributive Fund – 842			
30% Video Terminal Tax	\$ 69,437,761	\$ 59,268,694	\$ 50,317,153
Total cash receipts per Board	69,437,761	59,268,694	50,317,153
Less – In transit at End of Year	—	—	—
Plus – In transit at Beginning of Year	—	—	—
Total cash receipts per State Comptroller's Records	<u>\$ 69,437,761</u>	<u>\$ 59,268,694</u>	<u>\$ 50,317,153</u>
Grand Total – All Funds			
Total cash receipts per Board	\$ 900,764,251	\$ 845,296,370	\$ 803,794,714
Less – In transit at End of Year	14,409,617	13,586,863	13,736,726
Plus – In transit at Beginning of Year	<u>13,586,863</u>	<u>13,736,726</u>	<u>8,358,225</u>
Total cash receipts per State Comptroller's Records	<u>\$ 899,941,497</u>	<u>\$ 845,446,233</u>	<u>\$ 798,416,213</u>

Analysis of Operations

State of Illinois
Illinois Gaming Board
Agency Functions and Planning Program (Not Examined)
For the Two Years Ended June 30, 2018

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 231 employees that include a detail of 86 Illinois State Police personnel.

State of Illinois
Illinois Gaming Board
Agency Functions and Planning Program (Not Examined)
For the Two Years Ended June 30, 2018

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, 2018

The 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.

Illinois Gaming Board of the State of Illinois

Analysis of Significant Variations in Expenditures (Not Examined) For the Years Ended June 30, 2018 and 2017

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 2018 and 2017

State Gaming Fund (129)

Group Insurance

The decrease in Fiscal Year 2018 was due to the decrease in the average headcount from 156 in Fiscal Year 2017 to 145 in Fiscal Year 2018, coupled with lower group insurance costs per employee.

Travel Services

The Fiscal Year 2018 decrease was due to lower headcount in Fiscal Year 2018 contributed to less travel.

Equipment

The Fiscal Year 2018 increase was due to the purchase of additional office equipment in Fiscal Year 2018.

Electronic Data Processing (EDP)

The Fiscal Year 2018 increase was due to a shift in payroll for DoIT staff. In Fiscal Year 2018 they were paid in the EDP line item. In Fiscal Year 2017, they were paid from personal services and lump sum for video gaming costs.

Analysis of Significant Variations in Expenditures Between Fiscal Years 2017 and 2016

State Gaming Fund (129)

Commodities and Electronic Data Processing

The Fiscal Year 2017 increase was due to an effort to cut back on spending in Fiscal Year 2016.

Costs Associated with Government Shared Services Act

The Fiscal Year 2017 decrease was due to the disbanding of shared services at the end of Fiscal Year 2016.

**Illinois Gaming Board
of the State of Illinois**
Analysis of Significant Variations in Receipts (Not Examined)
For the Years Ended June 30, 2018 and 2017

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 2018 and 2017

Education Assistance Fund (007)

Civil Penalties

The increase was due to fines issued associated with Video Gaming in Fiscal Year 2018. Fines issued to gaming patrons and licensees vary by circumstances which can cause one year to have more than the next.

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 number of video terminals in operation and paying terminal tax between Fiscal Year 2018 and 2017. In Fiscal Year 2018 and 2017 there were 29,283 and 26,873, respectively.

Analysis of Significant Variations in Receipts Between Fiscal Years 2017 and 2016

Education Assistance Fund (007)

Civil Penalties

The decrease in civil penalties was due to two large fines issued in Fiscal Year 2016 that were not repeated in Fiscal Year 2017.

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 number of video terminals in operation and paying terminal tax between Fiscal Year 2017 and 2016. In Fiscal Year 2017 and 2016 there were 26,873 and 23,891, respectively.

State of Illinois
Illinois Gaming Board
Analysis of Significant Variations in Lapse Period Spending
For the Two Years Ended June 30, 2018 (Not Examined)

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 2018 and 2017

State Gaming Fund (129)

There were no lapse period spending in excess of the threshold for Fiscal Years 2018 or 2017.

State of Illinois
Illinois Gaming Board
Analysis of Operations (Not Examined)
For the Two Years Ended June 30, 2018

Budget Impasse Disclosures

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.

