

**State of Illinois**  
**DEPARTMENT OF REVENUE**  
**FINANCIAL AUDIT**  
**For the Year Ended June 30, 2014**

**AND COMPLIANCE EXAMINATION**  
**For the Two Years Ended June 30, 2014**

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

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
FINANCIAL AUDIT  
For the Year Ended June 30, 2014  
AND COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2014

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STATE OF ILLINOIS  
DEPARTMENT OF REVENUE

AGENCY OFFICIALS

Director	Constance Beard (1/20/15-present) Brian A. Hamer (through 1/19/15)
Assistant Director	Edward Buckles (1/28/15-present) Vacant (through 1/27/15)
Associate Director	Vacant (3/1/14-present) Julie O'Brien (through 2/28/14)
Chief of Staff	Lainie Krozel
Chief Budget Officer	Cory Staley
Chief Internal Auditor	Barbara Ringler (4/1/15-present) Cory Staley, Acting (7/26/14-3/31/15) Ryan McCoy (11/25/13-7/25/14) Vacant (9/7/13-11/24/13) Douglas Hathhorn (through 9/6/13)
Liquor Control Commission	Vacant (8/30/14-present) Gloria Materre (through 8/29/14)
Program Administrators:	
Administrative Services	Angela Oxley
Account Processing	O. Wayne Richie
Administrative Hearings	Terry Charlton
Audit	Dan Hall
Board of Appeals	Brian Wolfberg
Chief Information Security Officer	Tom Pantier, Acting (12/20/14-present) Matthew Bell, Acting (9/20/14-12/15/14) Brad Boroff (through 9/19/14)
Collections	Vacant (4/25/15-present) Henry Butler (through 4/25/15)
Communications Officer	Vacant (2/1/15-present) Carol Knowles (1/16/13-1/31/15) Vacant (through 1/15/13)

Criminal Investigations	Brian Cooper, Acting (4/1/13-present) John Chambers (through 3/31/13)
Equal Employment Opportunity	Chimaobi Enyia (2/9/15-present) Vacant (10/1/14-2/8/15) Ruby Taylor (through 9/30/14)
General Counsel	Michael R. Pieczonka (1/20/15-present) Gail Niemann (through 1/19/15)
Informal Conference Board	Louise Calvert
Information Technology	Tom Pantier, Acting (12/16/14-present) Matthew Bell (10/6/12-12/15/14) Elizabeth Malloy (through 10/5/12)
Internal Affairs	Robert (Bobby) Orr
Labor Relations	Vacant (2/21/15-present) Matthew Bilinsky (through 2/20/15)
Legislative Office	Jane McEnaney (2/3/15-present) Vacant (4/22/14-2/2/15) Jim Nicholson (through 4/21/14)
Taxpayer Services	Brenda Towers, Acting (5/1/14-present) Kevin Conner (through 4/30/14)
Administrative and Regulatory Shared Services Center:	
Director	Vacant
Chief Fiscal Officer	Kathryn Hanlon
Human Resources Director	Julie Moscardelli (5/18/15-present) Vacant (2/21/15-5/17/15) Matthew Bilinsky, Acting (through 2/20/15)
Liquor Control Board Members (as of June 30, 2014)	Stephen Schnorf Bill Morris Amy Kurson Maria Saldana Donald G. O'Connell James Pandolfi Cynthia Cronin Cahill

**Agency offices are located at:**

**Springfield, Illinois**

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

**Des Plaines, Illinois**

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

**Marion, Illinois**

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

**Paramus, New Jersey**

45 Eisenhower Drive, Suite 2  
Paramus, New Jersey 07652

**Chicago, Illinois**

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

**Fairview Heights, Illinois**

15 Executive Drives, Suite 2  
Fairview Heights, Illinois 62208

**Rockford, Illinois**

200 S. Wyman Street  
Rockford, Illinois 61101



STATE OF ILLINOIS  
**DEPARTMENT OF REVENUE**  
101 WEST JEFFERSON, MC 6-500  
SPRINGFIELD, IL 62702

Springfield Office: 217-785-7570  
Chicago Office: 312-814-3190

**Constance Beard**  
Director

**Bruce Rauner**  
Governor

MANAGEMENT ASSERTION LETTER

Sikich LLP  
3201 West White Oaks Drive, Suite 102  
Springfield, IL 62704

May 14, 2015

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 Department of Revenue (Department). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Department's compliance with the following assertions during the two-year period ended June 30, 2014. Based on this evaluation, we assert, for the period beginning January 19, 2015 through the date of this letter, that during the years ended June 30, 2013 and June 30, 2014, the Department has materially complied with the assertions below.

- A. The Department has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Department has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The Department has complied, in all material respects, with applicable laws and

regulations, including the State uniform accounting system, in its financial and fiscal operations.

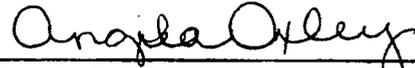
- D. State revenues and receipts collected by the Department are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Department on behalf of the State or held in trust by the Department have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours truly,

Illinois Department of Revenue



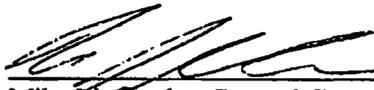
Constance Beard, Director



Angela Oxley, Program Administrator  
of Administrative Services



Cory Staley, Chief Budget Officer



Mike Pieczonka, General Counsel



STATE OF ILLINOIS  
**DEPARTMENT OF REVENUE**

101 West Jefferson Street  
Springfield, Illinois 62702

Springfield Office: 217 785-7570  
Chicago Office: 312 814-3190

MANAGEMENT ASSERTION LETTER

January 16, 2015

Sikich LLP  
Certified Public Accountants  
3201 West White Oaks Drive, Suite 102  
Springfield, IL 62704

Ladies and Gentlemen:

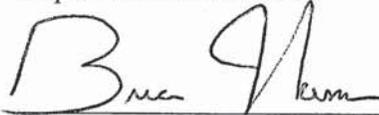
We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the State of Illinois, Department of Revenue (Department). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Department's compliance with the following assertions during the two year period ended June 30, 2014. Based on this evaluation, we assert, as of the date of this letter, that during the years ended June 30, 2013 and June 30, 2014, the Department has materially complied with the assertions below.

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

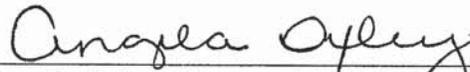
- D. State revenues and receipts collected by the Department are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Department on behalf of the State or held in trust by the Department have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Sincerely,

Department of Revenue



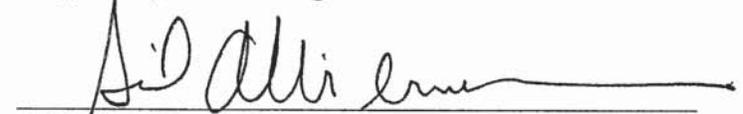
Brian A. Hamer, Director



Angela Oxley, Program Administrator of Admin Services



Cory Staley, Chief Budget Officer



Gail Niemann, General Counsel

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
FINANCIAL AUDIT  
For the Year Ended June 30, 2014  
AND COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2014

**COMPLIANCE REPORT**

**SUMMARY**

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

**ACCOUNTANT'S REPORT**

The Independent Accountant's Report on State Compliance and on Internal Control Over Compliance does not contain scope limitations or disclaimers, but does contain a report modification for compliance and a material weakness over internal control.

**SUMMARY OF FINDINGS**

<u>Number of</u>	<u>Current Report</u>	<u>Prior Report</u>
Findings	14	21
Repeated findings*	9	10
Prior recommendations implemented or not repeated**	9	21

\* Considers the follow-up on findings from the 2012 compliance examination (12-10 to 12-21) and the 2013 financial audit (2013-001 to 2013-006)

\*\* Three findings reported in the prior compliance report, for the two years ended June 30, 2012, were determined to be not repeated during testing associated with the Department's June 30, 2013 financial statement audit, which was presented in a separate report.

**SCHEDULE OF FINDINGS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS ( <i>GOVERNMENT AUDITING STANDARDS</i> )			
2014-001	16	Inaccuracies in the Department's year-end financial reporting process	Material Weakness
FINDINGS ( <i>STATE COMPLIANCE</i> )			
2014-002	22	Controls and safeguards over the processing of taxpayer information	Significant Deficiency and Noncompliance

2014-003	24	Weakness in controls over sales and use tax receipts	Significant Deficiency and Noncompliance
2014-004	26	Inadequate security controls over GenTax	Significant Deficiency and Noncompliance
2014-005	28	Weaknesses over the change management process	Significant Deficiency and Noncompliance
2014-006	30	Lack of disaster contingency planning or testing	Significant Deficiency and Noncompliance
2014-007	31	Issues noted with monitoring taxpayer accounts and refunds	Significant Deficiency and Noncompliance
2014-008	34	Noncompliance with the Fiscal Control and Internal Auditing Act	Significant Deficiency and Noncompliance
2014-009	36	Policies and procedures regarding operation of State vehicles not followed	Significant Deficiency and Noncompliance
2014-010	39	Exceptions in testing payroll, timekeeping and personnel	Significant Deficiency and Noncompliance
2014-011	43	Noncompliance with the State Employment Records Act	Significant Deficiency and Noncompliance
2014-012	44	Noncompliance with Statutory Mandates and Memorandum of Understanding	Significant Deficiency and Noncompliance
2014-013	47	Noncompliance with the Charitable Games Act and Pull Tabs and Jar Games Act	Significant Deficiency and Noncompliance
2014-014	49	Inadequate computer security controls	Significant Deficiency and Noncompliance

In addition, the following finding which is reported as a current finding and relating to *Government Auditing Standards* also meets the reporting requirements for State Compliance or internal control over State Compliance.

2014-001	16	Inaccuracies in the Department's year-end financial reporting process	Material Weakness and Material Noncompliance
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## PRIOR FINDINGS NOT REPEATED

A	50	Taxpayer information pending finalization
B	50	Internal control reviews of external service providers not obtained or performed
C	50	Conflict in provisions of the Illinois Income Tax Act and State Revenue Sharing Act
D	50	Project management weakness in the development of GenTax
E	51	Weaknesses in internal controls noted in cash accounts
F	51	Noncompliance with specific provisions of the Hotel Operators' Occupation Tax Act
G	51	Noncompliance with statutory transfer limitations
H	51	Weaknesses in controls over the tire user fees
I	52	Information not provided to auditors

### EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Department personnel at an exit conference on May 12, 2015. Attending were:

#### Illinois Department of Revenue

Constance Beard, Director  
Edward Buckles, Assistant Director  
Michael R. Pieczonka, General Counsel  
Barbara Ringler, Chief Internal Auditor  
Cory Staley, Chief Budget Officer

#### Office of the Auditor General

Paul Usherwood, Audit Manager  
Kathy Lovejoy, Audit Manager

#### Sikich LLP – Special Assistant Auditors

Amy L. Sherwood, Partner  
Meredith Angel, Manager

Responses to the recommendations were provided by Barbara Ringler in correspondence dated May 12, 2015.

INDEPENDENT ACCOUNTANT'S REPORT ON STATE COMPLIANCE AND  
ON INTERNAL CONTROL OVER COMPLIANCE

Honorable William G. Holland  
Auditor General  
State of Illinois

**Compliance**

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

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

As described in item 2014-001 in the accompanying Schedule of Findings, the Department did not comply with the requirements regarding all applicable laws and regulations, including the State uniform accounting system in its financial and fiscal operations. Compliance with such requirements is necessary, in our opinion, for the Department 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 Department complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2014. However, the results of our procedures disclosed other instances of noncompliance with the requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying Schedule of Findings as items 2014-002 through 2014-014.

### **Internal Control**

Management of the Department 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 Department'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 Department's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Department'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, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings as item 2014-001 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 2014-002 through 2014-014 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 Department's responses to the findings identified in our examination are described in the accompanying Schedule of Findings. We did not examine the Department's responses and, accordingly, we express no opinion on the responses.

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

*Sikich LLP*

Springfield, Illinois  
May 14, 2015

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

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the State of Illinois, Department of Revenue (Department) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements and have issued our report thereon dated February 10, 2015.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be a material weakness.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Department's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings as item 2014-001 to be a material weakness.

## **Compliance and Other Matters**

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

## **Department's Responses to Findings**

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

## **Purpose of this Report**

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

A handwritten signature in black ink, appearing to read "LCP", is positioned above the typed name and date.

Springfield, Illinois  
February 10, 2015

## SCHEDULE OF FINDINGS

### CURRENT FINDINGS – Government Auditing Standards

**2014-001. FINDING** (Inaccuracies in the Department’s year-end financial reporting process)

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

During the audit of the Department’s June 30, 2014 financial statements, the auditors noted errors regarding the reporting of financial information. A summary of some of the errors identified are as follows:

- During the audit, the Department identified a reciprocal agreement with another state that was not being properly recorded in its financial statements. The Department has a reciprocal agreement in place with a state where the amount of Illinois income tax collected in that state is distributed to the Department in December following the tax year for which those receipts are collected. Due to the timing of the receipt, the Department should be recording a receivable for the previous tax year receipts along with an estimate of receipts collected for the current tax year which will be paid in the subsequent fiscal year. The Department received a check from the state in December 2013 for the 2012 tax year. The taxes receivable and unavailable revenue in the General Fund and the taxes receivable and income tax revenues in the governmental activities were understated in the prior year for the amount of the December 2013 check and the estimate of income taxes to be received relating to January through June 2013 totaling \$122 million. The Department reported a restatement to the government-wide beginning net position for the understatement of taxes receivable. As the Department also received a check in December 2014, the Department notified the Illinois Office of the Comptroller and requested journal entries to be made to three of the Department’s closed GAAP Reporting Packages for the total amount of \$122 million. The journal entries were to the General Fund’s taxes receivable and unavailable revenue balances.

Department personnel stated the annual cash transaction never came to the attention of the Financial Control Bureau because the reciprocal state payment was processed as a timely filed current year income tax in December of each year.

- During the audit, it was noted the Department did not update the percentages used to properly allocate the corporate income tax activity between corporate income tax and personal property replacement tax for year-end adjustments to taxes receivable and unearned revenue for fiscal years 2013 and 2014. Therefore, in fiscal year 2013 the General Fund taxes receivable balance was overstated by \$1.5 million and the unearned revenue was understated by \$24 million for a total overstatement of income tax revenue of \$25.5 million. In fiscal year 2013, the

Personal Property Tax Replacement Fund taxes receivable balance was understated by \$1.5 million and the unearned revenue was overstated by \$24 million for a total understatement of income tax revenue of \$25.5 million. The Department reported a restatement to the General Fund and the Personal Property Tax Replacement Fund beginning fund balances for the misstatement in income tax revenue in the prior year. In fiscal year 2014, the General Fund taxes receivable balance was understated by \$2.8 million and the unearned revenue was understated by \$27.7 million for a net overstatement of income tax revenue of \$24.9 million. In fiscal year 2014, the Personal Property Tax Replacement Fund taxes receivable balance was overstated by \$2.8 million and the unearned revenue was overstated by \$27.7 million for a net understatement of income tax revenue of \$24.9 million. The Department adjusted three fund GAAP Reporting forms and included the updated balances in the financial statements.

Department personnel stated the error in the percentages used was due to percentages not being properly updated in spreadsheets used to calculate the year-end adjustments during the GAAP Package preparation process.

- Auditors noted errors in the Department's calculation of transfers from the General Revenue Fund to the Local Government Distributive Fund during the fiscal year. The Department calculates the amount of the transfer using the income tax receipts, household payroll receipts, and receipts transferred from the Protest Fund during the previous month and multiplies the amounts by the statutorily determined percentage rates of the Illinois Income Tax Act (35 ILCS 5/901). During the May 2014 transfer calculation, the individual income tax and the business income taxes were transposed overstating the transfer to the Local Government Distributive Fund by \$14.6 million. During the July 2014 transfer calculation the receipts transferred from the Protest Fund was misstated which understated the transfer by \$106 thousand. Therefore, the transfers from the General Revenue Fund to the Local Government Distributive Fund were overstated by \$14.5 million in fiscal year 2014. The misstatement was not considered material at the fund level by the Department and the financial statements were not corrected as of June 30, 2014. However, the Department indicated the overstatement was corrected in the transfers from the General Revenue Fund to the Local Government Distributive Fund in January 2015.

Department personnel stated the error in the transfer calculations was the result of human error.

- During testing of the Department's taxes receivable, it was noted the Department did not perform an analysis of the percentages used in the calculation of uncollectible taxes receivable balances during the fiscal year. When the legacy tax systems were in use, the Department developed a methodology for determining aging category percentages to be used in calculating and reporting uncollectible taxes receivables on an annual basis. When the GenTax system was placed in service in fiscal year 2007, the same information was not readily available within GenTax. As a result, the Department ceased performing the annual analysis. The Department continued to use the same percentages through fiscal year 2014 with no analysis to

determine if the percentages should be adjusted based upon current information. As the Department reports \$2.7 billion in taxes receivable and a \$916 million allowance for uncollectible taxes, a small change to the allowance percentages could have a material impact on the Department's financial statements and could cause the net taxes receivable balances to be misstated.

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

- During testing of the Department's accounts receivable from income tax accounts, Business, Withholding, and Individual, auditors noted exceptions with certain accounts. Auditors identified a number of exceptions related to accounts receivable from income tax accounts.

Auditor testing identified five Business Income Tax accounts that had errors: a) two errors were the result of interest not being properly calculated; b) two errors were the result of penalties not calculated correctly; and c) one error was the result of an electronic funds transfer (EFT) payment being posted to the wrong FEIN prior to year end but not applied to the correct account until after year end. The net effect of the above noted errors resulted in accounts receivable for those specific accounts being overstated by \$392,035.

The errors noted above as well as other errors identified in testing accounts receivable associated with Individual Income Tax were projected to the entire billed income tax receivable populations, and the projected estimated overstatement for the populations as a whole is \$5.3 million. The adjustment was not considered material by the Department and no adjustment was made to the financial statements.

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

- During testing of the Department's taxes receivable for Business Income Tax and sales (ROT) tax accounts, auditors noted taxpayer legal settlements and audits that appeared to be completed before the fiscal year end that had not been entered into GenTax. As the taxpayer accounts were not updated within GenTax, the accounts had the potential to affect the year end accounts receivable and refunds payable balances.

In their testing, auditors considered “settled taxpayer information” for legal settlements to be defined as taxpayer information where there is a legally executed agreement, signed and dated between the taxpayer and the Department that sets forth the terms, including the amounts or other changes both parties have agreed to, as well as court restitution orders. Auditors selected 2 legal settlements to test of which information was input into GenTax after year end. For one of the two legal settlements it was determined the taxpayer’s account should have shown a refund of approximately \$400,000, while at June 30, 2014 the Department had reported a \$3.1 million receivable. The difference was not considered material by the Department and no adjustment was made to the financial statements.

The Department does not consider a tax audit complete until it has been processed through the Audit Bureau’s Review and Perfection Division, after which the results of the audit are entered into GenTax. The Department’s field auditor signs off and dates his completion of the tax audit, as well as the field auditor’s supervisor signs off and dates his review and approval of the tax audit after which the tax audit is then sent to the Audit Bureau’s Review and Perfection Division. The Audit Bureau’s Review and Perfection Division will work the tax audits that are sent to them based on first in / first out basis, unless there are situations that would require an expedited review. Based on the review of the tax audit by the Audit Bureau’s Review and Perfection Division they may correct errors they identify, send the tax audit back for additional work, or approve it and enter the results in GenTax.

In testing the accounts receivable auditors, noted tax audits where the results were entered into GenTax after year end, but the audit supervisor had reviewed and signed off on the audit before year end. Seven tax audits with the results posted to GenTax after year end were selected for testing, it was determined for these 7 tax audits the time from which the audit supervisor approved the audit to when the results were posted to GenTax were from a low of 30 days to a high of 663 days. Taking out the high and the low the average of the other 5 tax audits was 185 days. Had these tax audits been worked more timely the Department would have had the opportunity to use actual information in their financial reporting as opposed to relying on estimates.

The net effect of the audit results for the 7 tax audits tested would be to increase accounts receivable by \$2 million, and to increase accounts payable for a sales tax refund of approximately \$1 million. The Department did not consider an adjustment necessary for these amounts as they did not consider the effect material to the financial statements. Approximately \$9.5 million of tax refunds payable were also attributable to the tax audits tested. No adjustment was required for the tax refunds payable because of the Department’s year-end estimation and adjustment to refunds payable.

Department personnel noted the Audit Bureau’s Review and Perfection Division had been short staffed for years, resulting in a backlog. It was further noted existing staff from other areas have been temporarily assigned to reduce the backlog and the Department is expecting to fill open positions.

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

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

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

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

As a result of the exceptions noted, the initial GAAP Reporting Packages submitted to the Office of the Comptroller were misstated. In addition, the exceptions noted have the potential to misstate the Department's financial statements. Accurate preparation of the Department's financial information for GAAP and financial reporting purposes is important due to the impact adjustments have on the Statewide financial statements. (Finding Code No. 2014-001, 2013-001, 12-01)

#### **RECOMMENDATION:**

We recommend the Department take steps to improve the review process of the underlying data that helps compile the financial statements. In addition, the Department should work with the appropriate parties to establish an accounting / financial reporting system that is integrated with its operational systems to: 1) reduce errors associated with manual intervention in converting data; and 2) improving upon the timeliness in preparing and reporting required financial information.

#### **DEPARTMENT RESPONSE**

The Department agrees that it should always be taking steps to improve the financial reporting process and the underlying data used to compile the financial statements. The Department recognizes that human error will always be inherent in manual compilation processes and strives to allocate significant resources for the review of financial data in the short time allowed for GAAP financial reporting deadlines. The Department is currently working to convert an antiquated receipt and fund deposit allocation system from DOS

databases and spreadsheets to a GenTax general ledger module. While this is not a full, integrated general ledger needed to calculate and prepare all information for GAAP reporting, this will reduce some of the manual calculation/transposition errors.

The Department will continue to work with the Governor's Office and Illinois Office of the Comptroller to implement a statewide, integrated general ledger system which will further assist in eliminating many manual calculation errors.

## CURRENT FINDINGS – State Compliance

### **2014-002. FINDING** (Controls and safeguards over the processing of taxpayer information)

The Department of Revenue (Department) has not completely implemented controls and safeguards over processing taxpayer information. During fiscal year 2014, the Department processed 18 million tax receipt documents throughout its facilities, totaling \$40 billion.

The Department receives and uses federal tax information (FTI) to verify information contained on various State tax returns; therefore, under the Internal Revenue Service's definition of comingling, the information on the Department's tax processing system (GenTax) related to Business Income Tax (BIT) and Individual Income Tax (IIT) is considered FTI and should be handled as such. FTI includes any return, Revenue Agent's Report, transcript, or any information received on diskette and/or any other electronic transmission of data received from the Internal Revenue Service (IRS). This includes all of the IRS extract files received by the Department. Any detailed information printed or copied or used in any manner, including screen prints and/or detailed reports, with specific taxpayer information from GenTax that includes BIT and/or IIT information should be handled as FTI.

During testing auditors noted instances in which the Department's internal controls to protect taxpayer information contained weaknesses in certain physical safeguards to control access to areas within the Department as well as the storage of taxpayer information. Department staff confirmed to the auditors they were not aware of any specific instances of loss of confidential information due to the identified weaknesses in physical safeguards.

The Department is responsible for ensuring the confidentiality of tax information within its possession. The Department maintains data that is covered by both State and Federal requirements. The State's disclosure statutes are within the Retailers' Occupation Tax Act (35 ILCS 120/11) and the Illinois Income Tax Act (35 ILCS 5/917). The Internal Revenue Code (26 U.S. Code §6103(a)) requires returns and return information shall be confidential and no State officer or employee shall disclose return information for unofficial purposes. Further, the Code defines "return information" as "a taxpayer's identity, the nature, source, or amount of his income, payments, receipts, deductions, exemptions, credits, assets, liabilities, net worth, tax liability, tax withheld, deficiencies, over assessments, or tax payments..."

To address data received from the IRS, the Department developed a definition of what information is considered FTI, which was approved by the Project Manager of the IRS Office of Safeguards. In addition, the Department is required to ensure all tax information is protected in accordance with the Internal Revenue Service's Publication 1075, Tax Information Security Guidelines for Federal, State, and Local Agencies, Safeguards for Protecting Federal Tax Returns and Return Information.

The State statute and IRS Publication 1075 require the Department ensure it safeguards federal tax information from unauthorized disclosure. Specifically, section 4.1 of IRS Publication 1075 states, "Security may be provided for a document, an item, or an area in a number of ways. These include, but are not limited to, locked containers of various types, vaults, locked rooms, locked rooms that have reinforced perimeters, locked buildings, guards, [and] electronic security systems."

The Fiscal Control and Internal Auditing Act (30 ILCS I 0/3001) requires State agencies to establish a system of fiscal and administrative controls to provide assurance that "funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation."

In response to the prior finding, the Department stated they relocated non-IDOR employees to public areas. As funding is available, IDOR continues to implement other physical controls that are consistent with the two-barrier security plan. As new threats to security emerge, the effort to make improvements evolves to meet them. Department management noted that no state meets all the requirements of publication 1075. The IRS expects to see continuous improvements and the Department has ongoing discussions with the IRS to ensure that the Department is meeting its expectations regarding safeguarding data. Department personnel indicated that implementation of the recommendation from the previous finding was not fully accomplished due to lack of time to implement the recommendation and not receiving all the requested funding.

Department personnel stated they continue to make improvements over the areas of protection of taxpayer records. In addition, it was noted they are working with recommendations from their Security Consultant to enact the recommendations as funding becomes available.

The Department has the responsibility to ensure only authorized individuals have access to taxpayer information and taxpayer payments. Failure to completely implement controls and safeguards could result in taxpayer identity theft or unintended use and the misappropriation of taxpayer payments. (Finding Code No. 2014-002, 2013-004, 12-05, 11-06, 10-09)

### **RECOMMENDATION**

We recommend the Department ensure taxpayer information is adequately protected during both business and non-business hours from potential unauthorized access as mandated by State statute and IRS Publication 1075.

### **DEPARTMENT RESPONSE**

The Department accepts the recommendation. Safeguarding taxpayer information is one of the Department's highest priorities. The Department continues to implement compensating controls designed to restrict access to its facilities and taxpayer information. The Department continues to improve in its compliance with State statutes and the IRS Publication 1075.

**2014-003. FINDING** (Weaknesses in controls over sales and use tax receipts)

Auditors noted weaknesses in the Department of Revenue's (Department) internal control over the deposit, allocation, and distribution of receipts from sales and use taxes (Retailers' Occupation Tax or ROT).

During fiscal year 2014, the Department deposited approximately \$13 billion in ROT receipts into the State Treasury. As cash is collected daily, the Department allocates 98% of receipts to various State and local government funds based upon a biannual estimate. For the remaining 2% of receipts, the Department sets aside these collections (2% reserve) in order to have sufficient funds to "true-up" the various local government funds once the ROT returns are perfected and the correct/final local government allocations are known.

The Department's receipt allocation process is a manual paper process involving data amassed from several sources with complex calculations on multiple spreadsheets. It relies on interaction between various areas within the Department that are responsible for portions of the ROT tax deposit and allocation process. The source data needed for the process is partially obtained by two different divisions within the Department and from records from the Office of the State Comptroller. The structure creates additional risk of error and miscommunication.

As a result of these limitations, the cash receipts and revenue associated with the unperfected returns from the 2% reserve are generally recorded in the State's General Fund. Upon perfecting the returns, cash allocations to other governmental and fiduciary funds will be required and could be material. Further, due to the current cash allocation process limiting the accuracy of each individual fund's cash balance at a point in time, it also limits the State Treasurer's ability to accurately allocate interest due to various local government funds.

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

In response to this portion of the finding from the previous engagement, the Department stated using historical averages and the monthly true-up process has been the best available means to allocate receipts until the returns are perfected. The Department stated the longstanding methodology had resulted in accurate distributions to local governments as returns were perfected and needed cash being available in all funds to support the distributions. The Department responded it was planning enhancements to GenTax, which included rewriting the Consolidated Accounting System and developing a general ledger system for reconciling detail return information with deposit information. Regarding the exceptions noted in this engagement, Department personnel stated without legislative approval for significant investments into system upgrades and mandatory electronic filing, the Department lacks the information and system capability to allow for precisely allocating all receipts when they are initially received. The true up of funds is merely a timing issue and the variances to fund balances, including interest allocations, is not deemed material by the Department.

The weaknesses noted in the receipt allocation process, particularly with a manual paper process involving data amassed from several sources with complex calculations on multiple spreadsheets, can result in deposit errors in the State Treasury as well as errors in information used for Statewide financial reporting. (Finding Code No. 2014-003, 2013-006, 12-07, 11-10)

### **RECOMMENDATION**

We recommend the Department integrate the applicable systems from the various areas to reconcile detail return information with deposit information to reduce the reliance on staff to perform the complex calculations on multiple spreadsheets.

### **DEPARTMENT RESPONSE**

The Department accepts the recommendation. The Department is working on enhancements to GenTax which will automate and consolidate this reconciliation process. These enhancements will significantly reduce the reliance on manual workpapers.

**2014-004. FINDING** (Inadequate security controls over GenTax)

The Department of Revenue (Department) continued to lack adequate security controls over the GenTax (State of Illinois enterprise wide tax system) system and data.

The Department utilizes GenTax to carry out its mission as “chief tax collector for the State of Illinois.” GenTax maintains confidential and personal information on all individuals who pay taxes to the State of Illinois.

Since fiscal year 2010, the auditors have noted weaknesses in the controls over the security of GenTax. During the current examination testing, the auditors noted:

- The Department did not have a documented process for the administration of access rights.
- Access rights for individuals who separated employment from the Department were not always timely deactivated. Auditors noted 9 (43%) of 21 separated individuals tested were deactivated from 9 to 969 days after separation.
- For 4 (13%) of 32 individuals with access to GenTax, the Department did not provide documentation to support the required background checks had been completed. Additionally, 3 of these 4 individuals had administrative access right to the computer servers in which the GenTax System and data reside.
- The Department could not provide an explanation as to why 29 (88%) of 33 individuals had access to GenTax and data.
- The Department could not provide documentation authorizing 4 (24%) of 17 individuals access to GenTax.

Department management stated the Department has a process for administration of access rights and deactivation of access to GenTax, but that process is not formally documented.

The Internal Revenue Service’s Publication 1075, Tax Information Security Guidelines for Federal, State, and Local Agencies, Safeguards for Protecting Federal Tax Returns and Return Information, section 9.3.1.1 Access Control Policy and Procedures, states “The agency must:

- a. Develop, document, and disseminate to designated agency officials:
  1. An access control policy that addresses purpose, scope, roles, responsibilities, management commitment, coordination among organizational entities, and compliance and,
  2. Procedures to facilitate the implementation of the access control policy and associated access controls, and
- b. Review and update the current:
  1. Access control policy every three years (or if there is a significant change); and
  2. Access control procedures at least annually.”

Within Publication 1075, Exhibit 10, Data Warehouse Security Requirements, Operational Controls, Personal Security, states “As a rule personnel with access to Federal Tax information shall have a completed background investigation.” Internal Department policies require background checks on all individuals that have access to Department related data. In addition, when a staff member has administrator access to access the entire set of Federal Tax Information records, additional background checks may be determined necessary.

The Department has the responsibility to ensure only authorized individuals have access to taxpayer information. Failure to establish adequate security controls could result in taxpayer identity theft or unintended use. (Finding Code No. 2014-004, 12-11, 10-24)

### **RECOMMENDATION**

The Department should establish a documented process over the administration of GenTax users. Additionally, the Department should maintain documentation of the authorization of access, periodically review the access rights of all users, and timely deactivate separated employee accounts.

In addition, the Department should ensure required background checks are properly and timely completed, including those for individuals with access to GenTax.

### **DEPARTMENT RESPONSE**

The Department accepts the recommendation. The Department will develop and document procedures governing access rights to GenTax and other systems.

**2014-005. FINDING** (Weaknesses over the change management process)

The Department of Revenue (Department) lacked adequate controls over the change management process.

During the audit, the auditors noted the Department had developed standards, processes and procedures to control the change process over the enterprise wide tax system (GenTax); however, the standards were not consistently followed and did not address requirements for approving, testing, documentation and post implementation reviews.

In addition, the auditors tested 30 completed change requests to GenTax, noting:

- Testing documentation was not always maintained,
- Approvals to move the change to the Production environment were not maintained,
- Migration Checklists were not maintained, and
- Requirements to verify changes after the move to the Production environment were not completed.

Additionally, it was noted the Department's programmers had access to the production environment in order to complete changes.

Department officials stated change control standards were not consistently followed due to managerial oversight.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires "All State agencies shall establish and maintain a system, or systems, of internal fiscal and administrative controls, which shall provide assurance that: (3) funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation." In addition, generally accepted information technology guidance endorses the implementation of suitable change management procedures to control changes to computer systems.

Without an effective change management process, poorly designed and tested developments and/or unauthorized changes could be implemented. As a result, data integrity, availability and security could be compromised. During fiscal year 2014, the Department processed over 12.5 million tax returns and received \$41.5 billion in payments from Illinois taxpayers. (Finding Code No. 2014-005, 12-12, 10-24, 09-8, 08-8)

**RECOMMENDATION**

The Department should ensure the change management process is effectively controlled and documented. In addition, the Department should ensure all changes adhere to the Department change control standards.

In addition, the Department should restrict programmer access to all production programs and data. If the Department determines that programmer access is necessary in some situations, it should establish and enforce compensating controls to ensure appropriate management oversight and approval of changes.

**DEPARTMENT RESPONSE**

The Department accepts the recommendation. The Department will work to improve and further define its change management process which will ensure adherence to change control standards and ensure appropriate management oversight.

**2014-006. FINDING** (Lack of disaster contingency planning or testing)

The Department of Revenue (Department) continued to have inadequate planning or testing for the recovery of its applications or data.

The Department carries out its mission as the “chief tax collector” for the State of Illinois through the use of Information Technology. The Department is reliant upon approximately 111 applications in order to support their mission.

The Department’s disaster contingency plans had not been updated and had not been tested to ensure timely recovery of applications and data.

In 2006, the Department contracted with a vendor for the development of the enterprise wide tax system (GenTax). As part of the contract, the vendor was to develop a disaster contingency plan. However, such a plan still has not been developed. During fiscal year 2014, approximately 12.5 million taxpayer returns had been processed through GenTax.

Department personnel stated the applications and data are housed and maintained by the Department of Central Management Services (CMS). Despite ongoing efforts, CMS has not provided the Department with the necessary recovery capabilities to allow it to finalize its disaster recovery plan.

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

The lack of an adequate and tested disaster contingency plan leaves the Department exposed to the possibility of major disruptions of services. A comprehensive test of the plan across all platforms utilized will assist management in identifying weaknesses to ensure recovery procedures are adequate in the event of a disaster. Continuous reviews and tests of plans would help management ensure the plans are appropriately modified, as the Department’s computing environment and disaster recovery needs change. (Finding Code No. 2014-006, 12-13, 10-34, 09-15, 08-10, 07-4, 06-2)

**RECOMMENDATION**

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

**DEPARTMENT RESPONSE**

The Department accepts the recommendation. The Department is working with CMS to update the Disaster Recovery Plan and perform a disaster recovery test.

**2014-007. FINDING** (Issues noted with monitoring taxpayer accounts and refunds)

While testing various areas within the Department of Revenue (Department) auditors identified issues with monitoring refunds to deceased taxpayers as well as documenting reviews of taxpayer accounts in process. In addition, auditors noted a lack of policies and procedures (business rules) related to the Department’s internal offset program.

- Auditors obtained the Department’s records of income tax refunds paid to individuals during fiscal year 2014 and compared them to over 89 million Social Security Administration death records. The testing identified 8,759 individuals which received income tax refunds totaling \$8.4 million. Auditors noted as a result of their testing the Department had not been using the most up-to-date Social Security Administration death record file. While there are legitimate reasons for refunds to taxpayers identified as being deceased, auditors noted approximately 200 questionable refunds which were communicated to the Department for follow-up.

Department management stated due to procurement issues, the contract to obtain the death master file update was not completed timely.

Failure to ensure the most up-to-date death record file is being used increases the risk the Department could overpay or improperly make refund payments to individuals.

- Auditors noted the Department did not have a formal process to document actions taken for the monitoring of indicators placed on taxpayer accounts. The Department places various indicators on taxpayer accounts for a variety of reasons: information has been received and needing to be worked; the account should not be processed further until specific information or activity is completed; etc. During testing of the inventory of taxpayer accounts with such indicators at June 30, auditors noted the number of taxpayer accounts with such indicators had significantly increased over the past three years.

Fiscal Year End:	Number of Taxpayer Accounts with Indicators
2014	66,973
2013	49,768
2012	37,850

During discussion with the Department’s Processing Division, it was noted weekly inventory reports indicating taxpayer information waiting to be worked was produced and provided to management; however, there was no documentation of a formal review and any actions taken based on the review of these reports. In addition, other divisions indicated they did not have processes in place to monitor such account activity in GenTax.

Department management stated although they have processes in place to monitor indicators, these processes are not completely documented nor are they comprehensive enough to track all possible uses for each indicator. The Department failed to update these processes to coincide with its growing dependence on technology.

The delay in timely addressing Taxpayer information can result in the State owing additional interest to the Taxpayer.

- During testing of business income tax accounts, the auditors noted the Department used informal criteria for determining and developing the process of when to offset income tax overpayments against other tax liabilities. The Department had not established written formal business rules for these transactions.

Department management stated business rules were relayed to the programmers during the development of the various implementation phases of GenTax. Modification to the initial business rules are reflected in the change requests (SQRs), which are the official change vehicle for production activity.

The establishment of formal business rules provides a basis for the proper and consistent accounting of the essential transactions of the Department. Failure to establish appropriate rules could result in errors and limits the ability of the Department's management to monitor the Department's activities.

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

Additionally, the Civil Administrative Code of Illinois (20 ILCS 2505//2505-65) allows the Department to exchange information with any state, with any local subdivisions of any state, or with the federal government, that may be deemed necessary to efficient tax administration.

The Illinois Income Tax Act (Act) (35 ILCS 5/909 (a)) allows the Department to, within the applicable period of limitations for a claim for refund, credit the amount of such overpayment, including any interest allowed thereon, against any liability in respect of the tax imposed by the Act, regardless of whether other collection remedies are closed to the Department on the part of the person who made the overpayment and shall refund any such balance to such person. Additionally, the Civil Administrative Code of Illinois (20 ILCS 2505/2505-275) allows the Department, in the case of overpayments of any tax liability arising from an Act administered by the Department, to credit the amount of overpayment and any interest thereon against any final tax liability arising under that or any other Act administered by the Department. (Finding Code No. 2014-007)

## **RECOMMENDATION**

We recommend the Department:

- Obtain and use the most up-to-date death file record to help ensure refunds paid to individuals are appropriate.

- Develop a formal process to document monitoring of taxpayer account activity and actions taken by management to address issues noted.
- Develop and formalize business rules setting forth the Department's process for account offsets across tax types.

**DEPARTMENT RESPONSE**

The Department accepts the recommendation. The Department has processes in place to remain current with the Social Security Administration's death record file. The Department will formalize the procedures to monitor account indicators and the offset process across tax types.

**2014-008. FINDING** (Noncompliance with the Fiscal Control and Internal Auditing Act)

The Department of Revenue's (Department) Office of Internal Audit (OIA) did not comply with the Fiscal Control and Internal Auditing Act (Act) (FCIAA).

Based on auditor testing, OIA did not meet FCIAA coverage for the two year examination period. The Department has recognized and documented in their fiscal year 2013 and fiscal year 2014 Annual Reports that they do not have adequate staffing levels within the OIA to perform the work to be in compliance with the Act.

The OIA Audit Plan for fiscal year 2013 identified 11 high risk audits and projects to be performed during the fiscal year. OIA postponed 4 and cancelled 1 of these, representing 36% of the original budgeted hours scheduled to be performed during fiscal year 2013. Three additional audits and projects were added to the plan during the year, of which 1 was subsequently postponed. The 2 remaining additions replaced 13% of the budgeted hours not used in the original plan.

The OIA Audit Plan for fiscal year 2014 identified 8 high risk audits and projects to be performed during the fiscal year. OIA postponed 2 of these, representing 38% of the original budgeted hours scheduled to be performed during fiscal year 2014. Nine additional audits and projects were added to the plan during the year; however, OIA does not have documentation of the effort and resources utilized to complete these audits and projects.

Furthermore, documentation could not be provided on how the Audit Plan was developed and how the initial population of audits were identified in relation to a risk assessment matrix prepared by the Department.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/2003) requires the internal auditing program include audits of major systems of internal accounting and administrative control be conducted on a periodic basis so that all major systems are reviewed *at least once* (emphasis added) every two years.

The Statewide Accounting Management System (Procedure 02.50.20) identifies and describes the internal fiscal and administrative control objectives associated with eleven major transaction/event cycles commonly found in Illinois State agencies to be used as a guide in identifying appropriate transaction/event cycles and developing internal control objectives for programs and administrative functions that are consistent with the overall objectives and requirements of FCIAA.

Department personnel stated the noncompliance with FCIAA requirements is due to inconsistent leadership of the Internal Audit Division.

Incomplete auditing of all major systems of internal accounting and administrative control increases the risk that significant internal control weaknesses will exist and errors and irregularities may go undetected. (Finding Code No. 2014-008, 12-14)

**RECOMMENDATION**

We recommend the Department devote sufficient resources to develop an effective internal audit program such that all planned audits are performed within the designated time period in accordance with the Act.

**DEPARTMENT RESPONSE**

The Department accepts the recommendation. The Department will strive to develop an effective internal audit program in full compliance with the Fiscal Control and Internal Auditing Act.

**2014-009. FINDING** (Policies and procedures regarding operation of State vehicles not followed)

Auditors noted Department employees did not timely report all accidents involving State/Department vehicles and the Department was not ensuring all personally assigned and pool vehicles were being adequately maintained.

During the engagement period, Department employees were involved in 18 motor vehicle accidents while driving on State business. Auditors noted exceptions concerning 4 of the 18 (22%) accidents as follows:

- Three of 18 (17%) were not reported to the Department's Administrative Services Division of Operational Special Services (OPSS) in accordance with the Department's policy within 48 hours of the accidents, not including weekends and holidays. The accident reports were 1-2 days late.
- One of 18 (6%) accidents was not communicated to the Department of Transportation by the employee.

In order to assist in communicating accidents to the Department of Central Management Services (DCMS) within 7 calendar days, as required by the DCMS Vehicle Guide, the Department has a policy within its Vehicle Policy Manual which requires drivers involved in an accident to complete and submit the Motorist's Report of Illinois Vehicle Accident form (SR-1) and Illinois Motorist Report and Vehicle Accident Questionnaire (OSD-27) to OPSS within 48 hours of the accident, not including weekends and holidays. The DCMS Vehicle Usage program states, "The completed SR-1 should be distributed as follows.... Original: Department of Transportation" (IDOT). Additionally, the SR-1 report instructs drivers to submit the completed form to IDOT. When accidents are not reported internally or to IDOT in a timely manner or at all, the State's ability to settle or defend itself against claims could be impaired.

During testing of maintenance records for 25 vehicles in operation at the Department during the engagement period, auditors noted the following exceptions:

- Tire rotations did not occur for 13 of 25 (52%) vehicles as required. Specifically, 3 had tire rotations under the 10,000 mile requirement, but exceeded the 12 month requirement from 2 to 12 months. Five vehicles had tire rotations within the 12 month requirement, but exceeded the mileage requirement by 1,104 to 8,927 miles. Five vehicles exceeded both the 12 month requirement by 1 to 8 months and the mileage requirements by 5,009 to 17,749 miles.
- Oil changes did not occur as required for 9 of 25 (36%) vehicles. Of these 9 vehicles, 3 vehicles had oil changes within the required time frame but exceeded the mileage requirement by 1,023 to 2,737 miles. Six of the vehicles had oil changes under the mileage requirement but exceeded the time frame by 1 to 8 months.
- Five of 25 (20%) vehicles were missing the approval by the driver certifying costs and mileage in one or more monthly Automotive Cost Report/Vehicle Log.

- One of 25 (4%) vehicles was reported with the incorrect license plate number on the monthly maintenance log.

The Illinois Administrative Code (44 Ill. Adm. Code 5040.400) requires all state-owned or leased vehicles which fall under this Part to undergo regular service and/or repair in order to maintain the vehicles in road worthy, safe, operating condition and appropriate cosmetic condition. Driver should check oil, coolant, and battery water levels (if possible) regularly, such as at each refueling.

Under the DCMS Vehicle Usage Program, effective July 1, 2012, the DCMS policy requires oil changes every 3,000 miles or 6 months on model year 2002 and older passenger vehicles and every 5,000 miles or 6 months on model year 2003 and newer passenger vehicles and tire rotation every second oil change. Furthermore, the Department's Vehicle Policy Manual requires all automotive cost reports and vehicle logs to be filled out completely and accurately at the end of each month and submitted to OPSS by the seventh working day of the following month. Within the instructions for the cost report and vehicle log, the traveler must type their full name in the signature line. Above the signature line on the form it states: 'I certify that the information contained on the Automotive Cost Report/Vehicle Log is correct and all miles driven for this reporting period were done conducting official State of Illinois business. I certify that I hold a valid driver's license and vehicle liability insurance in at least the minimum amounts as required by law. I have read and understand the responsibilities of the Vehicle policy and this form.'

In response to this finding from the previous engagement, the Department stated it would continue to inform drivers of the accident reporting obligations under the applicable procedures and stress to all drivers that maintaining the vehicles is a priority. Related to the accident reporting exceptions noted in the current engagement, Department personnel stated the accidents not reported within 48 hours were due to oversight and the accident not reported to IDOT was due to an old form with an incorrect address being used. In addition, Department personnel stated the current engagement period vehicle maintenance exceptions were due to oversight and a lack of documentation by DCMS for work completed.

Failure to adequately maintain vehicles can cost the State significant amounts in future years through additional repair bills and shortened useful lives for vehicles. Complete and accurate information, including the certification from the driver indicating the costs were accurate, is critical to effectively manage the Department's fleet of vehicles. (Finding Code No. 2014-009, 12-15)

### **RECOMMENDATION**

We recommend the Department annually send a formal notice to those employees whose jobs involve travel to remind them of the requirement and importance of filing internally and externally required accident reports in a timely manner. In addition, we recommend the Department enforce vehicle maintenance schedules.

## **DEPARTMENT RESPONSE**

The Department accepts the recommendation. The Department will continue to remind drivers of the requirements of the Vehicle Policy, and will improve documentation of maintenance services.

**2014-010. FINDING** (Exceptions in testing payroll, timekeeping and personnel)

The Department of Revenue (Department) did not ensure all required processes were followed and required forms and documents were completed and/or retained in the administration of their payroll and timekeeping functions.

During testing, auditors noted:

- The Department did not perform employee performance evaluations as required.

Auditors tested the evaluations required for 40 employees during the engagement period. For these employees, 84 total evaluations should have been performed during the engagement period, which includes the applicable annual and probationary evaluations. Of the 84 evaluations tested, the auditors noted:

- Thirty-seven annual evaluations (44%) were not completed within 30 days of evaluation period end. The delinquencies ranged from 31 to 532 days late.
- Two probationary evaluations (2%) were not signed by the employees within 30 days of evaluation period end. The delinquencies were 395 and 410 days late.
- Four (5%) evaluations were not on file and available for review.
- One evaluation (1%) for fiscal year 2013 was completed on March 4, 2013, 119 days before the evaluation period ended on June 30, 2013. It was also noted the evaluation period immediately before, July 1, 2011 through June 30, 2012, was signed on the same date as the fiscal year 2013 evaluation.

The Department's Policy Handbook states that new employees will be on a probationary six-month period, during which they will have 2 evaluations; 1 at the midpoint of the 6 month period and one 2 weeks prior to the end of the probationary period. Employees who have been promoted or transferred are put on a 4 month probationary period, during which they are evaluated twice, once at the midpoint and once during the final month of the probationary period. Certified employees are evaluated annually, this year long evaluation period begins the day the employee starts work, their creditable service date.

Department personnel stated they were unable to complete the evaluations within 30 days due to the lack of staff and resources required the Department to prioritize demands.

- Department personnel did not complete required overtime approval forms correctly.

The Department's Overtime Approval Policy states that an Overtime Report Form should be completed and signed by both employee and supervisor prior to working overtime. The actual hours should be signed by supervisor and employee after being worked. The Department implemented the eTime system as of September 3, 2012, replacing the paper process allowing employees to enter their time requests into the system electronically. eTime is a web-based, real-time application which allows management and employees to manage and account for their time and attendance. eTime interfaces with the Central Time and Attendance System (CTAS) in order to transfer attendance records. Using eTime, an employee first has to submit an overtime pre-approval request estimating the number of overtime hours they expect to use during a pay period. This request goes to the employee's supervisor for approval or denial. The request must be approved before any overtime hours are worked and the employee cannot submit more hours than the pre-approval was submitted for. After the employee works overtime during that pay period they will submit an actual overtime worked report containing the date and number of overtime hours used for each instance of overtime.

The Department paid \$685,632 during fiscal year 2013 and \$670,277 during fiscal year 2014 to employees for overtime.

During testing of 40 employees who worked overtime, auditors noted exceptions pertaining to 16 of the 40 employees tested:

- One or more timesheets were not provided to the auditors for 3 (8%) employees.
- One or more Overtime Report Forms could not be located for 2 (5%) employees.
- One Overtime Report Form included actual hours worked but was signed by the employee and supervisor prior to the overtime being worked for 1 (3%) employee.
- One or more overtime requests were submitted and/or approved 1 to 7 days after the overtime was worked for 10 (25%) employees.

Department personnel stated requests for overtime did not always include documentation of verbal approval or identify overtime as an emergency due to oversight.

- Auditors noted exceptions in testing the Department's timekeeping records, exceptions were noted with 21 of 40 (53%) employees tested, with multiple exceptions noted regarding some employees.
  - Twelve (30%) CTAS reports were signed 1 to 295 days late by the Timekeeper, Employee and/or Division Manager.
  - Two (5%) employees had Employee Leave Requests submitted 15 and 269 days late.

- One (3%) employee had an Employee Leave Request that was missing the signature and date of the Supervisor.
- Two (5%) CTAS reports were missing both the signature and date of the Timekeeper, Employee and/or Division Manager.
- One (3%) CTAS report did not show the proper amount of leave time taken.
- Three (8%) CTAS reports could not be located.
- One (3%) employee signed in on the time sheet 2.5 hours after her shift began and no Request for Leave was submitted.
- One (3%) employee did not properly complete his time sheet. He failed to sign out on one day of the tested pay period.

The Department's Time and Attendance Policy states that any time an employee is absent or not working part of their scheduled hours, they are required to complete a Request for Leave form, which must be approved by the employee and the Program Administrator or their designee. When an employee calls in to their supervisor requesting time off, the employee is responsible for filling out the Request for Leave form and giving it to their supervisor within 2 days of their return to work. As stated earlier, the Department began utilizing eTime as of September 3, 2012. eTime allows Department employees to enter their time requests directly into the eTime system electronically.

Department personnel stated the noted exceptions were due to human error and lack of a Department policy specifying the exact number of days for CTAS reports to be signed and returned to timekeepers.

- In testing various areas, auditors perform procedures to determine the Department's controls over access, physical and computer, as well as over State property are functioning when employees separate from the Department. Auditors made requests to the Department for a listing of employees that had separated from, were no longer working for, the Department. Auditors received 4 different reports. After auditor review, each report provided either contained individuals that were still employed by the Department, or omitted individuals known to have separated from the Department. Auditors were able to perform testing, by gathering the needed information from all the reports. The Department should be able to efficiently and effectively produce one report of employees' separated from the Department.

Department personnel stated Department staff misunderstood the auditor's requests.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls, which shall provide assurances that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation.

In response to this finding from the previous engagement, the Department stated it would continue to inform managers and supervisors of evaluations due and also remind timekeepers, employees, and managers that all CTAS reports must be signed, as required by timekeeping policy. The Department stated the issues noted by the auditors in the previous engagement were more form over substance. Finally, the Department responded that the new eTime paperless system it was preparing to transition to in fiscal year 2013 should mitigate the issues noted by the auditors as the records for leave requests and overtime would be paperless, the system would be integrated into CTAS, and all records electronically maintained.

Performance evaluations are a systematic and uniform approach used for the development of employees and communication of performance expectations to employees. Performance evaluations should serve as the foundation for salary adjustments, promotions, demotions, discharges, layoffs, recalls, and reinstatement decisions. Failure to ensure overtime requests are properly documented and approved in advance undermines accountability controls and may result in unnecessary personal service expenditures. Failure to properly record benefit time in and allowing employees paid leave without proper documentation could result in payments to individuals not entitled to the benefit and is not in compliance with State policy. Not being able to efficiently and effectively provide personnel related reports on separations can lead to lapses in cancelling access or securing State property of separated employees. (Finding Code No. 2014-010, 12-17, 10-36, 09-18, 08-13, 07-07)

### **RECOMMENDATION**

We recommend the Department ensure employee performance evaluations are performed in a timely manner. In addition, we recommend the Department maintain accurate and approved overtime and leave records for all employees.

### **DEPARTMENT RESPONSE**

The Department accepts the recommendation. The Department will work to further automate the notification process for employee performance evaluations. The Department will redouble its efforts to develop more accurate and timely overtime and leave records.

**2014-011. FINDING** (Noncompliance with the State Employment Records Act)

The Department of Revenue (Department) included inaccurate information in its “Agency Workforce Report” filed for fiscal years 2012 and 2013.

The “Agency Workforce Reports” filed for fiscal years 2012 and 2013 incorrectly included all union employees as contractual employees under the rationale that union employees were covered by a contract. Based on the definition of contractual services employee found in the State Employment Records Act (5 ILCS 410/10(a)), this is not a correct categorization. The Department discovered this error during its preparation of the 2014 “Agency Workforce Report.” At the time of concluding the testing of this area, the Department had not submitted amended reports for 2012 and 2013 to the Illinois Office of the Secretary of State or the Governor’s Office.

The State Employment Records Act (5 ILCS 410/1 et seq.) requires State agencies to annually report to the Office of the Secretary of State and the Governor’s Office the number of minorities, women, and physically disabled persons along with the related salary and statistical information to provide State officials and administrators with the information to help guide efforts to achieve a more diversified workforce. The Illinois State Auditing Act (30 ILCS 5/3-2.2) states if the Auditor General determines that a State agency has materially failed to comply with the requirements of the State Employment Records Act, the State agency, within 30 days after the release of the audit by the Auditor General, shall prepare and file with the Governor and the Office of the Secretary of State corrected reports covering the periods affected by the noncompliance.

Department management stated former staff of the Department incorrectly interpreted “contractual employee” without consulting the Department’s legal division on the proper interpretation. Upon the former staff’s departure, the legal division found this mistake while completing the 2014 report and corrected it going forward.

The data contained in the “Agency Workforce Report” is important to the State’s efforts in achieving a diversified workforce. Failure to accurately prepare the report results in noncompliance with the State Employment Records Act. (Finding Code No. 2014-011)

**RECOMMENDATION**

We recommend the Department submit a corrected “Agency Workforce Report” for 2012 and 2013. In addition, we recommend the Department ensure those preparing the “Agency Workforce Report” understand the definitions of each workforce category according to the interpretation outlined in the State Employment Records Act.

**DEPARTMENT RESPONSE**

The Department accepts the recommendation. The Department will correct the aforementioned Agency Workforce Reports and ensure that those responsible for preparing the Reports understand the definitions of each workforce category.

**2014-012. FINDING** (Noncompliance with Statutory Mandates and Memorandum of Understanding)

The Department of Revenue (Department) did not comply with various statutory mandates and a Memorandum of Understanding.

During testing auditors noted the following:

- The Department did not use updated information and distributed payments from the Tennessee Valley Authority Local Trust Fund based upon the same percentages used in prior years without adjusting for changes in book value in fiscal years 2013 or 2014. The failure to adjust for the changes in book value within the distribution percentages caused underpayments and overpayments to certain counties as noted below.

<b>County</b>	<b>Fiscal Year 2013 Over (Under) Payment</b>	<b>Fiscal Year 2014 Over (Under) Payment</b>
Franklin	\$ (347)	\$ (451)
Hamilton	1,748	1,936
Jefferson	(1,401)	(1,485)
Total	\$ -	\$ -

The Tennessee Valley Authority Payment Act (30 ILCS 250/1) (Act) states the payment to each county shall bear the same proportion to the total amount to be divided as the book value of Tennessee Valley Authority property in such county bears to the net book value of the Tennessee Valley Authority property in all counties eligible to receive a share of the amount to be divided. Such distributions to the counties shall be made as soon as possible after October 1 of each year. Book values shall be determined as of the immediately preceding calendar year.

Department personnel stated the Tennessee Valley Authority did not send information regarding the book values for each county during fiscal years 2013 or 2014. These documents were only provided to the Department after the auditor's request.

- Three of 28 (11%) International Fuel Tax Agreement (IFTA) payments tested were not certified to the Comptroller by the 15<sup>th</sup> day of the month. These late payments ranged from 5 to 8 days after the 15<sup>th</sup> of the month.

According to the Motor Fuel Tax Law (35 ILCS 505/8(d)(6)), payment of motor fuel use taxes due to member jurisdictions under the terms of the International Fuel Tax Agreement (IFTA) shall be certified to the Comptroller by the 15<sup>th</sup> day of each month.

The Department stated the delays in certification were an oversight.