In addition, Article 998 of Public Act 100-0021 authorized the Board to pay its unpaid Fiscal Year 2016 and Fiscal Year 2017 costs using either the Board's Fiscal Year 2017 or Fiscal Year 2018 appropriations for non-payroll expenditures. The Board did not have any outstanding invoices from Fiscal Year 2017 unpaid after the closure of the Fiscal Year 2017 Lapse Period on September 30, 2017. Therefore, the Board did not use its Fiscal Year 2017 appropriations to pay its Fiscal Year 2016 costs and does not intend to use either its Fiscal Year 2017 or Fiscal Year 2018 appropriations to pay its Fiscal Year 2016 or Fiscal Year 2017 costs.

Alternative Financing in Lieu of Appropriations and Programs to Address Untimely Payments to Vendors

The Board and its vendors did not participate in alternative financing in lieu of enacted appropriations involving the Illinois Finance Authority during Fiscal Year 2017.

None of the Board's vendors participated in the Vendor Payment Program (VPP) or the Vendor Support Initiative Program (VSI) during Fiscal Year 2017.

Interest Costs on Fiscal Year 2017 Invoices

The Board did not incur any prompt payment interest due to vendors under the State Prompt Payment Act (Act) (30 ILCS 540). The Board's vendors were paid within 90 days.

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 position, for the Fiscal Year ended June 30,

Position	2016	2017	2018
Officials / Managers	46	38	36
Professionals	110	105	93
Para-Professionals	13	11	13
Office / Clerical	<u>3</u>	<u>2</u>	<u>3</u>
Total	<u>172</u>	<u>156</u>	<u>145</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 86 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 Total	Gross Receipts Total	Taxes Collected		Net Proceeds Per Admission
			State	Local	
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
2014 Total	13,518,053	1,463,418,253	413,813,942	86,786,368	108.26
2015 Total	12,929,868	1,438,029,378	403,167,011	84,871,612	111.22
January	1,016,440	117,937,073	14,494,157	6,909,309	116.03
February	1,010,997	115,273,173	17,603,251	6,780,473	114.02
March	1,089,291	126,163,002	24,737,424	7,423,672	115.82
April	1,076,876	124,836,440	29,169,291	7,344,780	115.92
May	1,079,984	123,748,151	33,159,376	7,217,306	114.58
June	998,764	112,015,395	33,413,933	6,604,239	112.15
July	1,135,537	127,207,107	39,990,772	7,495,860	112.02
August	1,039,443	115,880,478	39,241,289	6,843,330	111.48
September	1,021,111	115,071,564	39,954,466	6,770,499	112.69
October	994,428	113,003,465	39,486,822	6,631,843	113.64
November	949,134	111,021,108	40,747,517	6,513,365	116.97
December	932,693	111,321,352	42,928,053	6,531,611	119.35
2016 Total	12,344,698	\$ 1,413,478,308	\$ 394,926,351	\$ 83,066,287	\$ 114.50
January	939,099	112,006,263	13,608,837	6,510,434	119.27
February	940,003	112,331,671	16,858,119	6,563,216	119.50
March	1,064,728	130,086,346	25,376,128	7,598,593	122.18
April	991,967	121,105,407	28,245,996	7,079,203	122.09
May	1,005,072	121,555,458	32,403,654	7,026,135	120.94
June	970,312	114,475,351	34,193,925	6,698,842	117.98
July	1,066,936	123,889,972	39,238,910	7,260,396	116.12
August	993,987	115,187,215	38,495,890	6,768,551	115.88
September	988,591	117,714,432	40,289,294	6,861,129	119.07
October	934,901	113,763,605	40,216,995	6,662,270	121.69
November	889,479	108,768,920	40,172,885	6,321,708	122.28
December	911,857	117,108,713	44,260,281	6,742,666	128.43
2017 Total	11,696,932	\$ 1,407,993,353	\$ 393,360,914	\$ 82,093,143	\$ 120.37

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

Calendar Year Comparison	2013	2014	2015	2016	2017
Number of Licensees	10	10	10	10	10
Gross Receipts	\$ 1,551,311,772	\$ 1,463,418,253	\$ 1,438,029,348	\$ 1,413,478,308	\$ 1,407,993,353
Table Games	\$ 267,846,398	\$ 270,860,357	\$ 277,942,651	\$ 294,832,652	\$ 303,470,267
Electronic Gaming Devices (EGD)	\$ 1,283,465,374	\$ 1,192,557,896	\$ 1,160,086,697	\$ 1,118,645,656	\$ 1,104,523,086
Number of Admissions	14,891,745	13,518,053	12,929,868	12,344,698	11,696,932
Gross Receipts Per Admission	\$ 104.17	\$ 108.26	\$ 111.22	\$ 114.50	\$ 120.37
Total Tax	\$ 536,699,138	\$ 500,600,310	\$ 488,038,623	\$ 477,992,638	\$ 475,454,057
Wagering Tax	\$ 493,226,411	\$ 461,118,691	\$ 450,284,717	\$ 441,980,380	\$ 441,312,425
Admissions Tax	\$ 43,472,727	\$ 39,481,619	\$ 37,753,906	\$ 36,012,258	\$ 34,141,632
State Share	\$ 444,205,433	\$ 413,813,942	\$ 403,167,011	\$ 394,926,351	\$ 393,360,914
Local Share	\$ 92,493,705	\$ 86,786,368	\$ 84,871,612	\$ 83,066,287	\$ 82,093,143