- The Department's Unified Economic Development Budget (UEDB) submission to the General Assembly and the Department of Commerce and Economic Opportunity (DCEO) was not completed properly. The Department reported the aggregate amount of uncollected or diverted State tax revenues filed during a fiscal year; however, the Department was required to report detailed information for the preceding fiscal year. The Department completed the submission of the report on September 27, 2013 using data for returns filed during fiscal year 2011. The report due on September 30, 2013 should have used data for returns filed during fiscal year 2013.

The Corporate Accountability for Tax Expenditures Act (20 ILCS 715/10) (Act) requires the Department to submit an annual UEDB to the General Assembly and the DCEO by September 30, detailing the aggregate amount of uncollected or diverted State tax revenues resulting from each type of development assistance provided in the tax statutes, as reported on tax returns filed during the preceding year.

The Department stated the operational capabilities of the Department, i.e. filing dates, are limited by the timing of when taxpayers file tax returns, and the fiscal year data needed to comply with the statute is not yet available by the due date of the report.

- The Department has a Memorandum of Understanding (MOU) with the Illinois Housing Development Authority (IHDA) which sets forth the requirements for the distribution of funds from the Federal HOME Investment Trust Fund.

During testing of distributions from the Federal HOME Investment Trust Fund, auditors noted the Department failed to conduct the legal review in a timely manner for 9 of 25 (36%) payments tested. The exceptions ranged from 3 to 37 days late. In addition, the Department failed to timely submit a Contractual Obligation Document (COD) to the Illinois Office of the Comptroller for 3 of 25 (12%) payments tested. The exceptions ranged from 10 to 51 days late.

The MOU between the Department and IHDA states the Department will conduct a legal review of the documentation for compliance with State statute within 7 calendar days of receipt of complete documentation and the Department will prepare a COD from the information for submission to the Illinois Office of the Comptroller within 5 calendar days.

The Department stated the exceptions were due to oversight and lack of staff.

By not performing statutorily mandated requirements the Department is failing to address the concerns and issues that the legislature considered important. In addition, failure to comply with requirements set forth in the Memorandum of Understanding between the Department and IHDA resulted in late reviews and delayed the process for distributions out of the Federal HOME Investment Trust Fund. (Finding Code No. 2014-012)

## **RECOMMENDATION**

We recommend the Department comply with the statutory requirements or seek a legislative remedy as appropriate. We also recommend the Department devote the resources to ensure the legal reviews and COD submissions are performed within the time parameters outlined within the Memorandum of Understanding it has with the IHDA.

## **DEPARTMENT RESPONSE**

The Department accepts the recommendation. The Department will strive to comply more fully with the statutory requirements for the Tennessee Valley Authority, IFTA, and IHDA. The Department will again seek a legislative remedy for UEDB.

**2014-013. FINDING** (Noncompliance with the Charitable Games Act and Pull Tabs and Jar Games Act)

The Department of Revenue (Department) failed to comply with statutory requirements set forth in the Charitable Games Act and the Pull Tabs and Jar Games Act.

During testing of disbursements from the Illinois Gaming Law Enforcement Fund in fiscal year 2013, auditors noted the Department issued payments for the correct number of licenses for pull tabs and jar games, but incorrectly used the fiscal year 2012 rate per license causing a total underpayment of \$88,475 to the Illinois Gaming Law Enforcement Fund. In addition, the Department incorrectly used both the fiscal year 2012 number of and rate per licenses for charitable games causing a net overpayment of \$24,702 to the Illinois Gaming Law Enforcement Fund.

In order to correct the fiscal year 2013 underpayments made for pull tabs and jar games, the Department cancelled incorrect warrants, offset payments and issued supplemental vouchers in fiscal year 2014 totaling \$89,475. In order to correct some of the fiscal year 2013 overpayments made for charitable games, the Department cancelled incorrect warrants, recovered some amounts from municipalities, and offset distributions/payments in fiscal year 2014 totaling \$5,269. Upon further review of the Department's errors, auditors identified total underpayments of \$2,552 and total overpayments of \$21,985 still to be recovered by the Department from multiple municipalities, for a net overpayment due to the Department of \$19,433.

According to the Charitable Games Act (230 ILCS 30/14(b)) and Illinois Pull Tabs and Jar Games Act (230 ILCS 20/5(b)), the amount of a grant to counties or municipalities shall bear the same ratio to the total amount of grants made as the number of licenses issued in counties or municipalities bears to the total number of licenses issued in the State. In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls, which shall provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

The Department stated the calculation of distributions is a manual process and the mistakes were the result of human error.

Failure to comply with the Charitable Games Act and the Illinois Pull Tabs and Jar Games Act resulted in incorrect distribution of funds to various municipalities and counties and noncompliance with State statute. (Finding Code No. 2014-013)

**RECOMMENDATION**

We recommend the Department develop and implement oversight procedures for these payments in order to identify errors prior to the distributions.

## **DEPARTMENT RESPONSE**

The Department accepts the recommendation. These distributions and the related calculations will be incorporated into the next GenTax system rollout. This measure will allow the Department to better prevent and detect errors prior to distributions.

**2014-014. FINDING** (Inadequate computer security controls)

The Department of Revenue (Department) did not maintain adequate security control over the Information Technology environment.

In order to carry out its mission as “chief tax collector for the State of Illinois”, the Department makes significant use of Information Technology, where they maintain confidential and sensitive taxpayer information.

During testing, the auditors noted the following issues:

- Inadequate protection over transmitted information.
- Lack of protection over the Department’s backups.
- Lack of completing a risk assessment of its computing environment.
- Lack of a security policy.

The Internal Revenue Service’s Publication 1075, Tax Information Security Guidelines for Federal, State, and Local Agencies, Safeguards for Protecting Federal Tax Returns and Return Information, sections 4.5, 4.7.2 and 7.1.2 require the Department to protect Federal Tax Information through the use of encryption. Additionally, the Personal Information Protection Act (815 ILCS 530) requires that entities identify and protect all nonpublic personal information.

Department management stated they believed the regularly conducted vulnerability scans performed by the Department of Central Management Services (CMS) on behalf of the Department were adequate.

The Department has the responsibility to ensure that confidential information is protected from accidental or unauthorized disclosure. (Finding Code No. 2014-014)

**RECOMMENDATION**

The Department should ensure all taxpayer information is properly protected as required by federal and State law. Additionally, we recommend the Department implement a security policy and perform a risk assessment to evaluate its computer environment and data that is maintained.

**DEPARTMENT RESPONSE**

The Department accepts the recommendation. The Department will finalize and implement the Security Policy.

## PRIOR FINDINGS NOT REPEATED

A. **FINDING** (Taxpayer information pending finalization)

The prior engagement noted the Department sustained a level of inventory of Business Income Tax (BIT) and Withholding Income Tax (WIT) taxpayer information to be finalized.

During the current engagement, auditors noted the Department has decreased their level of inventory of BIT and WIT taxpayer information to be finalized. The Department also developed a methodology for estimating the valid receivable amount of partially processed returns. As a result, the prior finding is not repeated. (Finding Code No. 2013-002, 12-02, 11-01)

B. **FINDING** (Internal control reviews of external service providers not obtained or performed)

The prior engagement noted the Department did not obtain or perform internal control reviews of external service providers used to data enter tax returns and process mail.

During the current engagement, auditors noted the Department's Internal Audit division performed internal control reviews of external service providers used to data enter tax returns and process mail. As a result, the prior finding is not repeated. (Finding Code No. 2013-003, 12-03, 11-03, 10-06, 09-13)

C. **FINDING** (Conflict in provisions of the Illinois Income Tax Act and State Revenue Sharing Act)

The prior engagement noted conflicts existed with provisions of the State Revenue Sharing Act (30 ILCS 115) and the Illinois Income Tax Act (35 ILCS 5/901), as both of these Acts were impacted by the passage of Public Act 096-1496, the Taxpayer Accountability and Budget Stabilization Act.

During the current engagement, auditors noted the State Revenue Sharing Act was amended by Public Act 98-1052 to reflect the new percentages transferred to the Local Government Distributive Fund in the Illinois Income Tax Act. As a result, the prior finding is not repeated. (Finding Code No. 2013-005, 12-06, 11-09)

D. **FINDING** (Project management weakness in the development of GenTax)

During the prior engagement, the Department continued to have problems with the controls over the development and project management of the multi-million dollar enterprise-wide tax system (GenTax).

During the current engagement, the Department enhanced their controls over development efforts and project management of GenTax. As a result, the prior finding is not repeated. (Finding Code No. 12-10, 10-22, 09-7, 08-8)

E. **FINDING** (Weaknesses in internal controls noted in cash accounts)

During the prior engagement, the internal controls used to administer two Department cash accounts were inadequate.

During the current engagement, testing performed by the auditors indicated progress was made by the Department in addressing the issues noted in the prior year finding. The Department implemented several new procedures and demonstrated improvement related to the specific cash accounts. This finding has been moved to the Department's Report of Immaterial Findings. (Finding Code No. 12-16)

F. **FINDING** (Noncompliance with specific provisions of the Hotel Operators' Occupation Tax Act)

During the prior engagement, the Department of Revenue (Department) did not comply with specific provisions of the Hotel Operators' Occupation Tax Act (35 ILCS 145/6) (Act).

During the current engagement, auditors noted the Department developed new procedures and deposited the statutorily correct amount into the Illinois Sports Facilities Fund during fiscal year 2014 as required by the Act. As a result, the prior finding is not repeated. (Finding Code No. 12-18, 11-07, 10-11)

G. **FINDING** (Noncompliance with statutory transfer limitations)

During the prior engagement, the Department of Revenue (Department) exceeded statutory limitations for transfers into the Tourism Promotion Fund (0763).

During the current engagement, auditors noted the provisions of the Illinois Promotion Act (20 ILCS 665/4a) did not provide for a ceiling concerning the amount transferred from the General Revenue Fund to the Tourism Promotion Fund for fiscal years 2013 or fiscal 2014. As a result, the prior finding is not repeated. (Finding Code No. 12-19)

H. **FINDING** (Weaknesses in controls over the tire user fee)

During the prior engagement, the Department failed to comply with the requirements of the Environmental Protection Act regarding the tire user fee, resulting in errors on taxpayer accounts and inaccurate fund deposits and statutory transfers, and related financial reporting.

During the current engagement, testing performed by the auditors indicated progress was made by the Department in addressing the issues noted in the prior year finding. The Department implemented controls over the allocation of the tire user fees. Additionally, the Department implemented several changes to GenTax, correcting the errors on taxpayer accounts and inaccurate fund deposits. This finding has been moved to the Department's Report of Immaterial Findings. (Finding Code No. 12-20)

I. **FINDING** (Information not provided to auditors)

During the prior engagement, the Department's former Division of Lottery, now the Illinois Department of the Lottery, could not provide all fiscal year 2011 information requested by the auditors.

The Division of Lottery under the Department of Revenue became a separate Department effective October 15, 2011, therefore, the Department of Revenue no longer had access to the records requested during a portion of the previous engagement. During the current engagement, the Department cooperated with all requests made by the auditors. As a result, the prior finding is not repeated (Finding Code No. 12-21)

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
FINANCIAL AUDIT  
For the Year Ended June 30, 2014  
AND COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2014

**FINANCIAL STATEMENT REPORT**

**SUMMARY**

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

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

**SUMMARY OF FINDINGS**

The auditors identified matters involving the Department's internal control over financial reporting that they considered to be a material weakness. The material weaknesses is described in the accompanying Schedule of Findings on pages 16-21 of this report as item:

2014-001 Inaccuracies in the Department's year-end financial reporting process

**EXIT CONFERENCE**

The finding and recommendation appearing in this report was discussed with Department personnel and the Department waived an exit conference. The response to the recommendation was provided by Angela Oxley, Program Administrator, Administrative Services, in correspondence dated February 6, 2015.

## INDEPENDENT AUDITOR'S REPORT

Honorable William G. Holland  
Auditor General  
State of Illinois

### **Report on the Financial Statements**

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the State of Illinois, Department of Revenue (the Department), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information for the Department, as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 2, the financial statements of the Department are intended to present the financial position and changes in financial position of only that portion of the governmental activities, each major fund, and the aggregate remaining fund information of the State that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the State of Illinois as of June 30, 2014, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 11, the Department has the following significant fund deficits as of June 30, 2014: General Revenue Fund \$1.643 billion and Personal Property Tax Replacement Fund (non-major special revenue fund) \$182 million. The Department's plan to eliminate these deficits is highly dependent on the collection and allocation of future State revenues to the Department.

As discussed in Note 2, the Department adopted Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities* during the year ended June 30, 2014. Statement No. 65 changed the classifications of certain items on the statement of net position and the balance sheet – governmental funds. The adoption of this statement had no effect on any of the Department's net positions or fund balances for the year ended June 30, 2014.

As described in Note 14 to the financial statements, the Department restated its net assets and income tax revenue in its governmental activities to reflect the understatement of the prior year income tax receivable balance. This restatement totaled \$122 million. The Department also restated its net assets and income tax revenue in the General Fund and the nonmajor funds to reflect the misstatement of unearned revenue. The restatement totaled \$24 million. Our opinion is not modified with respect to that matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Management has omitted management's discussion and analysis and budgetary comparison information for any of its funds that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental

Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

#### *Other Information*

Our audit for the year ended June 30, 2014 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department's basic financial statements. The accompanying supplementary information in the combining General Fund schedules and nonmajor funds and Agency fund financial statements and schedules, the State Compliance Schedules 1 through 12 and the Analysis of Operations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information for the year ended June 30, 2014, in the combining General Fund schedules and nonmajor funds and Agency fund financial statements and schedules and the State Compliance Schedules 1 and 3 through 12 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The accompanying supplementary information for the year ended June 30, 2014, in the combining General Fund schedules and nonmajor and Agency fund financial statements and schedules and the State Compliance Schedules 1 and 3 through 12 have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information for the year ended June 30, 2014, in the combining General Fund schedules and nonmajor funds and Agency fund financial statements and schedules and the State Compliance Schedules 1 and 3 through 12, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the Department's basic financial statements as of and for the year ended June 30, 2012 (not presented herein), and have issued our report thereon dated May 29, 2013, which contained an unmodified opinion on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. The accompanying supplementary information for the year ended June 30, 2012 in Schedules 3 through 9 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2012 financial statements. The accompanying supplementary information for the year ended June 30, 2012 in Schedules 3 through 9 has been subjected to the auditing procedures applied in the audit of the June 30, 2012 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information for the year ended June 30, 2012 in Schedules 3 through 9 is fairly stated in all material respects in relation to the basic financial statements as a whole from which it has been derived.

The accompanying supplementary information for the year ended June 30, 2013 in the State Compliance Schedules 2 through 12 and the Analysis of Operations Section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2015 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

### **Restricted Use of this Auditor's Report**

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

*Sikich LLP*

Springfield, Illinois

February 10, 2015, except for State Compliance Schedules

1, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12 for which the date is

May 14, 2015

**State of Illinois**  
**Department of Revenue**

**Statement of Net Position**

June 30, 2014 (Expressed in Thousands)

	<b>Governmental Activities</b>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	
Unexpended appropriations	\$ 14,496
Cash and cash equivalents	1,266,936
Securities lending collateral equity with State Treasurer	70,062
Taxes receivable, net	1,584,233
Intergovernmental receivables	925
Other receivables, net of allowance of \$269	17,338
Due from State funds	534
Loans and notes receivable, long-term	42,393
Due from State of Illinois component units	348,550
Inventories	557
Capital assets being depreciated/amortized, net	20,247
<b>Total assets and deferred outflows of resources</b>	<b><u>3,366,271</u></b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	
Accounts payable and accrued liabilities	376,020
Income tax refunds payable	1,267,403
Intergovernmental payables	1,169,944
Obligations under securities lending of State Treasurer	70,062
Due to Department fiduciary funds	75,080
Due to other State fiduciary funds	695
Due to other State funds	462,344
Due to State of Illinois component units	15,824
Unearned revenue	771,355
Long-term obligations:	
Portion due or payable within one year	1,300
Portion due or payable after one year	12,116
<b>Total liabilities and deferred inflows of resources</b>	<b><u>4,222,143</u></b>
<b>NET POSITION</b>	
Invested in capital assets	20,247
Restricted - other	27,014
Unrestricted	(903,133)
<b>Total net position</b>	<b><u>\$ (855,872)</u></b>

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

**State of Illinois**  
**Department of Revenue**  
**Statement of Activities**

For the Year Ended June 30, 2014 (Expressed in Thousands)

Functions/Programs	Program Revenues		Expenses	Net (Expense) Revenues and Changes in Net Position
	Charges for Services	Operating Grants and Contributions		
<b>Governmental activities</b>				
General government	\$ 242,878	\$ 574	\$ (193,403)	
Health and social services	13,075	-	(13,075)	
Employment and economic development	5,000	-	(5,000)	
Environment and business regulation	7,945	-	(7,945)	
Intergovernmental-revenue sharing	5,005,768	-	(5,005,768)	
Total governmental activities	<u>\$ 5,274,666</u>	<u>\$ 574</u>	<u>\$ (5,225,191)</u>	

**General revenues**

Taxes:	
Income taxes	20,990,442
Sales taxes	10,396,226
Motor fuel taxes	1,272,818
Public utility taxes	1,386,660
Other taxes	962,042
Interest and investment income	4,972
Other revenues (expenses)	39,980
Appropriations from State resources	185,364
Lapsed appropriations	(13,107)
Receipts collected and transmitted to State Treasury	(29,552,044)
Amount of SAMS transfers-in	(3,041,287)
Amount of SAMS transfers-out	1,773,491
<b>Transfers-in</b>	668,739
<b>Transfers-out</b>	<u>(356,660)</u>
Total general revenues and transfers	<u>4,717,636</u>

Change in net position

Net position, July 1, 2013 (as restated)

Net position June 30, 2014

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

**State of Illinois**  
**Department of Revenue**

**Balance Sheet -**  
**Governmental Funds**

June 30, 2014 (Expressed in Thousands)

	<u>General Fund</u>	<u>Nonmajor funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
Unexpended appropriations	\$ 8,836	\$ 5,660	\$ 14,496
Cash and cash equivalents	451,548	815,388	1,266,936
Securities lending collateral equity with State Treasurer	-	70,062	70,062
Taxes receivables, net	1,211,455	372,778	1,584,233
Intergovernmental receivables	807	118	925
Other receivables, net of allowance of \$269	-	17,338	17,338
Due from other Department funds	127,789	450,975	578,764
Due from other State funds	-	534	534
Loans and notes receivable, long-term	-	42,393	42,393
Due from State of Illinois component units	-	348,550	348,550
Inventories	557	-	557
<b>Total assets and deferred outflows of resources</b>	<u>\$ 1,800,992</u>	<u>\$ 2,123,796</u>	<u>\$ 3,924,788</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 296,504	\$ 79,516	\$ 376,020
Income tax refunds payable	1,267,403	-	1,267,403
Intergovernmental payables	19,805	1,150,139	1,169,944
Obligations under securities lending of State Treasurer	-	70,062	70,062
Due to other Department fiduciary funds	41,190	33,890	75,080
Due to other State fiduciary funds	-	695	695
Due to other Department funds	449,046	129,718	578,764
Due to other State funds	460,433	1,911	462,344
Due to State of Illinois component units	70	15,754	15,824
Unearned revenue	610,600	160,755	771,355
<b>Total liabilities</b>	<u>3,145,051</u>	<u>1,642,440</u>	<u>4,787,491</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	299,346	37,762	337,108
<b>Total deferred inflows of resources</b>	<u>299,346</u>	<u>37,762</u>	<u>337,108</u>
<b>Total liabilities and deferred inflows of resources</b>	<u>3,444,397</u>	<u>1,680,202</u>	<u>5,124,599</u>
<b>FUND BALANCES (DEFICITS)</b>			
Nonspendable (Inventories)	557	-	557
Restricted	-	26,457	26,457
Committed	121,158	599,922	721,080
Unassigned	(1,765,120)	(182,785)	(1,947,905)
<b>Total fund balances (deficits)</b>	<u>(1,643,405)</u>	<u>443,594</u>	<u>(1,199,811)</u>
<b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b>	<u>\$ 1,800,992</u>	<u>\$ 2,123,796</u>	<u>\$ 3,924,788</u>

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

**State of Illinois**  
**Department of Revenue**  
**Reconciliation of Governmental Funds Balance Sheet**  
**to Statement of Net Position**  
**June 30, 2014**  
**(Expressed in Thousands)**

<b>Total fund balances-governmental funds</b>	<b>\$ (1,199,811)</b>
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	20,247
Revenues in the Statement of Activities that do not provide current financial resources are deferred in the funds.	337,108
Some liabilities reported in the Statement of Net Position do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds. These activities consist of:	
Compensated absences	<u>(13,416)</u>
<b>Net position of governmental activities</b>	<u><u>\$ (855,872)</u></u>

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

**State of Illinois**  
**Department of Revenue**

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

For the Year Ended June 30, 2014 (Expressed in Thousands)

	General Fund	Nonmajor funds	Total Governmental Funds
<b>REVENUES</b>			
Federal operating grants	\$ -	\$ 574	\$ 574
Income taxes	18,452,477	2,494,586	20,947,063
Sales taxes	7,543,158	2,870,593	10,413,751
Motor fuel taxes	-	1,273,009	1,273,009
Public utility taxes	997,555	389,059	1,386,614
Other taxes	668,122	293,907	962,029
Licenses and fees	6,883	38,395	45,278
Other charges for services	-	3,514	3,514
Interest and other investment income	-	3,870	3,870
Other	7,554	32,426	39,980
<b>Total revenues</b>	<u>27,675,749</u>	<u>7,399,933</u>	<u>35,075,682</u>
<b>EXPENDITURES</b>			
General government	64,381	175,903	240,284
Health and social services	-	13,075	13,075
Employment and economic development	5,000	-	5,000
Environment and business regulation	-	7,945	7,945
Intergovernmental	-	5,005,768	5,005,768
Capital outlays	2,531	950	3,481
<b>Total expenditures</b>	<u>71,912</u>	<u>5,203,641</u>	<u>5,275,553</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>27,603,837</u>	<u>2,196,292</u>	<u>29,800,129</u>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>			
Appropriations from State resources	111,188	74,176	185,364
Lapsed appropriations	(1,834)	(11,273)	(13,107)
Receipts collected and transmitted to State Treasury	(27,384,733)	(2,167,311)	(29,552,044)
Amount of SAMS transfers-in	(3,003,487)	(37,800)	(3,041,287)
Amount of SAMS transfers-out	1,772,801	690	1,773,491
Transfers-in	787,634	38,432	826,066
Transfers-out	(415,975)	(98,012)	(513,987)
<b>Net other sources (uses) of financial resources</b>	<u>(28,134,406)</u>	<u>(2,201,098)</u>	<u>(30,335,504)</u>
<b>Net change in fund balances</b>	(530,569)	(4,806)	(535,375)
Fund balances (deficits), July 1, 2013 (as restated)	<u>(1,112,836)</u>	<u>448,400</u>	<u>(664,436)</u>
<b>FUND BALANCES (DEFICITS), JUNE 30, 2014</b>	<u>\$ (1,643,405)</u>	<u>\$ 443,594</u>	<u>\$ (1,199,811)</u>

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

**State of Illinois**  
**Department of Revenue**  
**Reconciliation of Statement of Revenues, Expenditures and Changes in**  
**Fund Balances of Governmental Funds to Statement of Activities**  
**For the Year Ended June 30, 2014**  
**(Expressed in Thousands)**

<b>Net change in fund balances</b>	\$ (535,375)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation/amortization expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlays in the current period exceeded depreciation.</p>	424
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This amount represents the increase in unavailable revenue over the prior year.</p>	26,933
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p> <p style="padding-left: 20px;">Decrease in compensated absences obligation</p>	<hr style="width: 100%;"/> 463
<b>Change in net position of governmental activities</b>	<hr style="width: 100%;"/> <b>\$ (507,555)</b> <hr style="width: 100%;"/>

**State of Illinois**  
**Department of Revenue**

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**Statement of Fiduciary Net Position**

June 30, 2014 (Expressed in Thousands)

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash equity in State Treasury	\$ 413,137
Cash and cash equivalents	842
Securities lending collateral equity with State Treasurer	123,313
Taxes receivable, net	222,929
Other receivables, net	88
Due from other Department funds	75,080
<b>Total assets</b>	<u>\$ 835,389</u>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	\$ 9,996
Intergovernmental payables	701,193
Obligations under securities lending of State Treasurer	123,313
Other liabilities	887
<b>Total liabilities</b>	<u>\$ 835,389</u>

**STATE OF ILLINOIS  
DEPARTMENT OF REVENUE**

Notes to Financial Statements

June 30, 2014

**(1) Organization**

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

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

**(2) Summary of Significant Accounting Policies**

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

**(a) Financial Reporting Entity**

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

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

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

**STATE OF ILLINOIS  
DEPARTMENT OF REVENUE**

Notes to Financial Statements

June 30, 2014

**(b) Basis of Presentation**

The financial statements of the State of Illinois, Department of Revenue, are intended to present the financial position and changes in financial position of only that portion of the governmental activities, each major governmental fund of the State of Illinois, and the aggregate remaining fund information of the State of Illinois that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the State of Illinois as of June 30, 2014 and the changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

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

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

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

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

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

**STATE OF ILLINOIS  
DEPARTMENT OF REVENUE**

Notes to Financial Statements

June 30, 2014

Additionally, the Department administers the following fund types:

**Governmental Fund Types:**

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

**Fiduciary Fund Types:**

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

**(c) Measurement Focus and Basis of Accounting**

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

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

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

**STATE OF ILLINOIS  
DEPARTMENT OF REVENUE**

Notes to Financial Statements

June 30, 2014

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

Significant revenue sources which are susceptible to accrual include income and replacement taxes, sales taxes, public utility taxes, motor fuel taxes, other taxes, tax penalties, and interest. The tax revenues are recorded by the State as taxpayers earn income (personal income tax, corporate income tax, and other taxes), as sales are made (sales taxes, public utility taxes, motor fuel taxes, and other taxes), or as the taxable event occurs (other taxes) net of estimated overpayments and amounts not expected to be collected.

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

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

***(d) Shared Fund Presentation***

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

Unexpended Appropriations

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

Appropriations from State Resources

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

**STATE OF ILLINOIS  
DEPARTMENT OF REVENUE**

Notes to Financial Statements

June 30, 2014

Lapsed Appropriations

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

Receipts Collected and Transmitted to State Treasury

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

Amount of SAMS Transfers-In

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

Amount of SAMS Transfers-Out

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

**(e) Eliminations**

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

**(f) Cash and Cash Equivalents**

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

**(g) Inventories**

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

**STATE OF ILLINOIS  
DEPARTMENT OF REVENUE**

Notes to Financial Statements

June 30, 2014

**(h) *Interfund Transactions***

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

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

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

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

**(i) *Capital and Intangible Assets***

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

**(j) *Compensated Absences***

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

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

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

**(k) Fund Balances**

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

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

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

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

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

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

**(l) Net Position**

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

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

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

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

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**(m) Use of Estimates**

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

**(n) New Accounting Pronouncements**

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* is effective for the Department beginning with its year end June 30, 2014. The statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes as outflows of resources (expenses or expenditures) or inflows of resources (revenue) certain items that were previously reported as assets and liabilities. The implementation of the provisions of this Statement resulted in presentation changes in the financial statements to include deferred outflows of resources and deferred inflows of resources; however, the implementation had no financial impact on the Department's net position or results of operations.

GASB Statement No. 66, *Technical Correction-2012-An Amendment of GASB Statements No. 10 and No. 62* is effective for the Department beginning with its year end June 30, 2014. The objective of this statement is to resolve conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The implementation of this Statement had no impact on the Department's financial statements.

GASB Statement No. 67, *Financial Reporting for Pension Plans-an amendment of GASB Statement No. 25* is effective for the year ending June 30, 2014. The statement, which for defined benefit pension plans, establishes standards of financial reporting for separately issued financial reports and specifies the required approach to measuring the pension liability of employers and nonemployer contributing entities for benefits provided through the pension plan about which information is required to be presented. The implementation of this Statement had no impact on the Department's financial statements.

Effective for the year ending June 30, 2014, the State adopted GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* the objective of which is to improve the recognition, measurement, and disclosure guidance for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The statement requires a government that extends a nonexchange financial guarantee to recognize a liability when it is more likely than not that the government will be required to make a payment on the guarantee. Additionally, the statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. The implementation of the provisions of this Statement is not applicable to the Department's financial statements.

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**(o) Future Adoption of GASB Statements**

Effective for the year ending June 30, 2015 the Department will adopt GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment to GASB Statement No. 27*, which was established to set standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, expenses and expenditures. The statement details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan. The statement also identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The Department has not yet determined the impact on its financial statements as a result of adopting this Statement.

Effective for the year ending June 30, 2015, the Department will adopt GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, which establishes standards related to government combinations and disposals of government operations, including combinations in which no consideration is provided, such as government mergers and transfers of operations, and combinations in which consideration is provided, such as disposal of government operations. The Department has not yet determined the impact on its financial statements as a result of adopting this statement.

Effective for the year ending June 30, 2015, the Department will adopt GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68*, which addresses an issue regarding the application of the transition provisions of GASB Statement No. 68. The statement clarifies the accounting for contributions to a defined benefit pension plan after the measurement date of a government's beginning net pension liability. The Department has not yet determined the impact on its financial statements as a result of adopting this statement.

**(3) Deposits and Investments**

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

**(a) Deposits**

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

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***(b) Securities Lending Transactions***

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

During fiscal year 2014, Deutsche Bank AG lent U.S. Agency Securities and U.S. Treasury securities and received as collateral U.S. dollar denominated cash. Borrowers were required to deliver collateral for each loan equal to at least 100% of the aggregate fair value of the loaned securities. Loans are marked to market daily. If the fair value of collateral falls below 100%, the borrower must provide additional collateral to raise the fair value to 100%.

The State Treasurer did not impose any restrictions during the fiscal year 2014 on the amount of the loans available or the eligible securities. In the event of borrower default, Deutsche Bank AG provides the State Treasurer with counterparty default indemnification. In addition, Deutsche Bank AG is obligated to indemnify the State Treasurer if Deutsche Bank AG loses any securities, collateral or investments of the State Treasurer in Deutsche Bank AG's custody. Moreover, there were no losses during the fiscal year 2014 resulting from a default of the borrowers or Deutsche Bank AG.

During fiscal year 2014, the State Treasurer and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested in repurchase agreements with approved counterparties collateralized with securities approved by Deutsche Bank AG and marked to market daily at no less than 102%. Because the loans are terminable at will, their duration did not generally match the duration of the investments made with cash collateral. The State Treasurer had no credit risk as a result of its securities lending program as the collateral held exceeded the fair value of the securities lent.

In accordance with GASB Statement No. 28, paragraph 9, the Office of the State Treasurer has allocated the assets and obligations at June 30, 2014 arising from securities lending agreements to the various funds of the State. The total allocated to the Department was \$193.375 million at June 30, 2014 including \$123.313 million allocated to agency funds administered by the Department.

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**(4) Taxes Receivable**

Taxes receivable (amounts expressed in thousands) at June 30, 2014 are as follows:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds	Fiduciary Funds
Taxes receivable:				
Income	\$ 1,276,085	118,216	\$ 1,394,301	\$ -
Sales	606,853	226,700	833,553	288,049
Motor Fuel Tax	-	130,297	130,297	-
Public Utility	11,108	11,122	22,230	1,687
Other	22,369	19,853	42,222	10,960
Total taxes receivable	\$ 1,916,415	506,188	\$ 2,422,603	\$ 300,696
Less: allowance for uncollectible taxes	\$ 704,960	133,410	\$ 838,370	\$ 77,767
Taxes receivable, net	\$ 1,211,455	372,778	\$ 1,584,233	\$ 222,929

**(5) Loans and Notes Receivable**

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

Loans receivable (amounts expressed in thousands) at June 30, 2014 are as follows:

	Governmental Activities
Senior Citizens Real Estate Deferred Tax	\$ 42,393

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**(6) Interfund Balances and Activity**

*(a) Balances Due from/to Other Funds*

The following balances (amounts expressed in thousands) at June 30, 2014 represent amounts due from other Department and State funds.

<u>Fund</u>	<u>Due from</u>		<u>Description/Purpose</u>
	<u>Other Department Funds</u>	<u>Other State Funds</u>	
General	\$ 127,789	\$ -	Due from other Department funds pursuant to statutory tax allocations and for administrative cost reimbursements.
Nonmajor governmental funds	450,975	534	Due from other Department funds pursuant to statutory tax allocations, for administrative cost reimbursements, and from other State funds pursuant to statutory tax allocations.
Fiduciary Funds	75,080	-	Due from other Department funds pursuant to statutory tax allocations.
	<u>\$ 653,844</u>	<u>\$ 534</u>	

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The following (amounts expressed in thousands) at June 30, 2014 represent amounts due to other Department and other State funds.

Fund	Due to				Description/Purpose
	Other Department Funds	Other State Funds	Other Department Fiduciary Funds	Other State Fiduciary Funds	
General	\$ 449,046	\$ 460,433	\$ 41,190	\$ -	Due to other Department and other Department fiduciary funds pursuant to statutory tax allocations, and due to other State funds for administrative expenses.
Nonmajor governmental funds	129,718	1,911	33,890	695	Due to other Department and other State funds pursuant to statutory tax and fee allocations, for administrative cost reimbursements and administrative expenses, to other Department fiduciary funds pursuant to statutory tax allocations, and to other State fiduciary funds for payment of retirement benefits.
	<u>\$ 578,764</u>	<u>\$ 462,344</u>	<u>\$ 75,080</u>	<u>\$ 695</u>	

**(b) Transfers from/to Other Funds**

Interfund transfers in (amounts expressed in thousands) for the year ended June 30, 2014, were as follows:

Fund	Transfers in from		Description/Purpose
	Other Department Funds	Other State Funds	
General	\$ 119,527	\$ 668,107	Transfers from other Department funds and other State funds pursuant to statutory tax allocations.
Nonmajor governmental funds	37,800	632	Transfers from other Department funds and other State funds pursuant to statutory tax allocations.
	<u>\$ 157,327</u>	<u>\$ 668,739</u>	

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Interfund transfers out (amounts expressed in thousands) for the year ended June 30, 2014, were as follows:

<b>Transfers out to</b>			
<b>Fund</b>	<b>Other Department Funds</b>	<b>Other State Funds</b>	<b>Description/Purpose</b>
General	\$ 63,213	\$ 352,762	Transfers to other Department funds and other State funds pursuant to statutory tax allocations.
Nonmajor governmental funds	94,114	3,898	Transfers to other Department funds and other State funds pursuant to statutory tax allocations.
	\$ 157,327	\$ 356,660	

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

The Illinois Housing Development Authority owes the Department's nonmajor governmental funds \$348.550 million at June 30, 2014 for advances on loan programs. The General Fund owes \$70 thousand and the Nonmajor Funds owe \$15.754 million at June 30, 2014 to State of Illinois Component Units for reimbursements for expenses incurred.

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Notes to Financial Statements

June 30, 2014

**(7) Capital Assets**

Capital asset activity (amounts expressed in thousands) for the year ended June 30, 2014 was as follows:

	Balance July 1, 2013	Additions	Deletions	Net Transfers	Balance June 30, 2014
<b>Governmental activities:</b>					
Capital assets being depreciated/amortized:					
Equipment	\$ 4,787	\$ 6	\$ (534)	\$ -	\$ 4,259
Internally generated computer software	25,398	3,475	-	-	28,873
	30,185	3,481	(534)	-	33,132
Less accumulated depreciation/amortization:					
Equipment	4,338	176	(540)	-	3,974
Internally generated computer software	6,024	2,887	-	-	8,911
	10,362	3,063	(540)	-	12,885
Governmental activity capital assets, net	\$ 19,823	\$ 418	\$ 6	\$ -	\$ 20,247

Depreciation/amortization expense for governmental activities (amounts expressed in thousands) for the year ended June 30, 2014 was charged to functions as follows:

General government	<u>\$ 3,063</u>
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June 30, 2014

**(8) Long-Term Obligations**

Changes in long-term obligations (amounts expressed in thousands) for the year ended June 30, 2014 were as follows:

	<b>Balance</b>			<b>Balance</b>	<b>Amounts</b>
	<b>July 1,</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30,</b>	<b>Due</b>
	<b>2013</b>			<b>2014</b>	<b>Within</b>
					<b>One Year</b>
<b>Governmental activities:</b>					
Compensated Absences	\$ 13,879	\$ 9,764	\$ 10,227	\$ 13,416	\$ 1,300
<b>Total governmental activities</b>	<b>\$ 13,879</b>	<b>\$ 9,764</b>	<b>\$ 10,227</b>	<b>\$ 13,416</b>	<b>\$ 1,300</b>

Compensated absences have been liquidated by the applicable governmental funds that account for the salaries and wages of the related employees.

**(9) Pension Plan**

Substantially all of the Department's full-time employees who are not eligible for participation in another state-sponsored retirement plan participate in the State Employees' Retirement System (SERS), which is a pension trust fund in the State of Illinois reporting entity. The SERS is a single-employer defined benefit public employee retirement system (PERS) in which State employees participate, except those covered by the State Universities, Teachers', General Assembly, and Judges' Retirement Systems. The financial position and results of operations of the SERS are included in the State of Illinois' Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2014. The SERS issues a separate CAFR that may be obtained by writing to the SERS, 2101 South Veterans Parkway, Springfield, Illinois, 62794-9255.

A summary of SERS benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the SERS' CAFR. Also included is a discussion of employer and employee obligations to contribute and the authority under which those obligations are established.

The Department pays employer retirement contributions based upon a statutorily determined percentage of their payrolls. For fiscal year 2014, the employer contribution rate was 40.31%.

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**(10) Post-employment Benefits**

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

Public Act 97-0695 was signed into law on June 21, 2012. Effective July 1, 2013, all retirees within state retirement systems began paying a premium for health and vision benefits at a rate determined by CMS. The rate was a percentage of the retiree's annuity and differed depending on whether the retiree was enrolled in Medicare. Due to an Illinois Supreme Court decision in July 2014, Public Act 97-0695 was suspended and the collection of premiums was stopped. All premiums collected are expected to be refunded.

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

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

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**(11) Fund Balance**

*(a) Fund Balances*

At June 30, 2014, the Department's fund balance restrictions (amounts expressed in thousands) were for the following purposes:

	<b>General Fund</b>	<b>Nonmajor Special Revenue Funds</b>	<b>Total</b>
Nonspendable purpose:			
Inventory	\$ 557	\$ -	\$ 557
Total Nonspendable	\$ 557	\$ -	\$ 557
Restricted purpose:			
General Government	\$ -	\$ 26,457	\$ 26,457
Total Restricted	\$ -	\$ 26,457	\$ 26,457
Committed purpose:			
General Government	\$ -	\$ 5,322	\$ 5,322
Health and Social Services	-	429,952	429,952
Employment and Economic Development	-	3,487	3,487
Environment and Business Regulation	-	11,577	11,577
Education	121,158	-	121,158
Capital Outlay	-	149,584	149,584
Total Committed	\$ 121,158	\$ 599,922	\$ 721,080
 Total Unassigned	 \$ (1,765,120)	 \$ (182,785)	 \$ (1,947,905)
 Total fund balances (deficit)	 \$ (1,643,405)	 \$ 443,594	 \$ (1,199,811)

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Notes to Financial Statements

June 30, 2014

***(b) Fund Deficits***

The General Fund (\$1.643) billion and the following nonmajor governmental funds had fund deficits at June 30, 2014 as noted: Illinois Gaming Law Enforcement (\$793) thousand, School Infrastructure (\$199) thousand, and Personal Property Tax Replacement (\$181.793) million. The fund deficit in the General Fund will be eliminated through the collection and allocation of future State revenues to the Department. The fund deficit of the Illinois Gaming Law Enforcement, School Infrastructure, and the Personal Property Tax Replacement funds will be eliminated through future revenues earned.

**(12) Risk Management**

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

The Department's risk management activities are financed through appropriations to the Illinois Department of Central Management Services and are accounted for in the general fund of the State. The claims are not considered to be a liability of the Department; and accordingly, have not been reported in the Department's financial statements for the year ended June 30, 2014.

**(13) Commitments and Contingencies**

***(a) Operating leases***

The Department leases certain office space under annual agreements which require the Department to make monthly lease payments. Rent expense under operating leases was \$1.932 million for the year ended June 30, 2014.

***(b) Litigation***

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

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June 30, 2014

**(14) Restatement**

It was determined that certain income taxes subject to accrual were not reported as accounts receivable and corporate income tax unearned revenue was incorrectly allocated between funds. Therefore, the financial statements have been restated as of July 1, 2013, as follows:

	General Fund	Nonmajor Funds	Governmental Activities
Net Position, June 30, 2013, as previously reported	\$ (1,088,898)	424,462	(470,132)
Understatement of income taxes receivable	-	-	121,815
Misstatement of unearned revenue	(23,938)	23,938	-
Net Position, July 1, 2013, as restated	\$ (1,112,836)	448,400	(348,317)

## **SUPPLEMENTARY INFORMATION**

**State of Illinois**  
**Department of Revenue**  
**Combining Schedule of Accounts**  
**General Fund**

June 30, 2014 (Expressed in Thousands)

	General Revenue Account 0001	Common School Special 0005	Education Assistance 0007	Illinois Sports Facility 0225	Income Tax Refund 0278	Common School 0412	Predatory Lending Database Program 0478	Municipal Economic Development 0650	Capital Projects 0694	Eliminations	Total
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>											
Unexpended appropriation	\$ 8,836	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,836
Cash and cash equivalents	250,783	80,119	6,160	14,029	94,656	5,715	35	-	51	-	451,548
Taxes receivable, net	945,810	105,706	53,843	5,388	99,852	731	-	-	125	-	1,211,455
Intergovernmental receivables	-	-	-	-	807	-	-	-	-	-	807
Due from other Department funds	63,279	-	-	-	64,510	-	-	-	-	-	127,789
Inventories	557	-	-	-	-	-	-	-	-	-	557
<b>Total assets and deferred outflows of resources</b>	<b>\$ 1,269,265</b>	<b>\$ 185,825</b>	<b>\$ 60,003</b>	<b>\$ 19,417</b>	<b>\$ 259,825</b>	<b>\$ 6,446</b>	<b>\$ 35</b>	<b>\$ -</b>	<b>\$ 176</b>	<b>\$ -</b>	<b>\$ 1,800,992</b>
<b>LIABILITIES</b>											
Accounts payable and accrued liabilities	\$ 225,952	\$ 67,484	\$ -	\$ -	\$ -	\$ 2,874	\$ -	\$ -	\$ 194	\$ -	\$ 296,504
Income tax refunds payable	-	-	-	-	1,267,403	-	-	-	-	-	1,267,403
Intergovernmental payables	388	-	-	19,417	-	-	-	-	-	-	19,805
Due to other Department fiduciary funds	41,190	-	-	-	-	-	-	-	-	-	41,190
Due to other Department funds	385,833	-	-	-	63,213	-	-	-	-	-	449,046
Due to other State funds	460,433	-	-	-	-	-	-	-	-	-	460,433
Due to State of Illinois Component Units	35	-	-	-	-	-	35	-	-	-	70
Unearned revenue	448,652	-	35,330	-	126,618	-	-	-	-	-	610,600
<b>Total liabilities</b>	<b>1,562,483</b>	<b>67,484</b>	<b>35,330</b>	<b>19,417</b>	<b>1,457,234</b>	<b>2,874</b>	<b>35</b>	<b>-</b>	<b>194</b>	<b>-</b>	<b>3,145,051</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>											
Unavailable revenue	243,392	6,048	19,372	-	30,428	8	-	-	98	-	299,346
<b>Total deferred inflows of resources</b>	<b>243,392</b>	<b>6,048</b>	<b>19,372</b>	<b>-</b>	<b>30,428</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>98</b>	<b>-</b>	<b>299,346</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>1,805,875</b>	<b>73,532</b>	<b>54,702</b>	<b>19,417</b>	<b>1,487,662</b>	<b>2,882</b>	<b>35</b>	<b>-</b>	<b>292</b>	<b>-</b>	<b>3,444,397</b>
<b>FUND BALANCES (DEFICITS)</b>											
Nonspendable - Inventory	557	-	-	-	-	-	-	-	-	-	557
Committed	-	112,293	5,301	-	-	3,564	-	-	-	-	121,158
Unassigned	(537,167)	-	-	-	(1,227,837)	-	-	-	(116)	-	(1,765,120)
<b>Total fund balances (deficits)</b>	<b>(536,610)</b>	<b>112,293</b>	<b>5,301</b>	<b>-</b>	<b>(1,227,837)</b>	<b>3,564</b>	<b>-</b>	<b>-</b>	<b>(116)</b>	<b>-</b>	<b>(1,643,405)</b>
<b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b>	<b>\$ 1,269,265</b>	<b>\$ 185,825</b>	<b>\$ 60,003</b>	<b>\$ 19,417</b>	<b>\$ 259,825</b>	<b>\$ 6,446</b>	<b>\$ 35</b>	<b>\$ -</b>	<b>\$ 176</b>	<b>\$ -</b>	<b>\$ 1,800,992</b>

**State of Illinois  
Department of Revenue**

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

For the Year Ended June 30, 2014 (Expressed in Thousands)

	General Revenue Account 0001	Common School Special 0005	Education Assistance 0007	Illinois Sports Facility 0225	Income Tax Refund 0278	Common School 0412	Predatory Lending Database Program 0478	Municipal Economic Development 0650	Capital Projects 0694	Eliminations	Total
<b>REVENUES</b>											
Income taxes	\$ 17,029,250	\$ -	\$ 1,437,632	\$ -	\$ (14,405)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,452,477
Sales taxes	5,570,926	1,917,217	-	-	-	-	-	-	55,015	-	7,543,158
Public utility taxes	915,430	-	-	-	-	82,108	-	17	-	-	997,555
Other taxes	449,021	-	-	-	-	104,317	-	-	114,784	-	668,122
Licenses and fees	6,691	-	-	-	-	192	-	-	-	-	6,883
Other	7,554	-	-	-	-	-	-	-	-	-	7,554
<b>Total revenues</b>	<b>23,978,872</b>	<b>1,917,217</b>	<b>1,437,632</b>	<b>-</b>	<b>(14,405)</b>	<b>186,617</b>	<b>-</b>	<b>17</b>	<b>169,799</b>	<b>-</b>	<b>27,675,749</b>
<b>EXPENDITURES</b>											
General government	116,981	-	-	-	(53,469)	-	845	24	-	-	64,381
Employment and economic development	-	-	-	5,000	-	-	-	-	-	-	5,000
Capital outlay	2,531	-	-	-	-	-	-	-	-	-	2,531
<b>Total expenditures</b>	<b>119,512</b>	<b>-</b>	<b>-</b>	<b>5,000</b>	<b>(53,469)</b>	<b>-</b>	<b>845</b>	<b>24</b>	<b>-</b>	<b>-</b>	<b>71,912</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>23,859,360</b>	<b>1,917,217</b>	<b>1,437,632</b>	<b>(5,000)</b>	<b>39,064</b>	<b>186,617</b>	<b>(845)</b>	<b>(7)</b>	<b>169,799</b>	<b>-</b>	<b>27,603,837</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>											
Appropriations from State resources	111,188	-	-	-	-	-	-	-	-	-	111,188
Lapsed appropriations	(1,834)	-	-	-	-	-	-	-	(1,834)	-	(1,834)
Receipts collected and transmitted to State Treasury	(25,583,962)	-	(1,445,868)	-	-	(184,849)	-	-	(170,054)	-	(27,384,733)
Amount of SAMS transfers-in	(398,569)	-	-	-	-	(2,604,918)	-	-	-	-	(3,003,487)
Amount of SAMS transfers-out	1,772,801	-	-	-	-	-	-	-	-	-	1,772,801
Transfers-in	63,827	-	-	5,000	50,700	2,604,918	-	7	(1,936,818)	-	787,634
Transfers-out	(351,766)	(1,936,818)	-	-	(64,209)	-	-	-	1,936,818	-	(415,975)
<b>Net other sources (uses) of financial resources</b>	<b>(24,388,315)</b>	<b>(1,936,818)</b>	<b>(1,445,868)</b>	<b>5,000</b>	<b>(13,509)</b>	<b>(184,849)</b>	<b>-</b>	<b>7</b>	<b>(170,054)</b>	<b>-</b>	<b>(28,134,406)</b>
<b>Net change in fund balances</b>	<b>(528,955)</b>	<b>(19,601)</b>	<b>(8,236)</b>	<b>-</b>	<b>25,555</b>	<b>1,768</b>	<b>(845)</b>	<b>-</b>	<b>(255)</b>	<b>-</b>	<b>(530,569)</b>
Fund balances (deficits), July 1, 2013 (as restated)	(7,655)	131,894	13,537	-	(1,253,392)	1,796	845	-	139	-	(1,112,836)
<b>FUND BALANCES (DEFICITS), JUNE 30, 2014</b>	<b>\$(536,610)</b>	<b>\$ 112,293</b>	<b>\$ 5,301</b>	<b>\$ -</b>	<b>\$(1,227,837)</b>	<b>\$ 3,564</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$(116)</b>	<b>\$ -</b>	<b>\$(1,643,405)</b>

State of Illinois  
Department of Revenue

Combining Balance Sheet -  
Nonmajor Governmental Funds  
June 30, 2014 (Expressed in Thousands)

		Special Revenue							
	Motor Fuel Tax 0012	Public Utility 0059	Underground Storage Tank 0072	Illinois Gaming Law Enforcement 0085	IDOR Federal Trust 0140	Rental Housing Support Program 0150	State & Local Sales Tax Reform 0186		
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>									
Unexpended appropriations	\$ 5,570	\$ -	\$ 63	\$ 27	\$ -	\$ -	\$ -		
Cash and cash equivalents	1,214	-	374	12	215	34,558	65,545		
Securities lending collateral equity with State Treasurer	-	-	-	-	-	-	-		
Taxes receivable, net	106,346	1	5,979	12	-	-	17,865		
Intergovernmental receivables	-	-	-	-	-	-	-		
Other receivables, net	-	-	-	-	-	-	-		
Due from other Department funds	-	-	-	-	-	-	-		
Due from other State funds	-	-	-	-	-	-	-		
Loans and notes receivable, long-term	-	-	-	-	-	-	-		
Due from State of Illinois component units	-	-	-	-	-	-	-		
<b>Total assets and deferred outflows of resources</b>	<b>\$ 113,130</b>	<b>\$ 1</b>	<b>\$ 6,416</b>	<b>\$ 51</b>	<b>\$ 215</b>	<b>\$ 34,558</b>	<b>\$ 83,410</b>		
<b>LIABILITIES</b>									
Accounts payable and accrued liabilities	\$ 5,071	\$ -	\$ 36	\$ 33	\$ 27	\$ 18	\$ -		
Intergovernmental payables	64	-	3	794	-	-	16,901		
Obligations under securities lending of State Treasurer	-	-	-	-	-	-	-		
Due to other Department fiduciary funds	-	-	-	-	-	-	-		
Due to other State fiduciary funds	-	-	24	11	-	-	-		
Due to other Department funds	-	-	-	-	-	-	65,142		
Due to other State funds	1,228	-	-	-	-	-	-		
Due to State of Illinois component units	-	-	-	-	-	10,380	-		
Unearned revenue	-	-	-	-	-	-	-		
<b>Total liabilities</b>	<b>6,363</b>	<b>-</b>	<b>63</b>	<b>838</b>	<b>27</b>	<b>10,398</b>	<b>82,043</b>		
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Unavailable revenue	-	1	81	6	-	-	1,367		
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>1</b>	<b>81</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>1,367</b>		
<b>Total liabilities and deferred inflows of resources</b>	<b>6,363</b>	<b>1</b>	<b>144</b>	<b>844</b>	<b>27</b>	<b>10,398</b>	<b>83,410</b>		
<b>FUND BALANCES (DEFICITS)</b>									
Restricted	-	-	-	-	188	24,160	-		
Committed	106,767	-	6,272	(793)	-	-	-		
Unassigned	-	-	-	(793)	188	24,160	-		
Total fund balances (deficits)	106,767	-	6,272	(793)	188	24,160	-		
<b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b>	<b>\$ 113,130</b>	<b>\$ 1</b>	<b>\$ 6,416</b>	<b>\$ 51</b>	<b>\$ 215</b>	<b>\$ 34,558</b>	<b>\$ 83,410</b>		

(Continued)

State of Illinois  
Department of Revenue

Combining Balance Sheet -  
Nonmajor Governmental Funds

June 30, 2014 (Expressed in Thousands)

	Special Revenue									
	RTA Occupation and Use Tax Replacement 0187	County & Mass Transit 0188	Local Govt Tax 0189	Emergency Public Health 0240	Debt Collection 0279	Illinois Tax Increment 0281	Illinois Affordable Housing Trust 0286			
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>										
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Cash and cash equivalents	-	70,048	313,493	-	6	-	33,179			
Securities lending collateral equity with State Treasurer	-	-	-	-	-	-	15,571			
Taxes receivable, net	-	23,624	86,284	-	-	92	-			
Intergovernmental receivables	-	-	-	-	-	-	-			
Other receivables, net	-	-	-	852	-	-	11			
Due from other Department funds	8,204	-	-	-	-	-	-			
Due from other State funds	-	-	-	-	-	-	-			
Loans and notes receivable, long-term	-	-	-	-	-	-	-			
Due from State of Illinois component units	-	-	-	-	-	-	348,550			
<b>Total assets and deferred outflows of resources</b>	<b>\$ 8,204</b>	<b>\$ 93,672</b>	<b>\$ 399,777</b>	<b>\$ 852</b>	<b>\$ 6</b>	<b>\$ 92</b>	<b>\$ 397,311</b>			
<b>LIABILITIES</b>										
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 2	\$ -	\$ 10			
Intergovernmental payables	8,204	58,911	396,467	-	-	-	1,524			
Obligations under securities lending of State Treasurer	-	-	-	-	-	-	15,571			
Due to other Department fiduciary funds	-	33,890	-	-	-	-	-			
Due to other State fiduciary funds	-	-	-	-	-	-	-			
Due to other Department funds	-	-	-	-	-	-	-			
Due to other State funds	-	-	-	-	-	-	1			
Due to State of Illinois component units	-	-	-	-	-	-	2,969			
Unearned revenue	-	-	-	-	-	-	-			
<b>Total liabilities</b>	<b>8,204</b>	<b>92,801</b>	<b>396,467</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>20,075</b>			
<b>DEFERRED INFLOWS OF RESOURCES</b>										
Unavailable revenue	-	871	3,310	8	-	92	-			
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>871</b>	<b>3,310</b>	<b>8</b>	<b>-</b>	<b>92</b>	<b>-</b>			
<b>Total liabilities and deferred inflows of resources</b>	<b>8,204</b>	<b>93,672</b>	<b>399,777</b>	<b>8</b>	<b>2</b>	<b>92</b>	<b>20,075</b>			
<b>FUND BALANCES (DEFICITS)</b>										
Restricted	-	-	-	-	4	-	-			
Committed	-	-	-	844	-	-	377,236			
Unassigned	-	-	-	-	-	-	-			
Total fund balances (deficits)	-	-	-	844	4	-	377,236			
<b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b>	<b>\$ 8,204</b>	<b>\$ 93,672</b>	<b>\$ 399,777</b>	<b>\$ 852</b>	<b>\$ 6</b>	<b>\$ 92</b>	<b>\$ 397,311</b>			

(Continued)

State of Illinois  
Department of Revenue

Combining Balance Sheet -  
Nonmajor Governmental Funds

June 30, 2014 (Expressed in Thousands)

	Special Revenue										
	Used Tire Management 0294	Natural Areas Acquisition 0298	Open Space Lands Acquisition & Development 0299	Tax Compliance and Administration 0384	Local Government Distributive 0515	Drycleaner Environmental Response 0548	Supplemental Low Income Energy Assistance 0550				
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>											
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash and cash equivalents	1	230	538	5,446	28	-	-	-	-	-	4,575
Securities lending collateral equity with State Treasurer	-	-	-	-	-	-	-	-	-	-	-
Taxes receivable, net	-	-	-	345	-	90	-	-	-	-	7,725
Intergovernmental receivables	-	-	-	-	-	-	-	-	-	-	-
Other receivables, net	3,241	-	-	-	433,321	-	-	-	-	-	-
Due from other Department funds	-	-	-	34	-	-	-	-	-	-	-
Due from other State funds	-	-	-	-	-	-	-	-	-	-	-
Loans and notes receivable, long-term	-	-	-	-	-	-	-	-	-	-	-
Due from State of Illinois component units	-	-	-	-	-	-	-	-	-	-	-
<b>Total assets and deferred outflows of resources</b>	<b>\$ 3,242</b>	<b>\$ 230</b>	<b>\$ 538</b>	<b>\$ 5,825</b>	<b>\$ 433,349</b>	<b>\$ 90</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,300</b>
<b>LIABILITIES</b>											
Accounts payable and accrued liabilities	\$ -	\$ 1	\$ 4	\$ 264	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,895
Intergovernmental payables	-	-	-	18	433,349	-	-	-	-	-	-
Obligations under securities lending of State Treasurer	-	-	-	-	-	-	-	-	-	-	-
Due to other Department fiduciary funds	-	-	-	-	-	-	-	-	-	-	-
Due to other State fiduciary funds	-	-	-	185	-	-	-	-	-	-	-
Due to other Department funds	66	-	-	-	-	-	-	-	-	-	-
Due to other State funds	-	-	-	-	-	-	-	-	-	-	-
Due to State of Illinois component units	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>66</b>	<b>1</b>	<b>4</b>	<b>467</b>	<b>433,349</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,895</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>											
Unavailable revenue	36	-	-	39	-	1	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>36</b>	<b>-</b>	<b>-</b>	<b>39</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>102</b>	<b>1</b>	<b>4</b>	<b>506</b>	<b>433,349</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,895</b>
<b>FUND BALANCES (DEFICITS)</b>											
Restricted	-	-	-	-	-	-	-	-	-	-	-
Committed	3,140	229	534	5,319	-	89	-	-	-	-	6,405
Unassigned	-	-	-	-	-	-	-	-	-	-	-
Total fund balances (deficits)	3,140	229	534	5,319	-	89	-	-	-	-	6,405
<b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b>	<b>\$ 3,242</b>	<b>\$ 230</b>	<b>\$ 538</b>	<b>\$ 5,825</b>	<b>\$ 433,349</b>	<b>\$ 90</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,300</b>