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

	Totals		% Change
	2016	2017	
Gross Receipts	\$ 1,413,478,308	\$ 1,407,993,353	(0.39) %
Adjusted Gross Receipts (AGR)	\$ 1,414,431,738	\$ 1,407,924,221	(0.46) %
Number of Table Games	302	305	0.99 %
Table Drop	\$ 1,496,405,514	\$ 1,541,770,933	3.03 %
Table GR	\$ 294,832,652	\$ 303,470,267	2.93 %
GR/Table/Day	\$ 2,668.85	\$ 2,728.23	2.22 %
Table Game AGR to Drop %	19.7 %	19.7 %	- %
Number of Electronic Gaming Devices (EGD)	10,154	10,012	(1.40) %
EGD Handle	\$12,394,911,086	\$12,240,932,534	(1.24) %
EGD GR	\$ 1,118,645,656	\$ 1,104,523,086	(1.26) %
GR/EGD/Day	\$ 301.17	\$ 302.49	0.44 %
EGD GR to Handle %	9.0 %	9.0 %	0.00 %
Admissions	12,344,698	11,696,932	(5.25) %
Gross Receipts Per Admission	\$ 114.50	\$ 120.37	5.13 %
Total Tax	\$ 477,992,638	\$ 475,454,057	(0.53) %
Wagering Tax	\$ 441,980,380	\$ 441,312,425	(0.15) %
Admission Tax	\$ 36,012,258	\$ 34,141,632	(5.19) %
Other Revenues	\$ 12,494,576	\$ 11,641,859	(6.82) %

State of Illinois
Illinois Gaming Board
Gaming Board Statistics (Not Examined)
2016 and 2017 Calendar Year Sources of Revenue – Riverboat Gaming

2016 Docksite	Gross Receipts	Table Games	% of Total	Electronic	
				Gaming Devices	% of Total
Alton Belle	\$ 49,119,883	\$ 3,489,518	7.1%	\$ 45,630,365	92.9%
E. Peoria Par-A-Dice	82,442,601	14,026,127	17.0%	68,416,474	83.0%
Casino Rock Island	75,609,430	6,033,960	8.0%	69,575,470	92.0%
Joliet-Hollywood	121,237,915	15,218,330	12.6%	106,019,585	87.4%
Metropolis-Harrah's	80,333,667	15,403,017	19.2%	64,930,650	80.8%
Joliet-Harrah's	183,657,280	33,920,251	18.5%	149,737,029	81.5%
Aurora-Hollywood	120,364,816	19,226,786	16.0%	101,138,030	84.0%
E. St. Louis Casino Queen	109,305,723	17,195,828	15.7%	92,109,895	84.3%
Elgin Grand Victoria	163,513,828	34,616,809	21.2%	128,897,019	78.8%
Des Plaines Rivers Casino	427,893,165	135,702,026	31.7%	292,191,139	68.3%
Total	\$ 1,413,478,308	\$ 294,832,652	20.9%	\$ 1,118,645,656	79.1%

2017 Docksite	Gross Receipts	Table Games	% of Total	Electronic	
				Gaming Devices	% of Total
Alton Belle	\$ 47,963,652	\$ 3,785,403	7.9%	\$ 44,178,249	92.1%
E. Peoria Par-A-Dice	78,809,962	14,733,519	18.7%	64,076,443	81.3%
Casino Rock Island	70,485,998	5,131,417	7.3%	65,354,581	92.7%
Joliet-Hollywood	123,245,825	16,334,243	13.3%	106,911,582	86.7%
Metropolis-Harrah's	79,448,037	14,616,782	18.4%	64,831,255	81.6%
Joliet-Harrah's	182,945,536	30,969,299	16.9%	151,976,237	83.1%
Aurora-Hollywood	120,811,129	21,515,584	17.8%	99,295,545	82.2%
E. St. Louis Casino Queen	102,068,394	16,345,482	16.0%	85,722,912	84.0%
Elgin Grand Victoria	168,759,965	36,017,870	21.3%	132,742,095	78.7%
Des Plaines River Casino	433,454,855	144,020,668	33.2%	289,434,187	66.8%
Total	\$ 1,407,993,353	\$ 303,470,267	21.6%	\$ 1,104,523,086	78.4%