(Continued)

State of Illinois  
Department of Revenue

Combining Balance Sheet -  
Nonmajor Governmental Funds

June 30, 2014 (Expressed in Thousands)

		Special Revenue						
		Renewable Energy Resource 0564	School Infrastructure 0568	International Tourism 0621	Personal Property Tax Replacement 0802	Dram Shop 0821	Local Government Video Gaming 0842	Foreclosure Prevention 0891
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>								
Unexpended appropriations	\$	-	\$	-	\$	-	\$	-
Cash and cash equivalents		263	2,088	304	257,621	1,456	2,728	4,395
Securities lending collateral equity with State Treasurer		-	-	-	54,491	-	-	-
Taxes receivable, net		-	519	574	80,724	119	2,539	-
Intergovernmental receivables		-	-	-	-	-	3	115
Other receivables, net		482	-	-	40	-	-	-
Due from other Department funds		-	-	-	-	-	-	-
Due from other State funds		-	-	-	-	-	-	-
Loans and notes receivable, long-term		-	-	-	-	-	-	-
Due from State of Illinois component units		-	-	-	-	-	-	-
<b>Total assets and deferred outflows of resources</b>	\$	745	2,607	878	392,876	1,575	5,270	4,510
<b>LIABILITIES</b>								
Accounts payable and accrued liabilities	\$	356	2,806	23	47,642	366	-	-
Intergovernmental payables		-	-	-	228,622	12	5,270	-
Obligations under securities lending of State Treasurer		-	-	-	54,491	-	-	-
Due to other Department fiduciary funds		-	-	-	-	-	-	-
Due to other State fiduciary funds		-	-	-	399	76	-	-
Due to other Department funds		-	-	-	64,510	-	-	-
Due to other State funds		-	-	-	604	78	-	-
Due to State of Illinois component units		-	-	-	-	-	-	2,405
Unearned revenue		-	-	-	160,755	-	-	-
<b>Total liabilities</b>		356	2,806	23	557,023	532	5,270	2,405
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue		-	-	15	17,646	119	-	-
<b>Total deferred inflows of resources</b>		-	-	15	17,646	119	-	-
<b>Total liabilities and deferred inflows of resources</b>		356	2,806	38	574,669	651	5,270	2,405
<b>FUND BALANCES (DEFICITS)</b>								
Restricted		-	-	-	-	-	-	2,105
Committed		389	-	840	-	924	-	-
Unassigned		-	(199)	-	(181,793)	-	-	-
<b>Total fund balances (deficits)</b>		389	(199)	840	(181,793)	924	-	2,105
<b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b>	\$	745	2,607	878	392,876	1,575	5,270	4,510

(Continued)

State of Illinois  
Department of Revenue

Combining Balance Sheet -  
Nonmajor Governmental Funds

June 30, 2014 (Expressed in Thousands)

	Special Revenue					Total
	Senior Citizen Real Estate Deferred Tax 0930	Build Illinois 0960	Local Tourism 0969	Evidence Fund 1369		
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>						
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	5,660
Cash and cash equivalents	2,574	13,508	986	3		815,388
Securities lending collateral equity with State Treasurer	-	-	-	-	-	70,062
Taxes receivable, net	-	38,176	1,764	-	-	372,778
Intergovernmental receivables	-	-	-	-	-	118
Other receivables, net	12,712	-	-	-	-	17,338
Due from other Department funds	-	9,450	-	-	-	450,975
Due from other State funds	500	-	-	-	-	534
Loans and notes receivable, long-term	42,393	-	-	-	-	42,393
Due from State of Illinois component units	-	-	-	-	-	348,550
<b>Total assets and deferred outflows of resources</b>	<b>\$ 58,179</b>	<b>\$ 61,134</b>	<b>\$ 2,750</b>	<b>\$ 3</b>	<b>\$ 3</b>	<b>\$ 2,123,796</b>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ -	\$ 16,888	\$ 74	\$ -	\$ -	79,516
Intergovernmental payables	-	-	-	-	-	1,150,139
Obligations under securities lending of State Treasurer	-	-	-	-	-	70,062
Due to other Department fiduciary funds	-	-	-	-	-	33,890
Due to other State fiduciary funds	-	-	-	-	-	695
Due to other Department funds	-	-	-	-	-	129,718
Due to other State funds	-	-	-	-	-	1,911
Due to State of Illinois component units	-	-	-	-	-	15,754
Unearned revenue	-	-	-	-	-	160,755
<b>Total liabilities</b>	<b>-</b>	<b>16,888</b>	<b>74</b>	<b>-</b>	<b>-</b>	<b>1,642,440</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	12,712	1,429	29	-	-	37,762
<b>Total deferred inflows of resources</b>	<b>12,712</b>	<b>1,429</b>	<b>29</b>	<b>-</b>	<b>-</b>	<b>37,762</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>12,712</b>	<b>18,317</b>	<b>103</b>	<b>-</b>	<b>-</b>	<b>1,680,202</b>
<b>FUND BALANCES (DEFICITS)</b>						
Restricted	-	-	-	-	-	26,457
Committed	45,467	42,817	2,647	3	3	599,922
Unassigned	-	-	-	-	-	(182,785)
Total fund balances (deficits)	45,467	42,817	2,647	3	3	443,594
<b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b>	<b>\$ 58,179</b>	<b>\$ 61,134</b>	<b>\$ 2,750</b>	<b>\$ 3</b>	<b>\$ 3</b>	<b>\$ 2,123,796</b>

(Concluded)

**State of Illinois  
Department of Revenue**

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

For the Year Ended June 30, 2014 (Expressed in Thousands)

	Special Revenue																			
	Motor Fuel Tax 0012	Public Utility 0059	Underground Storage Tank 0072	Illinois Gaming Law Enforcement 0085	IDOR Federal Trust 0140	Rental Housing Support Program 0150	State & Local Sales Tax Reform 0186													
<b>REVENUES</b>																				
Federal operating grants	\$ 24	\$ -	\$ -	\$ -	\$ -	\$ 2	\$ -													
Income taxes	-	-	-	-	-	-	-													
Sales taxes	-	-	-	-	-	-	-													
Motor fuel taxes	1,203,157	-	69,852	-	-	-	-													103,143
Public utility taxes, net	-	7,102	-	-	-	-	-													-
Other taxes, net	-	-	-	1,650	-	-	-													18,624
License and fees	934	5,500	-	297	-	-	-													-
Other charges for services	-	-	-	-	-	-	-													-
Interest and other investment income	-	-	-	-	-	-	-													-
Other	-	-	-	-	-	-	-													-
<b>Total revenues</b>	<b>1,204,115</b>	<b>12,602</b>	<b>69,852</b>	<b>1,947</b>	<b>2</b>	<b>18,624</b>	<b>103,143</b>													
<b>EXPENDITURES</b>																				
General government	41,002	-	1,759	-	160	18,863	-													-
Health and social services	-	-	-	-	-	-	-													-
Environment and business regulation	-	-	-	-	-	-	-													-
Intergovernmental	-	-	-	1,497	-	-	65,343													-
Capital outlay	950	-	-	-	-	-	-													-
<b>Total expenditures</b>	<b>41,952</b>	<b>-</b>	<b>1,759</b>	<b>1,497</b>	<b>160</b>	<b>18,863</b>	<b>65,343</b>													
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>1,162,163</b>	<b>12,602</b>	<b>68,093</b>	<b>450</b>	<b>(158)</b>	<b>(239)</b>	<b>37,800</b>													
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>																				
Appropriations from State resources	70,519	-	1,844	1,813	-	-	-													-
Lapsed appropriations	(11,021)	-	(85)	(167)	-	-	-													-
Receipts collected and transmitted to State Treasury	(1,224,409)	(12,565)	(70,512)	(2,457)	-	-	-													-
Amount of SAMS transfers-in	-	-	-	-	-	-	-													-
Amount of SAMS transfers-out	-	-	-	-	-	-	-													-
Transfers-in	-	-	-	-	-	-	-													-
Transfers-out	-	-	-	-	-	-	(37,800)													-
<b>Net other sources (uses) of financial resources</b>	<b>(1,164,911)</b>	<b>(12,565)</b>	<b>(68,753)</b>	<b>(811)</b>	<b>-</b>	<b>-</b>	<b>(37,800)</b>													
<b>Net change in fund balances</b>	<b>(2,748)</b>	<b>37</b>	<b>(660)</b>	<b>(361)</b>	<b>(158)</b>	<b>(239)</b>	<b>-</b>													
Fund balances (deficits), July 1, 2013 (as restated)	109,515	(37)	6,932	(432)	346	24,399	-													
<b>FUND BALANCES (DEFICITS), JUNE 30, 2014</b>	<b>\$ 106,767</b>	<b>\$ -</b>	<b>\$ 6,272</b>	<b>\$ (793)</b>	<b>\$ 188</b>	<b>\$ 24,160</b>	<b>\$ -</b>													

(Continued)

**State of Illinois  
Department of Revenue**

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

For the Year Ended June 30, 2014 (Expressed in Thousands)

	Special Revenue						
	RTA Occupation and Use Tax Replacement 0187	County & Mass Transit 0188	Local Govt Tax 0189	Emergency Public Health 0240	Debt Collection 0279	Illinois Tax Increment 0281	Illinois Affordable Housing Trust 0286
<b>REVENUES</b>							
Federal operating grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Income taxes	-	-	-	-	-	-	-
Sales taxes	31,770	357,616	1,735,318	-	-	5,036	-
Motor fuel taxes	-	-	-	-	-	-	-
Public utility taxes, net	-	-	-	-	-	-	-
Other taxes, net	-	-	-	3,683	-	-	28,474
License and fees	-	-	-	-	-	-	76
Other charges for services	-	-	-	-	-	-	-
Interest and other investment income	-	-	-	-	-	6	2,145
Other	-	-	-	-	-	-	32,378
<b>Total revenues</b>	<b>31,770</b>	<b>357,616</b>	<b>1,735,318</b>	<b>3,683</b>	<b>-</b>	<b>5,042</b>	<b>63,073</b>
<b>EXPENDITURES</b>							
General government	-	-	-	-	15	-	53,311
Health and social services	-	-	-	-	-	-	13,075
Environment and business regulation	-	-	-	-	-	-	-
Intergovernmental	31,770	357,158	1,735,318	-	-	1	-
Capital outlay	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>31,770</b>	<b>357,158</b>	<b>1,735,318</b>	<b>-</b>	<b>15</b>	<b>1</b>	<b>66,386</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>-</b>	<b>458</b>	<b>-</b>	<b>3,683</b>	<b>(15)</b>	<b>5,041</b>	<b>(3,313)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>							
Appropriations from State resources	-	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	(3,618)	-	-	-
Amount of SAMS transfers-in	-	-	-	-	-	-	-
Amount of SAMS transfers-out	-	-	-	-	-	-	-
Transfers-in	-	-	-	-	-	-	-
Transfers-out	-	-	-	-	-	(3,898)	-
<b>Net other sources (uses) of financial resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,618)</b>	<b>-</b>	<b>(3,898)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>458</b>	<b>-</b>	<b>65</b>	<b>(15)</b>	<b>1,143</b>	<b>(3,313)</b>
Fund balances (deficits), July 1, 2013 (as restated)	-	(458)	-	779	19	(1,143)	380,549
<b>FUND BALANCES (DEFICITS), JUNE 30, 2014</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 844</b>	<b>\$ 4</b>	<b>\$ -</b>	<b>\$ 377,236</b>

(Continued)

**State of Illinois**  
**Department of Revenue**

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

For the Year Ended June 30, 2014 (Expressed in Thousands)

	Special Revenue							Supplemental Low Income Energy Assistance 0550
	Used Tire Management 0294	Natural Areas Acquisition 0298	Open Space Lands Acquisition & Development 0299	Tax Compliance and Administration 0384	Local Government Distributive 0515	Drycleaner Environmental Response 0548		
<b>REVENUES</b>								
Federal operating grants	-	-	-	-	-	-	-	-
Income taxes	-	-	-	-	1,228,974	-	-	-
Sales taxes	-	-	-	2,603	182,337	-	-	-
Motor fuel taxes	-	-	-	-	-	-	-	-
Public utility taxes, net	-	-	-	1,068	-	-	-	87,920
Other taxes, net	-	8,986	19,931	9	-	396	-	-
License and fees	14,041	-	-	88	-	1,556	-	-
Other charges for services	-	-	-	102	-	-	-	-
Interest and other investment income	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Total revenues</b>	14,041	8,986	19,931	3,870	1,411,311	1,952	-	87,920
<b>EXPENDITURES</b>								
General government	-	-	-	9,658	-	-	-	-
Health and social services	-	-	-	-	-	-	-	-
Environment and business regulation	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	1,406,311	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	-	-	-	9,658	1,406,311	-	-	-
<b>Excess (deficiency) of revenues over (under) expenditures</b>	14,041	8,986	19,931	(5,788)	5,000	1,952	-	87,920
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>								
Appropriations from State resources	-	-	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	(13,793)	(8,860)	(19,637)	-	-	(1,961)	-	(90,171)
Amount of SAMS transfers-in	690	-	-	-	-	-	-	-
Amount of SAMS transfers-out	-	-	-	132	-	-	-	-
Transfers-in	(614)	-	-	-	(5,000)	-	-	-
Transfers-out	-	-	-	-	-	-	-	-
<b>Net other sources (uses) of financial resources</b>	(13,717)	(8,860)	(19,637)	132	(5,000)	(1,961)	-	(90,171)
<b>Net change in fund balances</b>	324	126	294	(5,656)	-	(9)	-	(2,251)
Fund balances (deficits), July 1, 2013 (as restated)	2,816	103	240	10,975	-	98	-	8,656
<b>FUND BALANCES (DEFICITS), JUNE 30, 2014</b>	\$ 3,140	\$ 229	\$ 534	\$ 5,319	\$ -	\$ 89	\$ -	\$ 6,405

(Continued)

**State of Illinois  
Department of Revenue**

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

For the Year Ended June 30, 2014 (Expressed in Thousands)

	Special Revenue						
	Renewable Energy Resource 0564	School Infrastructure 0568	International Tourism 0621	Personal Property Tax Replacement 0802	Dram Shop 0821	Local Government Video Gaming 0842	Foreclosure Prevention 0891
<b>REVENUES</b>							
Federal operating grants	\$ -	\$ -	\$ -	\$ -	\$ 548	\$ -	\$ -
Income taxes	-	-	-	1,265,612	-	-	-
Sales taxes	-	-	-	-	-	-	-
Motor fuel taxes	-	-	-	-	-	-	-
Public utility taxes, net	-	70,104	-	222,865	-	-	-
Other taxes, net	-	54,338	4,567	-	7,170	24,267	-
License and fees	5,050	-	-	-	-	-	-
Other charges for services	-	-	-	-	-	-	3,412
Interest and other investment income	-	-	-	348	-	-	-
Other	-	-	-	-	46	-	-
<b>Total revenues</b>	<b>5,050</b>	<b>124,442</b>	<b>4,567</b>	<b>1,488,825</b>	<b>7,764</b>	<b>24,267</b>	<b>3,412</b>
<b>EXPENDITURES</b>							
General government	-	-	-	47,642	96	-	3,433
Health and social services	-	-	-	-	-	-	-
Environment and business regulation	-	-	-	-	7,945	-	-
Intergovernmental	-	-	-	1,384,103	-	24,267	-
Capital outlay	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,431,745</b>	<b>8,041</b>	<b>24,267</b>	<b>3,433</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>5,050</b>	<b>124,442</b>	<b>4,567</b>	<b>57,080</b>	<b>(277)</b>	<b>-</b>	<b>(21)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>							
Appropriations from State resources	-	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	(5,196)	(124,729)	(4,601)	-	-	-	-
Amount of SAMS transfers-in	-	-	-	-	-	-	-
Amount of SAMS transfers-out	-	-	-	-	-	-	-
Transfers-in	-	-	-	-	-	-	-
Transfers-out	-	-	-	(50,700)	-	-	-
<b>Net other sources (uses) of financial resources</b>	<b>(5,196)</b>	<b>(124,729)</b>	<b>(4,601)</b>	<b>(50,700)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(146)</b>	<b>(287)</b>	<b>(34)</b>	<b>6,380</b>	<b>(277)</b>	<b>-</b>	<b>(21)</b>
Fund balances (deficits), July 1, 2013 (as restated)	535	88	874	(188,173)	1,201	-	2,126
<b>FUND BALANCES (DEFICITS), JUNE 30, 2014</b>	<b>\$ 389</b>	<b>\$ (199)</b>	<b>\$ 840</b>	<b>\$ (181,793)</b>	<b>\$ 924</b>	<b>\$ -</b>	<b>\$ 2,105</b>

(Continued)

**State of Illinois  
Department of Revenue**

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

For the Year Ended June 30, 2014 (Expressed in Thousands)

	Special Revenue					
	Senior Citizen Real Estate Deferred Tax 0930	Build Illinois 0960	Local Tourism 0969	Evidence Fund 1369	Total	
<b>REVENUES</b>						
Federal operating grants	\$ -	\$ -	\$ -	\$ -	\$ 574	
Income taxes	-	-	-	-	2,494,586	
Sales taxes	-	452,770	-	-	2,870,593	
Motor fuel taxes	-	-	-	-	1,273,009	
Public utility taxes, net	-	-	-	-	389,059	
Other taxes, net	-	117,884	14,781	-	293,907	
License and fees	-	-	-	-	38,395	
Other charges for services	-	-	-	-	3,514	
Interest and other investment income	1,371	-	-	-	3,870	
Other	-	-	-	2	32,426	
<b>Total revenues</b>	<b>1,371</b>	<b>570,654</b>	<b>14,781</b>	<b>2</b>	<b>7,399,933</b>	
<b>EXPENDITURES</b>						
General government	(41)	-	-	5	175,903	
Health and social services	-	-	-	-	13,075	
Environment and business regulation	-	-	-	-	7,945	
Intergovernmental	-	-	-	-	5,005,768	
Capital outlay	-	-	-	-	950	
<b>Total expenditures</b>	<b>(41)</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>5,203,641</b>	
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>1,412</b>	<b>570,654</b>	<b>14,781</b>	<b>(3)</b>	<b>2,196,292</b>	
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>						
Appropriations from State resources	-	-	-	-	74,176	
Lapsed appropriations	-	-	-	-	(11,273)	
Receipts collected and transmitted to State Treasury	-	(569,895)	(14,907)	-	(2,167,311)	
Amount of SAMS transfers-in	-	(37,800)	-	-	(37,800)	
Amount of SAMS transfers-out	-	-	-	-	690	
Transfers-in	500	37,800	-	-	38,432	
Transfers-out	-	-	-	-	(98,012)	
<b>Net other sources (uses) of financial resources</b>	<b>500</b>	<b>(569,895)</b>	<b>(14,907)</b>	<b>-</b>	<b>(2,201,098)</b>	
<b>Net change in fund balances</b>	<b>1,912</b>	<b>759</b>	<b>(126)</b>	<b>(3)</b>	<b>(4,806)</b>	
Fund balances (deficits), July 1, 2013 (as restated)	43,555	42,058	2,773	6	448,400	
<b>FUND BALANCES (DEFICITS), JUNE 30, 2014</b>	<b>\$ 45,467</b>	<b>\$ 42,817</b>	<b>\$ 2,647</b>	<b>\$ 3</b>	<b>\$ 443,594</b>	<b>(Concluded)</b>

State of Illinois  
Department of Revenue

Combining Statement of Fiduciary Net Position -  
Agency Funds

June 30, 2014 (Expressed in Thousands)

	Agency																			
	County Water Commission Tax 0084	Non-Home Rule Municipal ROT 0088	Home Rule Municipal Soft Drink ROT 0097	Municipal Wireless 0125	Home Rule Municipal ROT 0138	Home Rule County ROT 0139	Business District Retailers' Occupation Tax 0160	County Option Motor Fuel Tax 0190												
<b>ASSETS</b>																				
Cash equity in State Treasury	\$ 6,393	\$ 23,448	\$ 1,792	\$ -	\$ 111,678	\$ 15,577	\$ 2,763	\$ 5,575												
Cash and cash equivalents	-	-	-	-	-	-	-	-												
Securities lending collateral equity with State Treasurer	2,302	8,773	-	-	31,536	24,854	-	1,941												
Taxes receivable, net	1,934	6,508	889	-	69,941	19,208	1,357	2,975												
Other receivables, net	2	6	-	-	23	18	-	1												
Due from other Department funds	-	-	-	-	-	-	-	-												
<b>Total assets</b>	\$ 10,631	\$ 38,735	\$ 2,681	\$ -	\$ 213,178	\$ 59,657	\$ 4,120	\$ 10,492												
<b>LIABILITIES</b>																				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 10	\$ -	\$ -	\$ 17												
Intergovernmental payables	8,329	29,962	2,681	-	181,632	34,803	4,120	8,534												
Obligations under securities lending of State Treasurer	2,302	8,773	-	-	31,536	24,854	-	1,941												
Other liabilities	-	-	-	-	-	-	-	-												
<b>Total liabilities</b>	\$ 10,631	\$ 38,735	\$ 2,681	\$ -	\$ 213,178	\$ 59,657	\$ 4,120	\$ 10,492												

(Continued)

State of Illinois  
Department of Revenue

Combining Statement of Fiduciary Net Position -  
Agency Funds

June 30, 2014 (Expressed in Thousands)

	Agency									
	County Public Safety ROT 0219	Sports Facility Tax Trust 0229	Metropolitan Pier & Expo. Auth. Trust 0337	Illinois Tourism Tax 0452	School Facility Occupation Tax 0498	Flood Prevention Occupation Tax 0558	Tax Suspense Trust 0583	Metro East Park & Recreation 0717		
<b>ASSETS</b>										
Cash equity in State Treasury	\$ 17,597	\$ -	\$ 62,450	\$ 5,634	\$ 14,541	\$ 2,341	\$ 45	\$ 1,363		
Cash and cash equivalents	-	-	-	-	-	-	-	-		
Securities lending collateral equity with State Treasurer	-	-	26,184	-	-	-	-	-		
Taxes receivable, net	1,932	1,706	14,064	2,335	1,837	608	-	237		
Other receivables, net	-	-	19	-	-	-	-	-		
Due from other Department funds	-	-	-	1,529	-	-	-	-		
<b>Total assets</b>	<b>\$ 19,529</b>	<b>\$ 1,706</b>	<b>\$ 102,717</b>	<b>\$ 9,498</b>	<b>\$ 16,378</b>	<b>\$ 2,949</b>	<b>\$ 45</b>	<b>\$ 1,600</b>		
<b>LIABILITIES</b>										
Accounts payable and accrued liabilities	\$ -	\$ 204	\$ 238	\$ 103	\$ -	\$ -	\$ -	\$ -		
Intergovernmental payables	19,529	1,502	76,295	9,395	16,378	2,949	-	1,600		
Obligations under securities lending of State Treasurer	-	-	26,184	-	-	-	-	-		
Other liabilities	-	-	-	-	-	-	45	-		
<b>Total liabilities</b>	<b>\$ 19,529</b>	<b>\$ 1,706</b>	<b>\$ 102,717</b>	<b>\$ 9,498</b>	<b>\$ 16,378</b>	<b>\$ 2,949</b>	<b>\$ 45</b>	<b>\$ 1,600</b>		

(Continued)

State of Illinois  
Department of Revenue

Combining Statement of Fiduciary Net Position -  
Agency Funds

June 30, 2014 (Expressed in Thousands)

	Agency							Total
	Municipal Telecom 0719	RTA Sales Tax Trust 0812	Metro East Mass Transit District Tax 0841	Tennessee Valley Authority Local Trust 0861	Municipal Automobile Renting Tax 0868	County Automobile Renting Tax 0869	Surety Bond 1151	
<b>ASSETS</b>								
Cash equity in State Treasury	\$ 30,241	\$ 104,806	\$ 5,612	\$ 25	\$ 1,213	\$ 43	\$ -	\$ 413,137
Cash and cash equivalents	-	-	-	-	-	-	842	842
Securities lending collateral equity with State Treasurer	-	25,216	2,054	-	438	15	-	123,313
Taxes receivable, net	1,003	94,133	1,588	-	646	28	-	222,929
Other receivables, net	-	18	1	-	-	-	-	88
Due from other Department funds	39,661	33,890	-	-	-	-	-	75,080
<b>Total assets</b>	<b>\$ 70,905</b>	<b>\$ 258,063</b>	<b>\$ 9,255</b>	<b>\$ 25</b>	<b>\$ 2,297</b>	<b>\$ 86</b>	<b>\$ 842</b>	<b>\$ 835,389</b>
<b>LIABILITIES</b>								
Accounts payable and accrued liabilities	\$ 9,424	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,996
Intergovernmental payables	61,481	232,847	7,201	25	1,859	71	-	701,193
Obligations under securities lending of State Treasurer	-	25,216	2,054	-	438	15	-	123,313
Other liabilities	-	-	-	-	-	-	842	887
<b>Total liabilities</b>	<b>\$ 70,905</b>	<b>\$ 258,063</b>	<b>\$ 9,255</b>	<b>\$ 25</b>	<b>\$ 2,297</b>	<b>\$ 86</b>	<b>\$ 842</b>	<b>\$ 835,389</b>

(Concluded)

**State of Illinois**  
**Department of Revenue**

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

For the Year Ended June 30, 2014 (Expressed in Thousands)

	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
<b>County Water Commission Tax (0084)</b>				
<b>ASSETS</b>				
Cash equity in State Treasury	\$ 6,203	\$ 34,932	\$ 34,742	\$ 6,393
Securities lending collateral equity with State Treasurer	3,180	26,067	26,945	2,302
Taxes receivable, net	2,088	34,759	34,913	1,934
Other receivables, net	2	19	19	2
<b>Total assets</b>	<b>\$ 11,473</b>	<b>\$ 95,777</b>	<b>\$ 96,619</b>	<b>\$ 10,631</b>
<b>LIABILITIES</b>				
Intergovernmental payables	\$ 8,293	\$ 34,778	\$ 34,742	\$ 8,329
Obligations under securities lending of State Treasurer	3,180	26,067	26,945	2,302
<b>Total liabilities</b>	<b>\$ 11,473</b>	<b>\$ 60,845</b>	<b>\$ 61,687</b>	<b>\$ 10,631</b>
<b>Non-Home Rule Municipal ROT (0088)</b>				
<b>ASSETS</b>				
Cash equity in State Treasury	\$ 22,068	\$ 114,790	\$ 113,410	\$ 23,448
Securities lending collateral equity with State Treasurer	11,543	98,973	101,743	8,773
Taxes receivable, net	6,709	114,517	114,718	6,508
Other receivables, net	6	72	72	6
<b>Total assets</b>	<b>\$ 40,326</b>	<b>\$ 328,352</b>	<b>\$ 329,943</b>	<b>\$ 38,735</b>
<b>LIABILITIES</b>				
Intergovernmental payables	\$ 28,783	\$ 114,589	\$ 113,410	\$ 29,962
Obligations under securities lending of State Treasurer	11,543	98,973	101,743	8,773
<b>Total liabilities</b>	<b>\$ 40,326</b>	<b>\$ 213,562</b>	<b>\$ 215,153</b>	<b>\$ 38,735</b>
<b>Home Rule Municipal Soft Drink ROT (0097)</b>				
<b>ASSETS</b>				
Cash equity in State Treasury	\$ 1,776	\$ 9,000	\$ 8,984	\$ 1,792
Taxes receivable, net	870	9,019	9,000	889
<b>Total assets</b>	<b>\$ 2,646</b>	<b>\$ 18,019</b>	<b>\$ 17,984</b>	<b>\$ 2,681</b>
<b>LIABILITIES</b>				
Intergovernmental payables	\$ 2,646	\$ 9,019	\$ 8,984	\$ 2,681
<b>Total liabilities</b>	<b>\$ 2,646</b>	<b>\$ 9,019</b>	<b>\$ 8,984</b>	<b>\$ 2,681</b>

(Continued)

**State of Illinois**  
**Department of Revenue**

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

For the Year Ended June 30, 2014 (Expressed in Thousands)

	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
<b>Municipal Wireless (0125)</b>				
<b>ASSETS</b>				
Cash equity in State Treasury	\$ 1	\$ 6,595	\$ 6,596	\$ -
Taxes receivable, net	515	6,080	6,595	-
<b>Total assets</b>	<b>\$ 516</b>	<b>\$ 12,675</b>	<b>\$ 13,191</b>	<b>\$ -</b>
<b>LIABILITIES</b>				
Intergovernmental payables	\$ 516	\$ 6,080	\$ 6,596	\$ -
<b>Total liabilities</b>	<b>\$ 516</b>	<b>\$ 6,080</b>	<b>\$ 6,596</b>	<b>\$ -</b>
<b>Home Rule Municipal ROT (0138)</b>				
<b>ASSETS</b>				
Cash equity in State Treasury	\$ 97,690	\$ 913,601	\$ 899,613	\$ 111,678
Securities lending collateral equity with State Treasurer	39,122	353,666	361,252	31,536
Taxes receivable, net	74,623	908,666	913,348	69,941
Other receivables, net	19	257	253	23
<b>Total assets</b>	<b>\$ 211,454</b>	<b>\$ 2,176,190</b>	<b>\$ 2,174,466</b>	<b>\$ 213,178</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ -	\$ 94	\$ 84	\$ 10
Intergovernmental payables	172,332	908,829	899,529	181,632
Obligations under securities lending of State Treasurer	39,122	353,666	361,252	31,536
<b>Total liabilities</b>	<b>\$ 211,454</b>	<b>\$ 1,262,589</b>	<b>\$ 1,260,865</b>	<b>\$ 213,178</b>
<b>Home Rule County ROT (0139)</b>				
<b>ASSETS</b>				
Cash equity in State Treasury	\$ 29,227	\$ 342,829	\$ 356,479	\$ 15,577
Securities lending collateral equity with State Treasurer	27,705	246,584	249,435	24,854
Taxes receivable, net	2,880	358,984	342,656	19,208
Other receivables, net	13	178	173	18
<b>Total assets</b>	<b>\$ 59,825</b>	<b>\$ 948,575</b>	<b>\$ 948,743</b>	<b>\$ 59,657</b>
<b>LIABILITIES</b>				
Intergovernmental payables	\$ 32,120	\$ 359,162	\$ 356,479	\$ 34,803
Obligations under securities lending of State Treasurer	27,705	246,584	249,435	24,854
<b>Total liabilities</b>	<b>\$ 59,825</b>	<b>\$ 605,746</b>	<b>\$ 605,914</b>	<b>\$ 59,657</b>
<b>Business District ROT (0160)</b>				
<b>ASSETS</b>				
Cash equity in State Treasury	\$ 2,002	\$ 15,898	\$ 15,137	\$ 2,763
Taxes receivable, net	1,240	16,015	15,898	1,357
<b>Total assets</b>	<b>\$ 3,242</b>	<b>\$ 31,913</b>	<b>\$ 31,035</b>	<b>\$ 4,120</b>
<b>LIABILITIES</b>				
Intergovernmental payables	\$ 3,242	\$ 16,015	\$ 15,137	\$ 4,120
<b>Total liabilities</b>	<b>\$ 3,242</b>	<b>\$ 16,015</b>	<b>\$ 15,137</b>	<b>\$ 4,120</b>

(Continued)

**State of Illinois**  
**Department of Revenue**

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

For the Year Ended June 30, 2014 (Expressed in Thousands)

	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
<b>County Option Motor Fuel Tax (0190)</b>				
<b>ASSETS</b>				
Cash equity in State Treasury	\$ 6,147	\$ 32,241	\$ 32,813	\$ 5,575
Securities lending collateral equity with State Treasurer	2,985	24,343	25,387	1,941
Taxes receivable, net	2,744	32,454	32,223	2,975
Other receivables, net	1	18	18	1
<b>Total assets</b>	<b>\$ 11,877</b>	<b>\$ 89,056</b>	<b>\$ 90,441</b>	<b>\$ 10,492</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 16	\$ 17	\$ 16	\$ 17
Intergovernmental payables	8,876	32,455	32,797	8,534
Obligations under securities lending of State Treasurer	2,985	24,343	25,387	1,941
<b>Total liabilities</b>	<b>\$ 11,877</b>	<b>\$ 56,815</b>	<b>\$ 58,200</b>	<b>\$ 10,492</b>
<b>County Public Safety ROT (0219)</b>				
<b>ASSETS</b>				
Cash equity in State Treasury	\$ 15,968	\$ 89,342	\$ 87,713	\$ 17,597
Taxes receivable, net	5,341	85,933	89,342	1,932
<b>Total assets</b>	<b>\$ 21,309</b>	<b>\$ 175,275</b>	<b>\$ 177,055</b>	<b>\$ 19,529</b>
<b>LIABILITIES</b>				
Intergovernmental payables	\$ 21,309	\$ 85,933	\$ 87,713	\$ 19,529
<b>Total liabilities</b>	<b>\$ 21,309</b>	<b>\$ 85,933</b>	<b>\$ 87,713</b>	<b>\$ 19,529</b>
<b>Sports Facility Tax Trust (0229)</b>				
<b>ASSETS</b>				
Cash equity in State Treasury	\$ -	\$ 5,160	\$ 5,160	\$ -
Taxes receivable, net	4,545	2,321	5,160	1,706
<b>Total assets</b>	<b>\$ 4,545</b>	<b>\$ 7,481</b>	<b>\$ 10,320</b>	<b>\$ 1,706</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 234	\$ 925	\$ 955	\$ 204
Intergovernmental payables	4,311	1,396	4,205	1,502
<b>Total liabilities</b>	<b>\$ 4,545</b>	<b>\$ 2,321</b>	<b>\$ 5,160</b>	<b>\$ 1,706</b>

(Continued)

**State of Illinois**  
**Department of Revenue**

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

For the Year Ended June 30, 2014 (Expressed in Thousands)

	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
<b>Metro Pier &amp; Exposition Authority Trust (0337)</b>				
<b>ASSETS</b>				
Cash equity in State Treasury	\$ 55,222	\$ 132,313	\$ 125,085	\$ 62,450
Securities lending collateral equity with State Treasurer	31,353	180,236	185,405	26,184
Taxes receivable, net	13,905	132,345	132,186	14,064
Other receivables, net	15	131	127	19
<b>Total assets</b>	<b>\$ 100,495</b>	<b>\$ 445,025</b>	<b>\$ 442,803</b>	<b>\$ 102,717</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 273	\$ -	\$ 35	\$ 238
Intergovernmental payables	68,869	132,476	125,050	76,295
Obligations under securities lending of State Treasurer	31,353	180,236	185,405	26,184
<b>Total liabilities</b>	<b>\$ 100,495</b>	<b>\$ 312,712</b>	<b>\$ 310,490</b>	<b>\$ 102,717</b>
<b>Illinois Tourism Tax (0452)</b>				
<b>ASSETS</b>				
Cash equity in State Treasury	\$ 5,077	\$ 20,337	\$ 19,780	\$ 5,634
Taxes receivable, net	2,928	19,744	20,337	2,335
Due from other Department funds	1,529	-	-	1,529
<b>Total assets</b>	<b>\$ 9,534</b>	<b>\$ 40,081</b>	<b>\$ 40,117</b>	<b>\$ 9,498</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 118	\$ 103	\$ 118	\$ 103
Intergovernmental payables	9,416	19,641	19,662	9,395
<b>Total liabilities</b>	<b>\$ 9,534</b>	<b>\$ 19,744</b>	<b>\$ 19,780</b>	<b>\$ 9,498</b>
<b>School Facility Occupation Tax (0498)</b>				
<b>ASSETS</b>				
Cash equity in State Treasury	\$ 9,985	\$ 55,918	\$ 51,362	\$ 14,541
Taxes receivable, net	2,841	54,914	55,918	1,837
<b>Total assets</b>	<b>\$ 12,826</b>	<b>\$ 110,832</b>	<b>\$ 107,280</b>	<b>\$ 16,378</b>
<b>LIABILITIES</b>				
Intergovernmental payables	\$ 12,826	\$ 54,914	\$ 51,362	\$ 16,378
<b>Total liabilities</b>	<b>\$ 12,826</b>	<b>\$ 54,914</b>	<b>\$ 51,362</b>	<b>\$ 16,378</b>

(Continued)

**State of Illinois**  
**Department of Revenue**

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

For the Year Ended June 30, 2014 (Expressed in Thousands)

	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
<b>Flood Prevention Occupation Tax (0558)</b>				
<b>ASSETS</b>				
Cash equity in State Treasury	\$ 2,954	\$ 11,452	\$ 12,065	\$ 2,341
Taxes receivable, net	679	11,381	11,452	608
<b>Total assets</b>	<b>\$ 3,633</b>	<b>\$ 22,833</b>	<b>\$ 23,517</b>	<b>\$ 2,949</b>
<b>LIABILITIES</b>				
Intergovernmental payables	\$ 3,633	\$ 11,381	\$ 12,065	\$ 2,949
<b>Total liabilities</b>	<b>\$ 3,633</b>	<b>\$ 11,381</b>	<b>\$ 12,065</b>	<b>\$ 2,949</b>
<b>Tax Suspense Trust (0583)</b>				
<b>ASSETS</b>				
Cash equity in State Treasury	\$ 45	\$ -	\$ -	\$ 45
<b>Total assets</b>	<b>\$ 45</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 45</b>
<b>LIABILITIES</b>				
Other liabilities	\$ 45	\$ -	\$ -	\$ 45
<b>Total liabilities</b>	<b>\$ 45</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 45</b>
<b>Metro East Park and Recreation (0717)</b>				
<b>ASSETS</b>				
Cash equity in State Treasury	\$ 1,200	\$ 4,452	\$ 4,289	\$ 1,363
Taxes receivable, net	265	4,424	4,452	237
<b>Total assets</b>	<b>\$ 1,465</b>	<b>\$ 8,876</b>	<b>\$ 8,741</b>	<b>\$ 1,600</b>
<b>LIABILITIES</b>				
Intergovernmental payables	\$ 1,465	\$ 4,424	\$ 4,289	\$ 1,600
<b>Total liabilities</b>	<b>\$ 1,465</b>	<b>\$ 4,424</b>	<b>\$ 4,289</b>	<b>\$ 1,600</b>
<b>Municipal Telecommunications Fund (0719)</b>				
<b>ASSETS</b>				
Cash equity in State Treasury	\$ 52,444	\$ 236,960	\$ 259,163	\$ 30,241
Taxes receivable, net	1,647	236,316	236,960	1,003
Due from other Department funds	23,994	15,667	-	39,661
<b>Total assets</b>	<b>\$ 78,085</b>	<b>\$ 488,943</b>	<b>\$ 496,123</b>	<b>\$ 70,905</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 10,170	\$ 15,667	\$ 16,413	\$ 9,424
Intergovernmental payables	67,915	236,316	242,750	61,481
<b>Total liabilities</b>	<b>\$ 78,085</b>	<b>\$ 251,983</b>	<b>\$ 259,163</b>	<b>\$ 70,905</b>

(Continued)

**State of Illinois**  
**Department of Revenue**

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

For the Year Ended June 30, 2014 (Expressed in Thousands)

	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
<b>RTA Sales Tax Trust (0812)</b>				
<b>ASSETS</b>				
Cash equity in State Treasury	\$ 100,828	\$ 1,173,229	\$ 1,169,251	\$ 104,806
Securities lending collateral equity with State Treasurer	36,954	304,463	316,201	25,216
Taxes receivable, net	90,275	1,047,204	1,043,346	94,133
Other receivables, net	18	224	224	18
Due from other Department funds	31,411	132,138	129,659	33,890
<b>Total assets</b>	<b>\$ 259,486</b>	<b>\$ 2,657,258</b>	<b>\$ 2,658,681</b>	<b>\$ 258,063</b>
<b>LIABILITIES</b>				
Intergovernmental payables	\$ 222,532	\$ 1,179,566	\$ 1,169,251	\$ 232,847
Obligations under securities lending of State Treasurer	36,954	304,463	316,201	25,216
<b>Total liabilities</b>	<b>\$ 259,486</b>	<b>\$ 1,484,029</b>	<b>\$ 1,485,452</b>	<b>\$ 258,063</b>
<b>Metro East Mass Transit Dist. Tax (0841)</b>				
<b>ASSETS</b>				
Cash equity in State Treasury	\$ 7,160	\$ 27,609	\$ 29,157	\$ 5,612
Securities lending collateral equity with State Treasurer	3,930	33,731	35,607	2,054
Taxes receivable, net	1,770	27,401	27,583	1,588
Other receivables, net	2	25	26	1
<b>Total assets</b>	<b>\$ 12,862</b>	<b>\$ 88,766</b>	<b>\$ 92,373</b>	<b>\$ 9,255</b>
<b>LIABILITIES</b>				
Intergovernmental payables	\$ 8,932	\$ 27,426	\$ 29,157	\$ 7,201
Obligations under securities lending of State Treasurer	3,930	33,731	35,607	2,054
<b>Total liabilities</b>	<b>\$ 12,862</b>	<b>\$ 61,157</b>	<b>\$ 64,764</b>	<b>\$ 9,255</b>
<b>Tennessee Valley Authority Local Trust (0861)</b>				
<b>ASSETS</b>				
Cash equity in State Treasury	\$ 1	\$ 274	\$ 250	\$ 25
<b>Total assets</b>	<b>\$ 1</b>	<b>\$ 274</b>	<b>\$ 250</b>	<b>\$ 25</b>
<b>LIABILITIES</b>				
Intergovernmental payables	\$ 1	\$ 274	\$ 250	\$ 25
<b>Total liabilities</b>	<b>\$ 1</b>	<b>\$ 274</b>	<b>\$ 250</b>	<b>\$ 25</b>

(Continued)

**State of Illinois**  
**Department of Revenue**

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

For the Year Ended June 30, 2014 (Expressed in Thousands)

	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
<b>Municipal Automobile Renting Tax (0868)</b>				
<b>ASSETS</b>				
Cash equity in State Treasury	\$ 1,503	\$ 6,065	\$ 6,355	\$ 1,213
Securities lending collateral equity with State Treasurer	796	5,486	5,844	438
Taxes receivable, net	609	6,102	6,065	646
<b>Total assets</b>	<b>\$ 2,908</b>	<b>\$ 17,653</b>	<b>\$ 18,264</b>	<b>\$ 2,297</b>
<b>LIABILITIES</b>				
Intergovernmental payables	\$ 2,112	\$ 6,102	\$ 6,355	\$ 1,859
Obligations under securities lending of State Treasurer	796	5,486	5,844	438
<b>Total liabilities</b>	<b>\$ 2,908</b>	<b>\$ 11,588</b>	<b>\$ 12,199</b>	<b>\$ 2,297</b>
<b>County Automobile Renting Tax (0869)</b>				
<b>ASSETS</b>				
Cash equity in State Treasury	\$ 71	\$ 209	\$ 237	\$ 43
Securities lending collateral equity with State Treasurer	37	262	284	15
Taxes receivable, net	26	211	209	28
<b>Total assets</b>	<b>\$ 134</b>	<b>\$ 682</b>	<b>\$ 730</b>	<b>\$ 86</b>
<b>LIABILITIES</b>				
Intergovernmental payables	\$ 97	\$ 211	\$ 237	\$ 71
Obligations under securities lending of State Treasurer	37	262	284	15
<b>Total liabilities</b>	<b>\$ 134</b>	<b>\$ 473</b>	<b>\$ 521</b>	<b>\$ 86</b>
<b>Surety Bond (1151)</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,119	\$ 3	\$ 280	\$ 842
<b>Total assets</b>	<b>\$ 1,119</b>	<b>\$ 3</b>	<b>\$ 280</b>	<b>\$ 842</b>
<b>LIABILITIES</b>				
Other liabilities	\$ 1,119	\$ 3	\$ 280	\$ 842
<b>Total liabilities</b>	<b>\$ 1,119</b>	<b>\$ 3</b>	<b>\$ 280</b>	<b>\$ 842</b>

(Continued)

**State of Illinois**  
**Department of Revenue**

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

For the Year Ended June 30, 2014 (Expressed in Thousands)

	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
<b>Total - All Agency Funds</b>				
<b>ASSETS</b>				
Cash equity in State Treasury	\$ 417,572	\$ 3,233,206	\$ 3,237,641	\$ 413,137
Cash and cash equivalents	1,119	3	280	842
Securities lending collateral equity with State Treasurer	157,605	1,273,811	1,308,103	123,313
Taxes receivable, net	216,500	3,108,790	3,102,361	222,929
Other receivables, net	76	924	912	88
Due from other Department funds	56,934	147,805	129,659	75,080
<b>Total assets</b>	<b>\$ 849,806</b>	<b>\$ 7,764,539</b>	<b>\$ 7,778,956</b>	<b>\$ 835,389</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 10,811	\$ 16,806	\$ 17,621	\$ 9,996
Intergovernmental payables	680,226	3,240,987	3,220,020	701,193
Obligations under securities lending of State Treasurer	157,605	1,273,811	1,308,103	123,313
Other liabilities	1,164	3	280	887
<b>Total liabilities</b>	<b>\$ 849,806</b>	<b>\$ 4,531,607</b>	<b>\$ 4,546,024</b>	<b>\$ 835,389</b>

(Concluded)

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
FINANCIAL AUDIT  
For the Year Ended June 30, 2014  
AND COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2014

**SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES**

**SUMMARY**

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

- Fiscal Schedules and Analysis:
  - Schedule of Appropriations, Expenditures and Lapsed Balances
    - Fiscal Year 2014
    - Fiscal Year 2013
  - Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
  - Comparative Schedule of Receipts, Disbursements and Fund Balance (Cash Basis) – Locally-Held Funds
  - Schedule of Changes in State Property
  - Comparative Schedule of Cash Receipts
  - Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller
  - Analysis of Significant Variations in Expenditures
  - Analysis of Significant Variations in Receipts
  - Analysis of Significant Lapse Period Spending
  - Analysis of Accounts Receivable
  - Reconciliation of the Analysis of Accounts Receivable to the Taxes Receivable Footnote in the Financial Statements
- Analysis of Operations (Unaudited):
  - Agency Functions and Planning Program (Unaudited)
  - Average Number of Employees (Unaudited)
  - Emergency Purchases (Unaudited)
  - Memorandums of Understanding (Unaudited)
  - Audit Collections Statistics (Unaudited)
  - Service Efforts and Accomplishments (Unaudited)

The auditor's report that covers the Supplementary Information for State Compliance Purposes states that it has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in the auditor's opinion, it is fairly stated, in all material respects in relation to the basic financial statements as a whole from which it has been derived. The auditor's report also states the Analysis of Operations Section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, they do not express an opinion or provide any assurance on it.

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES**  
Appropriations for Fiscal Year 2014

Fourteen Months Ended August 31, 2014

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2014	Lapse Period Expenditures July 1 to August 31, 2014	Total Expenditures	Balances Reappropriated July 1, 2014	Balances Lapsed
<b>Public Act 98-0050, Public Act 98-0064</b>						
<b>General Revenue Fund (0001)</b>						
Operational expenses	\$ 105,317,300	\$ 96,816,416	\$ 6,932,628	\$ 103,749,044	\$ -	\$ 1,568,256
Tax refunds	4,000,000	3,997,711	1,786	3,999,497	-	503
Shared Services initiative and other operational expenses	1,870,800	1,526,947	78,796	1,605,743	-	265,057
Total General Revenue Fund	<u>\$ 111,188,100</u>	<u>\$ 102,341,074</u>	<u>\$ 7,013,210</u>	<u>\$ 109,354,284</u>	<u>\$ -</u>	<u>\$ 1,833,816</u>
<b>Motor Fuel Tax Fund (0012)</b>						
Personal services	17,774,700	17,008,419	733,848	17,742,267	-	32,433
State contributions to State Employees' Retirement System	7,165,400	6,870,267	280,491	7,150,758	-	14,642
State contributions to Social Security	1,359,700	1,226,071	52,869	1,278,940	-	80,760
Group insurance	4,416,000	3,673,411	153,534	3,826,945	-	589,055
Contractual services	1,720,000	1,524,145	99,553	1,623,698	-	96,302
Travel	773,200	564,613	193,054	757,667	-	15,533
Commodities	58,400	7,514	6,245	13,759	-	44,641
Printing	184,800	99,802	15,551	115,353	-	69,447
Equipment	15,000	-	-	-	-	15,000
Electronic data processing	7,036,000	6,170,633	776,644	6,947,277	-	88,723
Telecommunications	767,000	565,187	198,796	763,983	-	3,017
Operation of automotive equipment	43,200	42,709	156	42,865	-	335
Administration of Motor Fuel Tax Enforcement Grant from U.S.D.O.T.	150,000	34,976	27,532	62,508	-	87,492
Reimbursement to International Fuel Tax Agreement Member States	6,000,000	576,992	96,745	673,737	-	5,326,263
Motor Fuel Tax refunds	22,000,000	14,657,814	2,888,892	17,546,706	-	4,453,294
Shared Services Center	1,055,500	905,355	45,889	951,244	-	104,256
Total Motor Fuel Tax Fund	<u>\$ 70,518,900</u>	<u>\$ 53,927,908</u>	<u>\$ 5,569,799</u>	<u>\$ 59,497,707</u>	<u>\$ -</u>	<u>\$ 11,021,193</u>
<b>Underground Storage Tank Fund (0072)</b>						
Personal services	838,700	794,752	33,895	828,647	-	10,053
State contributions to State Employees' Retirement System	338,100	320,898	13,679	334,577	-	3,523
State contributions to Social Security	64,200	58,145	2,480	60,625	-	3,575
Group insurance	253,000	200,966	8,707	209,673	-	43,327
Travel	30,200	30,191	-	30,191	-	9
Commodities	2,100	323	-	323	-	1,777
Printing	1,500	-	-	-	-	1,500
Electronic data processing	242,600	228,885	4,076	232,961	-	9,639
Telecommunications	61,400	61,399	-	61,399	-	1
Motor Fuel Tax refunds	12,000	-	-	-	-	12,000
Total Underground Storage Tank Fund	<u>\$ 1,843,800</u>	<u>\$ 1,695,559</u>	<u>\$ 62,837</u>	<u>\$ 1,758,396</u>	<u>\$ -</u>	<u>\$ 85,404</u>
<b>Illinois Gaming Law Enforcement Fund (0085)</b>						
Personal services	381,600	356,358	14,971	371,329	-	10,271
State contributions to State Employees' Retirement System	153,900	143,765	6,036	149,801	-	4,099
State contributions to Social Security	29,200	26,061	1,092	27,153	-	2,047
Group insurance	138,000	113,793	5,081	118,874	-	19,126
Contractual services	10,000	-	-	-	-	10,000
Grants for allocation to local law enforcement agencies	1,100,000	978,677	-	978,677	-	121,323
Total Illinois Gaming Law Enforcement Fund	<u>\$ 1,812,700</u>	<u>\$ 1,618,654</u>	<u>\$ 27,180</u>	<u>\$ 1,645,834</u>	<u>\$ -</u>	<u>\$ 166,866</u>

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	Appropriations (Net after Transfers)	Expenditures Through June 30, 2014	Lapse Period Expenditures July 1 to August 31, 2014	Total Expenditures	Balances Reappropriated July 1, 2014	Balances Lapsed
<b>Public Act 98-0050, Public Act 98-0064</b>						
<b>Home Rule Municipal Retailers' Occupation Tax Fund (0138)</b>						
Personal services	\$ 1,213,900	\$ 231,472	\$ 10,064	\$ 241,536	\$ -	\$ 972,364
State contributions to State Employees' Retirement System	489,400	94,147	4,108	98,255	-	391,145
State contributions to Social Security	92,900	16,840	737	17,577	-	75,323
Group insurance	322,000	46,090	1,798	47,888	-	274,112
Travel	50,800	50,796	-	50,796	-	4
Electronic data processing	277,200	105,100	-	105,100	-	172,100
Telecommunications	44,600	44,441	-	44,441	-	159
Total Home Rule Municipal Retailers' Occupation Tax Fund	\$ 2,490,800	\$ 588,886	\$ 16,707	\$ 605,593	\$ -	\$ 1,885,207
<b>Illinois Department of Revenue Federal Trust Fund (0140)</b>						
Administrative costs	250,000	118,302	27,263	145,565	-	104,435
<b>Rental Housing Support Program Fund (0150)</b>						
Administration of the Rental Housing Support program	1,100,000	396,542	272,364	668,906	-	431,094
Grants to provide rental assistance to the Rental Housing Support Program Fund	25,000,000	8,086,507	10,107,604	18,194,111	-	6,805,889
Total Rental Housing Support Program Fund	\$ 26,100,000	\$ 8,483,049	\$ 10,379,968	\$ 18,863,017	\$ -	\$ 7,236,983
<b>State and Local Sales Tax Reform Fund (0186)</b>						
Grants to allocate to Chicago for additional 1.25% use tax pursuant to P.A. 86-0928	64,000,000	52,562,790	10,413,426	62,976,216	-	1,023,784
Grant to Madison County	2,613,500	1,861,197	312,403	2,173,600	-	439,900
Total State and Local Sales Tax Reform Fund	\$ 66,613,500	\$ 54,423,987	\$ 10,725,829	\$ 65,149,816	\$ -	\$ 1,463,684
<b>Regional Transportation Authority (RTA) Occupation and Use Tax Replacement Fund (0187)</b>						
Grants to allocate to RTA for 10% of the 1.25% use tax pursuant to P.A. 86-0928	32,000,000	26,331,601	5,204,815	31,536,416	-	463,584
<b>County Option Motor Fuel Tax Fund (0190)</b>						
Personal services	394,500	341,361	16,967	358,328	-	36,172
State contributions to State Employees' Retirement System	159,000	137,724	6,843	144,567	-	14,433
State contributions to Social Security	30,200	25,140	1,249	26,389	-	3,811
Group insurance	155,400	112,593	5,275	117,868	-	37,532
Total County Option Motor Fuel Tax Fund	\$ 739,100	\$ 616,818	\$ 30,334	\$ 647,152	\$ -	\$ 91,948
<b>Debt Collection Fund (0279)</b>						
Administration of statewide debt collection	20,000	13,176	2,034	15,210	-	4,790
<b>Illinois Tax Increment Fund (0281)</b>						
Personal services	322,400	-	-	-	-	322,400
State contributions to State Employees' Retirement System	129,900	-	-	-	-	129,900
State contributions to Social Security	24,700	-	-	-	-	24,700
Group insurance	92,000	-	-	-	-	92,000
Electronic data processing	135,000	-	-	-	-	135,000
Telecommunications	18,700	-	-	-	-	18,700
Total Illinois Tax Increment Fund	\$ 722,700	\$ -	\$ -	\$ -	\$ -	\$ 722,700

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	Appropriations (Net after Transfers)	Expenditures Through June 30, 2014	Lapse Period Expenditures July 1 to August 31, 2014	Total Expenditures	Balances Reappropriated July 1, 2014	Balances Lapsed
<b>Public Act 98-0050, Public Act 98-0064</b>						
<b>Illinois Affordable Housing Trust Fund (0286)</b>						
Administration of Illinois Affordable Housing Act	\$ 4,000,000	\$ 1,795,578	\$ 1,719,218	\$ 3,514,796	\$ -	\$ 485,204
Grants to other State agencies	3,000,000	-	-	-	-	3,000,000
Grants, mortgages, loans, or for the purpose of securing bonds	50,000,000	48,735,376	1,250,000	49,985,376	-	14,624
Total Illinois Affordable Housing Trust Fund	<u>\$ 57,000,000</u>	<u>\$ 50,530,954</u>	<u>\$ 2,969,218</u>	<u>\$ 53,500,172</u>	<u>\$ -</u>	<u>\$ 3,499,828</u>
<b>Federal HOME Investment Trust Fund (0338)</b>						
Illinois HOME Investment Partnerships program	25,000,000	10,166,912	-	10,166,912	2,098,801	12,734,287
<b>Tax Compliance and Administration Fund (0384)</b>						
Personal services	3,373,000	2,625,834	172,304	2,798,138	-	574,862
State contributions to State Employees' Retirement System	1,359,700	1,059,375	85,381	1,144,756	-	214,944
State contributions to Social Security	258,000	182,996	12,139	195,135	-	62,865
Group insurance	1,524,400	671,122	52,980	724,102	-	800,298
Contractual services	440,400	239,100	-	239,100	-	201,300
Travel	300,000	273,854	17,853	291,707	-	8,293
Commodities	2,400	-	-	-	-	2,400
Electronic data processing	3,462,700	1,467,819	-	1,467,819	-	1,994,881
Telecommunications	97,400	26,072	-	26,072	-	71,328
Administration of the Dry Cleaners Environmental Response Trust Fund Act	116,200	110,442	4,753	115,195	-	1,005
Administration of the Illinois Petroleum Education and Marketing Act	9,000	1,311	-	1,311	-	7,689
Administration of Simplified Telecommunications Act	2,546,800	2,298,460	114,436	2,412,896	-	133,904
Administration costs associated with the Municipality Sales Tax	162,500	149,342	6,666	156,008	-	6,492
Shared Services Center	466,600	61,068	-	61,068	-	405,532
Total Tax Compliance and Administration Fund	<u>\$ 14,119,100</u>	<u>\$ 9,166,795</u>	<u>\$ 466,512</u>	<u>\$ 9,633,307</u>	<u>\$ -</u>	<u>\$ 4,485,793</u>
<b>Predatory Lending Database Program Fund (0478)</b>						
Grants for the Predatory Lending Database program	845,000	809,792	35,208	845,000	-	-
<b>Local Government Distributive Fund (0515)</b>						
Grants to allocate to local governments for additional 1.25% use tax pursuant to P.A. 86-0928	184,280,000	150,892,882	29,834,588	180,727,470	-	3,552,530
<b>Municipal Telecommunications Fund (0719)</b>						
Motor Fuel Tax refunds	12,000	-	-	-	-	12,000
<b>Personal Property Tax Replacement Fund (0802)</b>						
Personal services	11,121,000	10,656,798	435,396	11,092,194	-	28,806
State contributions to State Employees' Retirement System	4,481,600	4,301,550	175,733	4,477,283	-	4,317
State contributions to Social Security	822,700	775,451	31,824	807,275	-	15,425
Group insurance	3,751,300	3,404,010	145,979	3,549,989	-	201,311
Contractual services	1,003,000	998,411	2,633	1,001,044	-	1,956
Travel	243,900	235,065	8,567	243,632	-	268
Commodities	52,500	45,060	6,180	51,240	-	1,260
Printing	27,100	20,000	6,055	26,055	-	1,045
Electronic data processing	4,924,700	4,337,629	586,407	4,924,036	-	664
Telecommunications	561,100	560,192	-	560,192	-	908
Operation of automotive equipment	17,800	17,800	-	17,800	-	-
Grants for the State's share of State's Attorneys' and Assistant State's Attorneys' salaries	13,803,700	13,476,265	(1,041)	13,475,224	-	328,476
Grants for the State's share of County Public Defenders' salaries	7,000,000	5,820,067	531,333	6,351,400	-	648,600