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

	2013	2014	2015	2016	2017	% Change 2017 to 2016
Alton	\$ 3,966,860	\$ 3,475,847	\$ 3,304,240	\$ 2,985,108	\$ 2,893,538	-3.07%
East Peoria	6,459,369	5,698,684	5,468,379	4,989,709	4,719,779	-5.41%
Rock Island	5,280,398	4,906,740	4,872,918	4,803,366	4,474,535	-6.85%
Joliet	19,583,121	18,811,201	18,200,917	17,784,157	17,767,191	-0.10%
Metropolis	4,946,695	4,751,882	4,851,281	4,637,456	4,507,175	-2.81%
Aurora	8,350,381	7,441,119	7,103,631	7,028,436	7,039,225	0.15%
East St. Louis	7,918,236	6,947,279	6,475,514	6,658,218	6,183,127	-7.14%
Elgin	11,326,522	9,961,072	9,939,843	9,493,841	9,746,465	2.66%
Des Plaines	24,662,123	24,792,544	24,654,889	24,685,996	24,762,108	0.31%
Total	\$ 92,493,705	\$ 86,786,368	\$ 84,871,612	\$ 83,066,287	\$ 82,093,143	-1.17%

State Share of Gaming Taxes				Local Share of Gaming Taxes			
Distribution	Admission Tax	Wagering Tax	Total	Distribution	Admission Tax	Wagering Tax	Total
2017	\$ 22,444,700	\$ 370,916,214	\$ 393,360,914	2017	\$ 11,696,932	\$ 70,396,211	\$82,093,143
2016	\$ 23,667,560	\$ 371,258,791	\$ 394,926,351	2016	\$ 12,344,698	\$ 70,721,589	\$83,066,287
% Change	-5.17%	-0.09%	-0.40%	% Change	-5.25%	-46.00%	-1.17%

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

	Fiscal Year 2016 Actual	Fiscal Year 2017 Actual	Fiscal Year 2017 Target/ Projected	Fiscal Year 2018 Actual	Fiscal Year 2018 Target/ Projected
<u>Input Indicators</u>					
Total expenditures all sources (in thousands)	\$ 141,853.5	\$ 137,429.6	\$ 140,000.0	\$ 133,979.4	\$ 140,000.0
Total expenditures - State appropriated funds (in thousands)	\$ 141,853.5	\$ 137,429.6	\$ 140,000.0	\$ 133,979.4	\$ 140,000.0
Average monthly full-time equivalents	175.0	156.0	165.0	145.0	165.0
<u>Output Indicators</u>					
Applications Received	3,354	3,423	3,000	3,029	3,450
Criminal Background Investigations performed	22,294	23,424	23,000	24,750	23,830
Financial Investigations performed	6,913	5,758	6,000	6,087	6,010
Licenses Issued	38,988	43,081	40,000	47,785	44,000
<u>Outcome Indicators</u>					
Licensing revenue received (in thousands)	\$ 14,615.5	\$ 15,052.9	\$ 15,000.0	\$ 15,410.6	\$ 15,000.0
Admissions & Wagering tax received (in thousands)	\$ 484,877.9	\$ 474,244.6	\$ 470,000.0	\$ 467,045.4	\$ 470,000.0
Incident Reports	4,089	3,801	4,000	3,695	4,000
Arrests made	829	786	700	703	606
Disciplinary Complaints assessed	117	212	200	218	250
Fines/Penalties/Violations (in dollars)	\$ 2,324,843.0	\$ 381,534.0	\$ 300,000.0	\$ 1,675,830.0	\$ 375,000.0
Amount transferred to Educational Assistance Fund (in thousands)	\$ 276,727.0	\$ 270,410.0	\$ 270,000.0	\$ 271,964.0	\$ 265,000.0
Net Terminal Income Tax collected	\$ 301,903.4	\$ 355,612.7	\$ 350,000.0	\$ 416,627.1	\$ 380,000.0
<u>Efficiency/Cost-Effectiveness</u>					
Percentage of revenues transferred to EAF	56.5%	56.4%	56.0%	57.5%	55.8%