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	Appropriations (Net after Transfers)	Expenditures Through June 30, 2014	Lapse Period Expenditures July 1 to August 31, 2014	Total Expenditures	Balances Reappropriated July 1, 2014	Balances Lapsed
<b>Public Act 98-0050, Public Act 98-0064</b>						
<b>Personal Property Tax Replacement Fund (0802) - continued</b>						
Grants for the State's share of County Supervisors of Assessments or County Assessors' salaries	\$ 3,150,000	\$ 2,873,566	\$ -	\$ 2,873,566	\$ -	\$ 276,434
Grants for additional compensation for local assessors as provided by Section 2.3 and 2.6 of the Revenue Act of 1939	350,000	165,500	1,000	166,500	-	183,500
Grants for additional compensation for local assessors as provided by Section 2.7 of the Revenue Act of 1939	660,000	236,771	87,000	323,771	-	336,229
Grants for additional compensation for County Treasurers	663,000	663,000	-	663,000	-	-
Grants for annual stipend for Sheriffs	663,000	663,000	-	663,000	-	-
Grants for stipend to County Coroner	663,000	656,500	6,500	663,000	-	-
Grants for additional compensation for County Auditors	110,500	110,500	-	110,500	-	-
Total Personal Property Tax Replacement Fund	\$ 54,069,900	\$ 50,017,135	\$ 2,023,566	\$ 52,040,701	\$ -	\$ 2,029,199
<b>Dram Shop Fund (0821)</b>						
Personal services	3,164,100	2,515,486	109,083	2,624,569	-	539,531
State contributions to State Employees' Retirement System	1,275,500	1,015,906	44,024	1,059,930	-	215,570
State contributions to Social Security	242,000	184,196	8,026	192,222	-	49,778
Group insurance	1,039,500	712,189	46,130	758,319	-	281,181
Contractual services	296,900	261,660	12,697	274,357	-	22,543
Travel	110,000	76,304	9,414	85,718	-	24,282
Commodities	7,000	1,264	33	1,297	-	5,703
Printing	5,000	302	-	302	-	4,698
Equipment	2,900	-	-	-	-	2,900
Electronic data processing	747,500	227,951	43,600	271,551	-	475,949
Telecommunications	80,000	36,144	-	36,144	-	43,856
Operation of automotive equipment	75,400	39,245	6,196	45,441	-	29,959
Parental responsibility grant	200,000	60,687	125,561	186,248	-	13,752
Tobacco study	1,387,700	872,993	64,025	937,018	-	450,682
Operation of the Beverage Alcohol Sellers and Servers Education and Training (BASSET) program	271,300	213,359	33,924	247,283	-	24,017
Retailer education program	244,300	191,790	21,292	213,082	-	31,218
Grants to local government units to establish enforcement programs	1,000,000	993,730	-	993,730	-	6,270
Refunds	5,000	4,450	-	4,450	-	550
Shared Services Center	135,000	38,794	-	38,794	-	96,206
Total Dram Shop Fund	\$ 10,289,100	\$ 7,446,450	\$ 524,005	\$ 7,970,455	\$ -	\$ 2,318,645
<b>Local Government Video Gaming Distributive Fund (0842)</b>						
Allocation to local governments of net terminal income tax pursuant to Video Gaming Act	45,000,000	21,319,492	(2,709)	21,316,783	-	23,683,217
<b>Foreclosure Prevention Program Fund (0891)</b>						
Awards and grants, lump sums and other purposes	20,000,000	1,028,445	2,404,136	3,432,581	-	16,567,419
<b>Abandoned Residential Property Municipality Relief Fund (0892)</b>						
Awards and grants, lump sums and other purposes	30,000,000	423,156	6,949,138	7,372,294	-	22,627,706
<b>Senior Citizens Real Estate Deferred Tax Revolving Fund (0930)</b>						
Payments to counties	9,200,000	5,571,278	-	5,571,278	-	3,628,722
<b>SUBTOTAL - Appropriated Funds</b>	\$ 764,114,700	\$ 557,532,305	\$ 84,263,638	\$ 641,795,943	\$ 2,098,801	\$ 120,219,956

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	Appropriations (Net after Transfers)	Expenditures Through June 30, 2014	Lapse Period Expenditures July 1 to August 31, 2014	Total Expenditures	Balances Reappropriated July 1, 2014	Balances Lapsed
<b>Public Act 98-0050, Public Act 98-0064</b>						
<b>CONTINUING APPROPRIATIONS</b>						
<b>Income Tax Refund Fund (0278)</b>						
Income tax refunds	\$ 2,455,872,332	\$ 2,455,872,332	\$ -	\$ 2,455,872,332	\$ -	\$ -
<b>Federal HOME Investment Trust Fund (0338)</b>						
Illinois HOME Investment Partnerships program	19,864,600	6,963,401	-	6,963,401	12,901,199	-
<b>Local Government Distributive Fund (0515)</b>						
Grants to local governments	1,223,196,227	1,223,196,226	-	1,223,196,226	-	1
<b>Personal Property Tax Replacement Fund (0802)</b>						
Shared revenue payments	1,370,966,178	1,370,966,178	-	1,370,966,178	-	-
<b>Build Illinois Bond Fund (0971)</b>						
Affordable housing grants, loans, and investments for low-income families, senior citizens, persons with disabilities, and at risk displaced veterans	70,329,867	54,516,847	-	54,516,847	15,813,020	-
Affordable housing grants, loans, and investments for low-income persons with disabilities and at risk displaced veterans	1,003,000	1,003,000	-	1,003,000	-	-
Total Build Illinois Bond Fund	\$ 71,332,867	\$ 55,519,847	\$ -	\$ 55,519,847	\$ 15,813,020	\$ -
<b>SUBTOTAL - Continuing Appropriated Funds</b>	<b>\$ 5,141,232,204</b>	<b>\$ 5,112,517,984</b>	<b>\$ -</b>	<b>\$ 5,112,517,984</b>	<b>\$ 28,714,219</b>	<b>\$ 1</b>
<b>SUBTOTAL - All Appropriated Funds</b>	<b>\$ 5,905,346,904</b>	<b>\$ 5,670,050,289</b>	<b>\$ 84,263,638</b>	<b>\$ 5,754,313,927</b>	<b>\$ 30,813,020</b>	<b>\$ 120,219,957</b>
<b>NON-APPROPRIATED EXPENDITURES</b>						
<b>County Water Commission Tax Fund (0084)</b>						
Shared revenue payments		34,742,042	-	34,742,042	-	-
<b>Non-Home Rule Municipal Retailers' Occupation Tax Fund (0088)</b>						
Shared revenue payments		113,409,810	-	113,409,810	-	-
<b>Home Rule Municipal Soft Drink Retailers' Occupation Tax Fund (0097)</b>						
Shared revenue payments		8,983,681	-	8,983,681	-	-
Refunds		17	-	17	-	-
Total Home Rule Municipal Soft Drink Retailers' Occupation Tax Fund		\$ 8,983,698	\$ -	\$ 8,983,698		
<b>Municipal Wireless Service Emergency Fund (0125)</b>						
Shared revenue payments		6,595,797	-	6,595,797	-	-
<b>Home Rule Municipal Retailers' Occupation Tax Fund (0138)</b>						
Shared revenue payments		899,017,686	77,621	899,095,307	-	-

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	Appropriations (Net after Transfers)	Expenditures Through June 30, 2014	Lapse Period Expenditures July 1 to August 31, 2014	Total Expenditures	Balances Reappropriated July 1, 2014	Balances Lapsed
<b>Public Act 98-0050, Public Act 98-0064</b>						
<b>Home Rule County Retailers' Occupation Tax Fund (0139)</b>						
Shared revenue payments	\$ 329,432,102	\$ -	\$ -	\$ 329,432,102		
<b>Business District Retailers' Occupation Tax Fund (0160)</b>						
Shared revenue payments	15,135,832	-	-	15,135,832		
<b>County and Mass Transit District Fund (0188)</b>						
Shared revenue payments	222,529,259	-	-	222,529,259		
<b>Local Government Tax Fund (0189)</b>						
Shared revenue payments	1,714,849,368	-	-	1,714,849,368		
<b>County Option Motor Fuel Tax Fund (0190)</b>						
Shared revenue payments	32,165,938	-	-	32,165,938		
<b>County Public Safety Retailers' Occupation Tax Fund (0219)</b>						
Shared revenue payments	87,713,253	-	-	87,713,253		
<b>Sports Facilities Tax Trust Fund (0229)</b>						
Interfund transfers	40,792,221	-	-	40,792,221		
<b>Illinois Tourism Tax Fund (0452)</b>						
Shared revenue payments	19,780,076	-	-	19,780,076		
<b>School Facility Occupation Tax Fund (0498)</b>						
Shared revenue payments	51,362,215	-	-	51,362,215		
<b>Flood Prevention Occupation Tax Fund (0558)</b>						
Shared revenue payments	11,048,547	-	-	11,048,547		
<b>Tax Suspense Trust Fund (0583)</b>						
Refunds	50,857	-	100	50,957		
<b>Metro East Park and Recreation District Fund (0717)</b>						
Shared revenue payments	4,288,817	-	-	4,288,817		
<b>Municipal Telecommunications Fund (0719)</b>						
Grants to local governments	259,163,457	-	-	259,163,457		
<b>RTA Sales Tax Fund (0812)</b>						
Shared revenue payments	1,169,251,340	-	-	1,169,251,340		
<b>Metro East Mass Transit District Tax Fund (0841)</b>						
Shared revenue payments	29,157,010	-	-	29,157,010		
<b>Tennessee Valley Authority Local Trust Fund (0861)</b>						
Shared revenue payments	250,168	-	-	250,168		

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	Appropriations (Net after Transfers)	Expenditures Through June 30, 2014	Lapse Period Expenditures July 1 to August 31, 2014	Total Expenditures	Balances Reappropriated July 1, 2014	Balances Lapsed
<b>Public Act 98-0050, Public Act 98-0064</b>						
<b>Municipal Automobile Renting Tax Fund (0868)</b>						
Shared revenue payments	\$ 6,355,343	\$ -	\$ -	\$ 6,355,343		
<b>County Automobile Renting Tax Fund (0869)</b>						
Shared revenue payments	236,817	-	-	236,817		
<b>SUBTOTAL - Nonappropriated Expenditures</b>	<u>\$ 5,056,311,653</u>	<u>\$ 77,721</u>	<u>\$ -</u>	<u>\$ 5,056,389,374</u>		
<b>DEPARTMENT TOTAL - ALL FUNDS</b>	<u>\$ 10,726,361,942</u>	<u>\$ 84,341,359</u>	<u>\$ -</u>	<u>\$ 10,810,703,301</u>		

Notes:

Appropriations, expenditures and lapsed balances were obtained from the State Comptroller's records which have been reconciled to the Department's records. Expenditure amounts are vouchers approved for payment by the Department and submitted to the State Comptroller for payment to the vendor.

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	Appropriations (Net after Transfers)	Expenditures Through June 30, 2013	Lapse Period Expenditures July 1 to August 31, 2013	Total Expenditures	Balances Reappropriated July 1, 2013	Balances Lapsed
<b>Public Act 97-0725, Public Act 97-0727, Public Act 98-0001</b>						
<b>General Revenue Fund (0001)</b>						
Personal services	\$ 70,463,300	\$ 66,808,368	\$ 3,342,710	\$ 70,151,078	\$ -	\$ 312,222
State contributions to Social Security	5,390,400	4,779,172	242,471	5,021,643	-	368,757
Contractual services	6,311,600	5,203,897	764,070	5,967,967	-	343,633
Travel	1,697,400	1,288,037	325,980	1,614,017	-	83,383
Commodities	630,100	558,206	33,089	591,295	-	38,805
Printing	408,700	203,966	65,806	269,772	-	138,928
Equipment	77,400	2,241	49,836	52,077	-	25,323
Electronic data processing	17,260,900	13,350,483	2,804,671	16,155,154	-	1,105,746
Telecommunications	994,700	529,310	418,627	947,937	-	46,763
Operation of automotive equipment	52,200	4,125	7,168	11,293	-	40,907
Lump sums for Shared Services	1,738,100	1,550,532	123,672	1,674,204	-	63,896
Tax refunds	6,000,000	5,999,958	(1,003)	5,998,955	-	1,045
<b>Total General Revenue Fund</b>	<b>\$ 111,024,800</b>	<b>\$ 100,278,295</b>	<b>\$ 8,177,097</b>	<b>\$ 108,455,392</b>	<b>\$ -</b>	<b>\$ 2,569,408</b>
<b>Motor Fuel Tax Fund (0012)</b>						
Personal services	16,719,100	16,026,597	692,128	16,718,725	-	375
State contributions to State Employees' Retirement System	6,376,100	6,100,478	263,489	6,363,967	-	12,133
State contributions to Social Security	1,254,100	1,165,166	50,375	1,215,541	-	38,559
Group insurance	4,416,000	4,206,280	178,855	4,385,135	-	30,865
Contractual services	1,659,000	1,431,775	191,912	1,623,687	-	35,313
Travel	783,200	717,360	57,809	775,169	-	8,031
Commodities	58,400	10,577	21,235	31,812	-	26,588
Printing	184,800	93,334	50,690	144,024	-	40,776
Equipment	15,000	1,897	-	1,897	-	13,103
Electronic data processing	6,835,000	5,724,853	464,979	6,189,832	-	645,168
Telecommunications	767,000	727,078	32,448	759,526	-	7,474
Operation of automotive equipment	43,200	42,194	-	42,194	-	1,006
Administration of Motor Fuel Tax Enforcement Grant from U.S.D.O.T.	300,000	24,417	4,496	28,913	-	271,087
Shared Services Center	919,200	859,243	45,750	904,993	-	14,207
Reimbursement to International Fuel Tax Agreement Member States	6,000,000	4,447,126	167,216	4,614,342	-	1,385,658
Motor Fuel Tax refunds	22,000,000	14,779,154	3,198,697	17,977,851	-	4,022,169
<b>Total Motor Fuel Tax Fund</b>	<b>\$ 68,330,100</b>	<b>\$ 56,357,509</b>	<b>\$ 5,420,079</b>	<b>\$ 61,777,588</b>	<b>\$ -</b>	<b>\$ 6,552,512</b>
<b>Underground Storage Tank Fund (0072)</b>						
Personal services	808,800	773,654	31,296	804,950	-	3,850
State contributions to State Employees' Retirement System	307,200	294,559	11,926	306,485	-	715
State contributions to Social Security	61,900	57,165	2,312	59,477	-	2,423
Group insurance	253,000	228,782	9,136	237,918	-	15,082
Travel	30,200	30,190	-	30,190	-	10
Commodities	2,100	-	-	-	-	2,100
Printing	1,500	-	1,200	1,200	-	300
Electronic data processing	236,400	107,999	126,609	234,608	-	1,792
Telecommunications	61,400	54,372	7,002	61,374	-	26
Motor Fuel Tax refunds	12,000	-	-	-	-	12,000
<b>Total Underground Storage Tank Fund</b>	<b>\$ 1,774,500</b>	<b>\$ 1,546,721</b>	<b>\$ 189,481</b>	<b>\$ 1,736,202</b>	<b>\$ -</b>	<b>\$ 38,298</b>

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
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Appropriations for Fiscal Year 2013

Fourteen Months Ended August 31, 2013

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2013	Lapse Period Expenditures July 1 to August 31, 2013	Total Expenditures	Balances Reappropriated July 1, 2013	Balances Lapsed
<b>Public Act 97-0725, Public Act 97-0727, Public Act 98-0001</b>						
<b>Illinois Gaming Law Enforcement Fund (0085)</b>						
Personal services	\$ 362,900	\$ 314,064	\$ 9,986	\$ 324,050	\$ -	\$ 38,850
State contributions to State Employees' Retirement System	137,900	119,365	3,796	123,161	-	14,739
State contributions to Social Security	27,800	23,427	743	24,170	-	3,630
Group insurance	138,000	108,867	3,686	112,553	-	25,447
Contractual services	10,700	-	-	-	-	10,700
Travel	50,200	-	-	-	-	50,200
Commodities	2,900	-	-	-	-	2,900
Printing	1,500	-	-	-	-	1,500
Electronic data processing	392,400	-	-	-	-	392,400
Telecommunications	14,500	-	14,497	14,497	-	3
Operation of automotive equipment	22,200	-	-	-	-	22,200
Grants for allocation to local law enforcement agencies	1,100,000	913,643	-	913,643	-	186,357
Total Illinois Gaming Law Enforcement Fund	\$ 2,261,000	\$ 1,479,366	\$ 32,708	\$ 1,512,074	\$ -	\$ 748,926
<b>Home Rule Municipal Retailers' Occupation Tax Fund (0138)</b>						
Personal services	1,163,000	235,725	-	235,725	-	927,275
State contributions to State Employees' Retirement System	441,800	89,603	-	89,603	-	352,197
State contributions to Social Security	89,000	17,591	-	17,591	-	71,409
Group insurance	322,000	64,429	-	64,429	-	257,571
Travel	50,800	50,799	-	50,799	-	1
Electronic data processing	277,200	-	-	-	-	277,200
Telecommunications	30,100	29,846	248	30,094	-	6
Total Home Rule Municipal Retailers' Occupation Tax Fund	\$ 2,373,900	\$ 487,993	\$ 248	\$ 488,241	\$ -	\$ 1,885,659
<b>Illinois Department of Revenue Federal Trust Fund (0140)</b>						
Administrative costs	250,000	110,911	44,585	155,496	-	94,504
Total Illinois Department of Revenue Federal Trust Fund	\$ 250,000	\$ 110,911	\$ 44,585	\$ 155,496	\$ -	\$ 94,504
<b>Rental Housing Support Program Fund (0150)</b>						
Administration of the Rental Housing Support program	1,100,000	424,221	317,085	741,306	-	358,694
Grants to provide rental assistance to the Rental Housing Support Program Fund	25,000,000	9,893,480	-	9,893,480	-	15,106,520
Total Rental Housing Support Program Fund	\$ 26,100,000	\$ 10,317,701	\$ 317,085	\$ 10,634,786	\$ -	\$ 15,465,214
<b>State and Local Sales Tax Reform Fund (0186)</b>						
Grants to allocate to Chicago for additional 1.25% use tax pursuant to P.A. 86-0928	\$ 64,000,000	\$ 52,346,294	\$ 9,477,124	\$ 61,823,418	\$ -	\$ 2,176,582
<b>Regional Transportation Authority (RTA) Occupation and Use Tax Replacement Fund (0187)</b>						
Grants to allocate to RTA for 10% of the 1.25% use tax pursuant to P.A. 86-0928	\$ 32,000,000	\$ 25,821,747	\$ 4,738,562	\$ 30,560,309	\$ -	\$ 1,439,691
<b>County Option Motor Fuel Tax Fund (0190)</b>						
Personal services	370,900	353,984	15,830	369,814	-	1,086
State contributions to State Employees' Retirement System	140,900	134,507	6,015	140,522	-	378
State contributions to Social Security	28,400	26,219	1,174	27,393	-	1,007
Group insurance	138,000	127,943	7,136	135,079	-	2,921
Total County Option Motor Fuel Tax Fund	\$ 678,200	\$ 642,653	\$ 30,155	\$ 672,808	\$ -	\$ 5,392

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
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Fourteen Months Ended August 31, 2013

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2013	Lapse Period Expenditures July 1 to August 31, 2013	Total Expenditures	Balances Reappropriated July 1, 2013	Balances Lapsed
<b>Public Act 97-0725, Public Act 97-0727, Public Act 98-0001</b>	\$ 20,000	\$ 4,918	\$ 15,079	\$ 19,997	\$ -	\$ 3
<b>Debt Collection Fund (0279)</b>						
Administration of statewide debt collection						
<b>Illinois Tax Increment Fund (0281)</b>						
Personal services	306,900	250,018	-	250,018	-	56,882
State contributions to State Employees' Retirement System	116,600	95,110	-	95,110	-	21,490
State contributions to Social Security	23,500	18,651	-	18,651	-	4,849
Group insurance	92,000	73,713	-	73,713	-	18,287
Electronic data processing	135,000	-	-	-	-	135,000
Telecommunications	18,700	18,444	226	18,670	-	30
Grants for distribution to local Tax Increment Finance districts	23,000,000	15,307,864	5,322,718	20,630,582	-	2,369,418
Total Illinois Tax Increment Fund	\$ 23,692,700	\$ 15,763,800	\$ 5,322,944	\$ 21,086,744	\$ -	\$ 2,605,956
<b>Illinois Affordable Housing Trust Fund (0286)</b>						
Administration of Illinois Affordable Housing Act	4,000,000	1,884,110	1,269,678	3,153,788	-	846,212
Grants to other State agencies	3,000,000	3,000,000	-	3,000,000	-	-
Grants, mortgages, loans, or for the purpose of securing bonds	50,000,000	14,979,204	10,000,000	24,979,204	-	25,020,796
Total Illinois Affordable Housing Trust Fund	\$ 57,000,000	\$ 19,863,314	\$ 11,269,678	\$ 31,132,992	\$ -	\$ 25,867,008
<b>Federal HOME Investment Trust Fund (0338)</b>						
Illinois HOME Investment Partnerships program	30,000,000	2,591,943	-	2,591,943	12,591,014	14,817,043
<b>Tax Compliance and Administration Fund (0384)</b>						
Personal services	2,787,000	1,461,094	-	1,461,094	-	1,325,906
State contributions to State Employees' Retirement System	1,058,800	555,467	-	555,467	-	503,333
State contributions to Social Security	213,300	98,960	-	98,960	-	114,340
Group insurance	1,150,000	437,353	-	437,353	-	712,647
Contractual services	995,100	97,031	2,966	99,997	-	895,103
Travel	30,300	6,657	2,611	9,268	-	21,032
Commodities	2,400	874	-	874	-	1,526
Electronic data processing	7,202,700	2,641,135	1,479,668	4,120,803	-	3,081,897
Telecommunications	76,700	51,661	24,932	76,593	-	107
Administration of Dry Cleaners Environmental	109,500	102,052	-	102,052	-	7,448
Administration of Illinois Petroleum Education and Marketing Act	9,000	4,685	-	4,685	-	4,315
Administration of Simplified Telecommunications	2,427,000	2,181,534	4,955	2,186,489	-	240,511
Administration of Municipality Sales Tax	149,800	137,279	-	137,279	-	12,521
Shared Services Center	255,600	197,593	20,000	217,593	-	38,007
Total Tax Compliance and Administration Fund	\$ 16,467,200	\$ 7,973,375	\$ 15,535,132	\$ 9,508,507	\$ -	\$ 6,958,693
<b>Local Government Distributive Fund (0515)</b>						
Grants to allocate to local governments for additional 1.25% use tax pursuant to P.A. 86-0928	184,280,000	150,645,871	26,585,619	177,231,490	-	7,048,510
<b>Municipal Telecommunications Fund (0719)</b>						
Motor Fuel Tax refunds	12,000	-	-	-	-	12,000

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DEPARTMENT OF REVENUE  
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Fourteen Months Ended August 31, 2013

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2013	Lapse Period Expenditures July 1 to August 31, 2013	Total Expenditures	Balances Reappropriated July 1, 2013	Balances Lapsed
<b>Public Act 97-0725, Public Act 97-0727, Public Act 98-0001</b>						
<b>Personal Property Tax Replacement Fund (0802)</b>						
Personal services	\$ 11,168,900	\$ 10,622,913	\$ 441,898	\$ 11,064,811	\$ -	\$ 104,089
State contributions to State Employees' Retirement System	4,242,800	4,040,627	168,083	4,208,710	-	79,090
State contributions to Social Security	854,600	784,944	32,802	817,746	-	36,854
Group insurance	3,703,000	3,498,788	160,437	3,659,225	-	43,775
Contractual services	1,238,800	1,215,672	3,041	1,218,713	-	20,087
Travel	243,900	241,585	1,541	243,126	-	774
Commodities	52,500	30,327	16,606	46,933	-	5,567
Printing	27,100	21,068	2,860	23,928	-	3,172
Equipment	12,900	333	-	333	-	12,567
Electronic data processing	4,134,000	3,090,586	561,752	3,652,338	-	436,662
Telecommunications	561,100	560,703	377	561,080	-	20
Operation of automotive equipment	17,800	17,800	-	17,800	-	-
Grants for the State's Attorneys' and Assistant State's Attorneys' salaries	14,300,000	13,858,593	-	13,858,593	-	441,407
Grants for the State's share of County Public Defenders' salaries	6,900,000	5,250,752	1,054,562	6,305,314	-	594,686
Grants for the State's share of County Supervisors of Assessments or County Assessors' salaries	3,050,000	2,569,070	232,282	2,801,352	-	248,648
Grants for additional compensation for local assessors as provided by Section 2.3 and 2.6 of the Revenue Act of 1939	440,000	298,750	1,500	300,250	-	139,750
Grants for additional compensation for local assessors as provided by Section 2.7 of the Revenue Act of 1939	660,000	213,000	48,000	261,000	-	399,000
Grants for additional compensation for county treasurers	663,000	-	663,000	663,000	-	-
Grants for annual stipend for sheriffs	663,000	662,935	-	662,935	-	65
Grants for stipend to county coroner	1,056,500	1,049,551	-	1,049,551	-	6,949
Grants for additional compensation for county auditors	176,400	176,324	-	176,324	-	76
Total Personal Property Tax Replacement Fund	\$ 54,166,300	\$ 48,204,321	\$ 3,388,741	\$ 51,593,062	\$ -	\$ 2,573,238
<b>Dram Shop Fund (0821)</b>						
Personal services	3,100,800	2,703,595	31,586	2,735,181	-	365,619
State contributions to State Employees' Retirement System	1,177,900	1,020,052	11,999	1,032,051	-	145,849
State contributions to Social Security	237,400	199,165	2,417	201,582	-	35,818
Group insurance	1,035,000	922,638	8,671	931,309	-	103,691
Contractual services	296,900	264,070	22,089	286,159	-	10,741
Travel	110,000	84,016	18,597	102,613	-	7,387
Commodities	7,000	4,131	76	4,207	-	2,793
Printing	5,000	3,577	-	3,577	-	1,423
Equipment	2,900	105	-	105	-	2,795
Electronic data processing	747,500	744,437	918	745,355	-	2,145
Telecommunications	80,000	47,573	5,267	52,840	-	27,160
Operation of automotive equipment	75,400	40,976	9,938	50,914	-	24,486
Parental responsibility grant	250,000	8,057	87,054	95,111	-	154,889
Tobacco study	947,800	731,780	70,602	802,382	-	145,418
Operation of the Beverage Alcohol Sellers and Servers Education and Training (BASSET) program	260,300	216,421	1	216,422	-	43,878
Retailer education program	231,000	202,668	4,709	207,377	-	23,623
Shared Services Center	162,200	132,446	7,786	140,232	-	21,968
Grants to local government units to establish enforcement programs	1,000,000	999,263	-	999,263	-	737
Refunds	5,000	1,950	500	2,450	-	2,550
Total Dram Shop Fund	\$ 9,732,100	\$ 8,326,920	\$ 282,210	\$ 8,609,130	\$ -	\$ 1,122,970

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Fourteen Months Ended August 31, 2013

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2013	Lapse Period Expenditures July 1 to August 31, 2013	Total Expenditures	Balances Reappropriated July 1, 2013	Balances Lapsed
<b>Public Act 97-0725, Public Act 97-0727, Public Act 98-0001</b>						
<b>Local Government Video Gaming Distributive Fund (0842)</b>						
Allocation to local governments of net terminal income tax pursuant to Video Gaming Act	\$ 60,000,000	\$ 3,737,386	\$ (1,916)	\$ 3,735,470	\$ -	\$ 56,264,530
<b>Foreclosure Prevention Program Fund (0891)</b>						
Awards and grants, lump sums and other purposes	10,000,000	2,774,406	175,142	2,949,548	-	7,050,452
<b>Abandoned Residential Property Municipality Relief Fund (0892)</b>						
Awards and grants, lump sums and other purposes	200,000	-	-	-	-	200,000
<b>Senior Citizens Real Estate Deferred Tax Revolving Fund (0930)</b>						
Payments to counties	9,200,000	6,381,468	-	6,381,468	-	2,818,532
<b>SUBTOTAL - Appropriated Funds</b>	<b>\$ 763,562,800</b>	<b>\$ 515,656,912</b>	<b>\$ 76,999,753</b>	<b>\$ 592,656,665</b>	<b>\$ 12,591,014</b>	<b>\$ 158,315,121</b>
<b>CONTINUING APPROPRIATIONS</b>						
<b>Income Tax Refund Fund (0278)</b>						
Income tax refunds	\$ 2,258,845,910	\$ 2,243,059,372	\$ 15,786,536	\$ 2,258,845,908	\$ -	\$ 2
<b>Federal HOME Investment Trust Fund (0338)</b>						
Illinois HOME Investment Partnerships program	19,864,600	12,591,014	-	12,591,014	7,273,586	-
<b>Local Government Distributive Fund (0515)</b>						
Grants to local governments	1,203,628,866	1,203,628,865	-	1,203,628,865	-	1
<b>Personal Property Tax Replacement Fund (0802)</b>						
Shared revenue payments	1,308,161,353	1,308,161,353	-	1,308,161,353	-	-
<b>Build Illinois Bond Fund (0971)</b>						
Affordable housing grants, loans, and investments for low-income families, senior citizens, persons with disabilities, and at risk displaced veterans	79,777,000	9,447,133	-	9,447,133	70,329,867	-
Affordable housing grants, loans, and investments for low-income persons with disabilities and at risk displaced veterans	16,003,000	15,000,000	-	15,000,000	1,003,000	-
Total Build Illinois Bond Fund	\$ 95,780,000	\$ 24,447,133	\$ -	\$ 24,447,133	\$ 71,332,867	\$ -
<b>SUBTOTAL - Continuing Appropriated Funds</b>	<b>\$ 4,886,280,729</b>	<b>\$ 4,791,887,737</b>	<b>\$ 15,786,536</b>	<b>\$ 4,807,674,273</b>	<b>\$ 78,606,453</b>	<b>\$ 3</b>
<b>SUBTOTAL - All Appropriated Funds</b>	<b>\$ 5,649,843,529</b>	<b>\$ 5,307,544,649</b>	<b>\$ 92,786,289</b>	<b>\$ 5,400,330,938</b>	<b>\$ 91,197,467</b>	<b>\$ 158,315,124</b>
<b>NON-APPROPRIATED EXPENDITURES</b>						
<b>County Water Commission Tax Fund (0084)</b>						
Shared revenue payments	\$ 33,250,744	\$ -	\$ -	\$ 33,250,744	-	-
<b>Non-Home Rule Municipal Retailers' Occupation Tax Fund (0088)</b>						
Shared revenue payments	110,255,213	-	-	110,255,213	-	-
<b>Home Rule Municipal Soft Drink Retailers' Occupation Tax Fund (0097)</b>						
Shared revenue payments	9,795,486	-	-	9,795,486	-	-
Refunds	853	-	-	853	-	-
Total Home Rule Municipal Soft Drink Retailers' Occupation Tax Fund	\$ 9,796,339	\$ -	\$ -	\$ 9,796,339	\$ -	\$ -

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Fourteen Months Ended August 31, 2013

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2013	Lapse Period Expenditures July 1 to August 31, 2013	Total Expenditures	Balances Reappropriated July 1, 2013	Balances Lapsed
<b>Public Act 97-0725, Public Act 97-0727, Public Act 98-0001</b>						
<b>Municipal Wireless Service Emergency Fund (0125)</b>						
Shared revenue payments	\$ 7,828,217	\$ -	\$ -	\$ 7,828,217		
<b>Home Rule Municipal Retail Occupation Tax Fund (0138)</b>						
Shared revenue payments	861,845,586	-	-	861,845,586		
<b>Home Rule County Retailers' Occupation Tax Fund (0139)</b>						
Shared revenue payments	400,716,198	-	-	400,716,198		
<b>Business District Retailers' Occupation Tax Fund (0160)</b>						
Shared revenue payments	12,150,841	-	-	12,150,841		
<b>County and Mass Transit District Fund (0188)</b>						
Shared revenue payments	214,200,998	-	-	214,200,998		
<b>Local Government Tax Fund (0189)</b>						
Shared revenue payments	1,653,052,758	(8)	(8)	1,653,052,750		
<b>County Option Motor Fuel Tax Fund (0190)</b>						
Shared revenue payments	31,829,830	-	-	31,829,830		
<b>County Public Safety Retailers' Occupation Tax Fund (0219)</b>						
Shared revenue payments	86,206,881	-	-	86,206,881		
<b>Sports Facilities Tax Trust Fund (0229)</b>						
Interfund transfers	39,420,150	-	-	39,420,150		
<b>Illinois Tourism Tax Fund (0452)</b>						
Shared revenue payments	19,114,760	-	-	19,114,760		
<b>School Facility Occupation Tax Fund (0498)</b>						
Shared revenue payments	47,546,799	-	-	47,546,799		
<b>Flood Prevention Occupation Tax Fund (0558)</b>						
Shared revenue payments	11,198,122	-	-	11,198,122		
<b>Tax Suspense Trust Fund (0583)</b>						
Disburse misdirected payments	16,540	-	61,465	78,005		
<b>Metro East Park and Recreation Fund (0717)</b>						
Shared revenue payments	4,360,467	-	-	4,360,467		
<b>Municipal Telecommunications Fund (0719)</b>						
Shared revenue payments	271,266,714	-	-	271,266,714		
<b>RTA Sales Tax Fund (0812)</b>						
Shared revenue payments	1,118,104,408	-	-	1,118,104,408		

STATE OF ILLINOIS  
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Fourteen Months Ended August 31, 2013

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2013	Lapse Period Expenditures July 1 to August 31, 2013	Total Expenditures	Balances Reappropriated July 1, 2013	Balances Lapsed
<b>Public Act 97-0725, Public Act 97-0727, Public Act 98-0001</b>						
Metro East Mass Transit District Tax Fund (0841) Shared revenue payments	\$ 29,443,005	\$ -	-	\$ 29,443,005		
Tennessee Valley Authority Local Trust Fund (0861) Shared revenue payments	318,062	-	-	318,062		
Municipal Automobile Renting Tax Fund (0868) Shared revenue payments	6,055,612	-	-	6,055,612		
County Automobile Renting Tax Fund (0869) Shared revenue payments	247,780	-	-	247,780		
<b>SUBTOTAL - Nonappropriated Expenditures</b>	<u>\$ 4,968,226,024</u>	<u>\$ 61,457</u>	<u>\$ -</u>	<u>\$ 4,968,287,481</u>		
<b>DEPARTMENT TOTAL - ALL FUNDS</b>	<u>\$ 10,275,770,673</u>	<u>\$ 92,847,746</u>	<u>\$ -</u>	<u>\$ 10,368,618,419</u>		

Notes:  
Appropriations, expenditures and lapsed balances were obtained from the State Comptroller's records which have been reconciled to the Department's records.  
Expenditure amounts are vouchers approved for payment by the Department and submitted to the State Comptroller for payment to the vendor.

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE

Schedule 3

COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES  
For the Fiscal Years Ended June 30, 2014, 2013, and 2012

	<u>2014</u>	<u>2013</u>	<u>2012</u>
	Public Acts 98-0050, 98-0064	Public Acts 097-0725, 097-0727 098-0001	Public Acts 097-0057, 097-0076 097-0642
<b>General Revenue Fund (0001)</b>			
Appropriations (Net of Transfers)	\$ 111,188,100	\$ 111,024,800	\$ 125,710,100
<u>Expenditures:</u>			
Personal services	-	70,151,078	73,236,274
State contributions to Social Security	-	5,021,643	5,247,049
Contractual services	-	5,967,967	5,150,353
Travel	-	1,614,017	1,433,212
Commodities	-	591,295	556,517
Printing	-	269,772	352,076
Equipment	-	52,077	34,467
Electronic data processing	-	16,155,154	20,114,125
Telecommunications	-	947,937	774,441
Operation of automotive equipment	-	11,293	45,656
Shared Services Center and other operational expenses	1,605,743	1,674,204	1,776,945
Grants for the State's share of State's Attorneys' and Assistant State's Attorneys' salaries	-	-	7,713,927
Grants for the State's share of County Public Defenders' salaries	-	-	3,769,979
Operational expenses	103,749,044	-	-
Tax refunds	3,999,497	5,998,955	3,124,970
Total General Revenue Fund	<u>\$ 109,354,284</u>	<u>\$ 108,455,392</u>	<u>\$ 123,329,991</u>
Lapsed Balances	<u>1,833,816</u>	<u>2,569,408</u>	<u>2,380,109</u>
<b>Motor Fuel Tax Fund (0012)</b>			
Appropriations (Net of Transfers)	70,518,900	68,330,100	82,871,600
<u>Expenditures:</u>			
Personal services	17,742,267	16,718,725	17,471,977
State contributions to State Employees' Retirement System	7,150,758	6,363,967	5,991,710
State contributions to Social Security	1,278,940	1,215,541	1,266,786
Group insurance	3,826,945	4,385,135	3,701,607
Contractual services	1,623,698	1,623,687	1,492,008
Travel	757,667	775,169	644,987
Commodities	13,759	31,812	29,559
Printing	115,353	144,024	89,917
Equipment	-	1,897	1,685
Electronic data processing	6,947,277	6,189,832	11,595,470
Telecommunications	763,983	759,526	749,556
Operation of automotive equipment	42,865	42,194	61,900
Administration of the Motor Fuel Tax Enforcement Grant from U.S.D.O.T.	62,508	28,913	52,452
Shared Services Center	951,244	904,993	763,151
Reimbursement to International Fuel Tax Agreement Member States	673,737	4,614,342	3,657,793
Motor Fuel Tax refunds	17,546,706	17,977,831	19,612,082
Total Motor Fuel Tax Fund	<u>\$ 59,497,707</u>	<u>\$ 61,777,588</u>	<u>\$ 67,182,640</u>
Lapsed Balances	<u>11,021,193</u>	<u>6,552,512</u>	<u>15,688,960</u>
<b>Underground Storage Tank Fund (0072)</b>			
Appropriations (Net of Transfers)	1,843,800	1,774,500	1,598,000
<u>Expenditures:</u>			
Personal services	828,647	804,950	770,577
State contributions to State Employees' Retirement System	334,577	306,485	263,769
State contributions to Social Security	60,625	59,477	56,415
Group insurance	209,673	237,918	195,235
Travel	30,191	30,190	30,183
Commodities	323	-	1,785
Printing	-	1,200	1,306
Electronic data processing	232,961	234,608	219,991
Telecommunications	61,399	61,374	26,363
Total Underground Storage Tank Fund	<u>\$ 1,758,396</u>	<u>\$ 1,736,202</u>	<u>\$ 1,565,624</u>
Lapsed Balances	<u>85,404</u>	<u>38,298</u>	<u>32,376</u>

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<b>Illinois Gaming Law Enforcement Fund (0085)</b>			
Appropriations (Net of Transfers)	\$ 1,812,700	\$ 2,261,000	\$ 2,302,100
<u>Expenditures:</u>			
Personal services	371,329	324,050	346,555
State contributions to State Employees' Retirement System	149,801	123,161	118,529
State contributions to Social Security	27,153	24,170	25,829
Group insurance	118,874	112,553	102,634
Electronic data processing	-	-	108,650
Telecommunications	-	14,497	-
Operation of automotive equipment	-	-	21,235
Grants for allocation to local law enforcement agencies	978,677	913,643	978,582
Total Illinois Gaming Law Enforcement Fund	<u>\$ 1,645,834</u>	<u>\$ 1,512,074</u>	<u>\$ 1,702,014</u>
Lapsed Balances	<u>166,866</u>	<u>748,926</u>	<u>600,086</u>
<b>Home Rule Municipal Retailers' Occupation Tax Fund (0138)</b>			
Appropriations (Net of Transfers)	2,490,800	2,373,900	1,161,700
<u>Expenditures:</u>			
Personal services	241,536	235,725	464,794
State contributions to State Employees' Retirement System	98,255	89,603	159,067
State contributions to Social Security	17,577	17,591	34,813
Group insurance	47,888	64,429	96,164
Travel	50,796	50,799	50,788
Electronic data processing	105,100	-	277,199
Telecommunications	44,441	30,094	23,886
Total Home Rule Municipal Retailers' Occupation Tax Fund	<u>\$ 605,593</u>	<u>\$ 488,241</u>	<u>\$ 1,106,711</u>
Lapsed Balances	<u>1,885,207</u>	<u>1,885,659</u>	<u>54,989</u>
<b>Illinois Department of Revenue Federal Trust Fund (0140)</b>			
Appropriations (Net of Transfers)	250,000	250,000	150,000
<u>Expenditures:</u>			
Administrative costs	145,565	155,496	88,405
Lapsed Balances	<u>104,435</u>	<u>94,504</u>	<u>61,595</u>
<b>Rental Housing Support Program Fund (0150)</b>			
Appropriations (Net of Transfers)	26,100,000	26,100,000	26,100,000
<u>Expenditures:</u>			
Administration of the Rental Housing Support program	668,906	741,306	513,399
Grants to provide rental assistance to the Rental Housing Support Program Fund	18,194,111	9,893,480	13,525,000
Total Rental Housing Support Program Fund	<u>\$ 18,863,017</u>	<u>\$ 10,634,786</u>	<u>\$ 14,038,399</u>
Lapsed Balances	<u>7,236,983</u>	<u>15,465,214</u>	<u>12,061,601</u>
<b>State and Local Sales Tax Reform Fund (0186)</b>			
Appropriations (Net of Transfers)	66,613,500	64,000,000	51,600,000
<u>Expenditures:</u>			
Grants to allocate to Chicago for additional 1.25% use tax pursuant to P.A. 86-0928	62,976,216	61,823,418	51,600,000
Grants to Madison County	2,173,600	-	-
Total State and Local Sales Tax Reform Fund	<u>\$ 65,149,816</u>	<u>\$ 61,823,418</u>	<u>\$ 51,600,000</u>
Lapsed Balances	<u>1,463,684</u>	<u>2,176,582</u>	<u>-</u>
<b>Regional Transportation Authority (RTA) Occupation and Use Tax Replacement Fund (0187)</b>			
Appropriations (Net of Transfers)	32,000,000	32,000,000	26,000,000
<u>Expenditures:</u>			
Grants to allocate to RTA for 10% of the 1.25% use tax pursuant to P.A. 86-0928	31,536,416	30,560,309	26,000,000
Lapsed Balances	<u>463,584</u>	<u>1,439,691</u>	<u>-</u>

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<b>County Option Motor Fuel Tax Fund (0190)</b>			
Appropriations (Net of Transfers)	\$ 739,100	\$ 678,200	\$ 1,093,800
<u>Expenditures:</u>			
Personal services	358,328	369,814	373,149
State contributions to State Employees' Retirement System	144,567	140,522	127,597
State contributions to Social Security	26,389	27,393	27,580
Group insurance	117,868	135,079	121,710
Total County Option Motor Fuel Tax Fund	<u>\$ 647,152</u>	<u>\$ 672,808</u>	<u>\$ 650,036</u>
Lapsed Balances	<u>91,948</u>	<u>5,392</u>	<u>443,764</u>
<b>Debt Collection Fund (0279)</b>			
Appropriations (Net of Transfers)	20,000	20,000	20,000
<u>Expenditures:</u>			
Administration of Statewide debt collection	15,210	19,997	1,221
Lapsed Balances	<u>4,790</u>	<u>3</u>	<u>18,779</u>
<b>Illinois Tax Increment Fund (0281)</b>			
Appropriations (Net of Transfers)	722,700	23,692,700	22,035,100
<u>Expenditures:</u>			
Personal services	-	250,018	276,294
State contributions to State Employees' Retirement System	-	95,110	94,546
State contributions to Social Security	-	18,651	20,493
Group insurance	-	73,713	69,106
Electronic data processing	-	-	135,000
Telecommunications	-	18,670	16,279
Grants for distribution to local Tax Increment Finance districts	-	20,630,582	20,245,309
Total Illinois Tax Increment Fund	<u>\$ -</u>	<u>\$ 21,086,744</u>	<u>\$ 20,857,027</u>
Lapsed Balances	<u>722,700</u>	<u>2,605,956</u>	<u>1,178,073</u>
<b>Illinois Affordable Housing Trust Fund (0286)</b>			
Appropriations (Net of Transfers)	57,000,000	57,000,000	25,000,000
<u>Expenditures:</u>			
Administration of the Illinois Affordable Housing Act	3,514,796	3,153,788	2,500,000
Living Expenses for State Wards outside of State institutions	-	3,000,000	-
Grants, mortgages, loans, or for the purpose of securing bonds	49,985,376	24,979,204	20,184,755
Total Illinois Affordable Housing Trust Fund	<u>\$ 53,500,172</u>	<u>\$ 31,132,992</u>	<u>\$ 22,684,755</u>
Lapsed Balances	<u>3,499,828</u>	<u>25,867,008</u>	<u>2,315,245</u>
<b>Federal HOME Investment Trust Fund (0338)</b>			
Appropriations (Net of Transfers)	25,000,000	30,000,000	28,000,000
<u>Expenditures:</u>			
Illinois HOME Investment Partnerships Program	10,166,912	2,591,943	11,271,897
Reappropriated Balances	2,098,801	12,591,014	13,696,754
Lapsed Balances	<u>12,734,287</u>	<u>14,817,043</u>	<u>3,031,349</u>

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<b>Tax Compliance and Administration Fund (0384)</b>			
Appropriations (Net of Transfers)	\$ 14,119,100	\$ 16,467,200	\$ 8,197,500
<u>Expenditures:</u>			
Personal services	2,798,138	1,461,094	526,106
State contributions to State Employees' Retirement System	1,144,756	555,467	179,939
State contributions to Social Security	195,135	98,960	31,239
Group insurance	724,102	437,353	139,811
Contractual services	239,100	99,997	-
Travel	291,707	9,268	-
Commodities	-	874	-
Electronic data processing	1,467,819	4,120,803	751,763
Telecommunications	26,072	76,593	35,080
Administration of the Illinois Petroleum Education and Marketing Act	1,311	4,685	8,746
Administration of the Dry Cleaners Environmental Response Trust Fund Act	115,195	102,052	74,746
Administration of Simplified Telecommunications Act	2,412,896	2,186,489	1,816,036
Administration of Municipality Sales Tax Pursuant to P.A. 93-1053	156,008	137,279	110,392
Shared Services Center	61,068	217,593	-
Total Tax Compliance and Administration Fund	\$ 9,633,307	\$ 9,508,507	\$ 3,673,858
Lapsed Balances	4,485,793	6,958,693	4,523,642
<b>Predatory Lending Database Program Fund (0478)</b>			
Appropriations (Net of Transfers)	845,000	-	860,000
<u>Expenditures:</u>			
Grants for the Predatory Lending Database Program	845,000	-	105,000
Lapsed Balances	-	-	755,000
<b>Local Government Distributive Fund (0515)</b>			
Appropriations (Net of Transfers)	184,280,000	184,280,000	141,000,000
<u>Expenditures:</u>			
Grants to allocate to local governments for additional 1.25% use tax pursuant to P.A. 86-0928	180,727,470	177,231,490	140,999,548
Lapsed Balances	3,552,530	7,048,510	452
<b>State Lottery Fund (0711)</b>			
Appropriations (Net of Transfers)	-	-	95,700,208
<u>Expenditures:</u>			
Personal services	-	-	2,268,640
State contributions to State Employees' Retirement System	-	-	776,659
State contributions to Social Security	-	-	167,229
Group insurance	-	-	656,298
Contractual services	-	-	208,468
Travel	-	-	8,482
Electronic data processing	-	-	687,747
Telecommunications	-	-	102,164
Operation of automotive equipment	-	-	97,674
Developing and promoting Lottery games	-	-	20,905,833
Shared Services Center	-	-	110,660
Payment of prizes to holders of winning Lottery tickets or shares	-	-	69,709,400
Refunds	-	-	719
Total State Lottery Fund	\$ -	\$ -	\$ 95,699,973
Lapsed Balances	-	-	235
<b>Municipal Telecommunications Fund (0719)</b>			
Appropriations (Net of Transfers)	12,000	12,000	12,000
Lapsed Balances	12,000	12,000	12,000

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	Public Acts	Public Acts	Public Acts
	98-0050, 98-0064	097-0725, 097-0727 098-0001	097-0057, 097-0076 097-0642
<b>Personal Property Tax Replacement Fund (0802)</b>			
Appropriations (Net of Transfers)	\$ 54,069,900	\$ 54,166,300	\$ 41,546,500
<u>Expenditures:</u>			
Personal services	11,092,194	11,064,811	10,767,803
State contributions to State Employees' Retirement System	4,477,283	4,208,710	3,687,341
State contributions to Social Security	807,275	817,746	791,933
Group insurance	3,549,989	3,659,225	2,771,083
Contractual services	1,001,044	1,218,713	1,179,985
Travel	243,632	243,126	242,031
Commodities	51,240	46,933	21,816
Printing	26,055	23,928	15,701
Equipment	-	333	666
Electronic data processing	4,924,036	3,652,338	4,314,215
Telecommunications	560,192	561,080	486,035
Operation of Automotive Equipment	17,800	17,800	22,000
Grants for the State's share of State's Attorneys' and Assistant State's Attorneys' salaries	13,475,224	13,858,593	5,585,993
Grants for the State's share of County Public Defender's salaries	6,351,400	6,305,314	2,466,216
Grants for the State's share of County Supervisors of Assessments or County Assessor's salaries	2,873,566	2,801,352	2,774,903
Grants for additional compensation for local assessors as provided by Section 2.3 and 2.6 of the Revenue Act of 1939	323,771	300,250	201,500
Grants for additional compensation for local assessors as provided by Section 2.7 of the Revenue Act of 1939	166,500	261,000	372,600
Grants for additional compensation for county treasurers	663,000	663,000	663,000
Grants for annual stipend for sheriffs	663,000	662,935	663,000
Grants for stipend to county coroner	663,000	1,049,551	655,688
Grants for additional compensation for county auditors	110,500	176,324	110,488
<b>Total Personal Property Tax Replacement Fund</b>	<b>\$ 52,040,701</b>	<b>\$ 51,593,062</b>	<b>\$ 37,793,997</b>
Lapsed Balances	2,029,199	2,573,238	3,752,503
<b>Dram Shop Fund (0821)</b>			
Appropriations (Net of Transfers)	10,289,100	9,732,100	8,568,700
<u>Expenditures:</u>			
Personal services	2,624,569	2,735,181	2,614,237
State contributions to State Employees' Retirement System	1,059,930	1,032,051	895,085
State contributions to Social Security	192,222	201,582	194,144
Group insurance	758,319	931,309	661,808
Contractual services	274,357	286,159	182,712
Travel	85,718	102,613	61,570
Commodities	1,297	4,207	1,656
Printing	302	3,577	3,275
Equipment	-	105	2,113
Electronic data processing	271,551	745,355	110,700
Telecommunications	36,144	52,840	58,295
Operation of automotive equipment	45,441	50,914	83,835
Parental responsibility grant	186,248	95,111	-
Shared Services Center	38,794	140,232	123,557
Retailer education program	213,082	207,377	194,884
Tobacco study	937,018	802,382	662,878
Operation of the Beverage Alcohol Sellers and Servers Education and Training (BASSET) program	247,283	216,422	165,515
Grants to local governmental units to establish enforcement programs	993,730	999,263	990,760
Refunds	4,450	2,450	300
<b>Total Dram Shop Fund</b>	<b>\$ 7,970,455</b>	<b>\$ 8,609,130</b>	<b>\$ 7,007,324</b>
Lapsed Balances	2,318,645	1,122,970	1,561,376
<b>Local Government Video Gaming Distributive Fund (0842)</b>			
Appropriations (Net of Transfers)	45,000,000	60,000,000	60,000,000
<u>Expenditures:</u>			
Allocation to local governments of net terminal income tax pursuant to Video Gaming Act	21,316,783	3,735,470	-
Lapsed Balances	23,683,217	56,264,530	60,000,000

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<b>Foreclosure Prevention Program Fund (0891)</b>			
Appropriations (Net of Transfers)	\$ 20,000,000	\$ 10,000,000	\$ 10,000,000
<u>Expenditures:</u>			
Awards and grants, lump sums and other purposes	3,432,581	2,949,548	5,096,940
Lapsed Balances	16,567,419	7,050,452	4,903,060
<b>Abandoned Residential Property Municipality Relief Fund (0892)</b>			
Appropriations (Net of Transfers)	30,000,000	200,000	10,000,000
<u>Expenditures:</u>			
Awards and grants, lump sums and other purposes	7,372,294	-	-
Lapsed Balances	22,627,706	200,000	10,000,000
<b>Senior Citizens Real Estate Deferred Tax Revolving Fund (0930)</b>			
Appropriations (Net of Transfers)	9,200,000	9,200,000	7,200,000
<u>Expenditures</u>			
Payments to counties	5,571,278	6,381,468	6,991,295
Lapsed Balances	3,628,722	2,818,532	208,705
<b>TOTAL - APPROPRIATED FUNDS</b>			
Total Appropriations (Net of Transfers)	\$ 764,114,700	\$ 763,562,800	\$ 776,727,308
Total Appropriated Expenditures	\$ 641,795,943	\$ 592,656,665	\$ 639,446,655
Balances Reappropriated July 1	\$ 2,098,801	\$ 12,591,014	\$ 13,696,754
Lapsed Balances	\$ 120,219,956	\$ 158,315,121	\$ 123,583,899
<b>CONTINUING APPROPRIATED FUNDS</b>			
<b>Income Tax Refund Fund (0278)</b>			
Appropriations (Net of Transfers)	\$ 2,455,872,332	\$ 2,258,845,910	\$ 2,141,516,560
<u>Expenditures</u>			
Income tax refunds	2,455,872,332	2,258,845,908	2,141,516,559
Lapsed Balances	-	2	1
<b>Federal HOME Investment Trust Fund (0338)</b>			
Appropriations (Net of Transfers)	19,864,600	19,864,600	26,864,575
<u>Expenditures:</u>			
Illinois HOME Investment Partnerships Program	6,963,401	12,591,014	20,696,729
Reappropriated Balances	12,901,199	7,273,586	6,167,846
Lapsed Balances	-	-	-
<b>Local Government Distributive Fund (0515)</b>			
Appropriations (Net of Transfers)	1,223,196,227	1,203,628,866	1,095,290,775
<u>Expenditures</u>			
Grants to local governments	1,223,196,226	1,203,628,865	1,095,290,775
Lapsed Balances	1	1	-
<b>Personal Property Tax Replacement Fund (0802)</b>			
Appropriations (Net of Transfers)	1,370,966,178	1,308,161,353	1,236,042,238
<u>Expenditures</u>			
Shared revenue payments	1,370,966,178	1,308,161,353	1,236,042,238
Lapsed Balances	-	-	-

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<b>Build Illinois Bond Fund (0971)</b>			
Appropriations (Net of Transfers)	\$ 71,332,867	\$ 95,780,000	\$ 130,000,000
<u>Expenditures:</u>			
Affordable housing grants, loans, and investments for low-income families, senior citizens, persons with disabilities, and at risk displaced veterans	54,516,847	9,447,133	20,223,000
Affordable housing grants, loans, and investments for low-income persons with disabilities and at risk displaced veterans	1,003,000	15,000,000	13,997,000
Total Build Illinois Bond Fund	<u>\$ 55,519,847</u>	<u>\$ 24,447,133</u>	<u>\$ 34,220,000</u>
Reappropriated Balances	<u>15,813,020</u>	<u>71,332,867</u>	<u>95,780,000</u>
Lapsed Balances	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>TOTAL - CONTINUING APPROPRIATED FUNDS</u></b>			
Total Continuing Appropriations (Net of Transfers)	<u>\$ 5,141,232,204</u>	<u>\$ 4,886,280,729</u>	<u>\$ 4,629,714,148</u>
Total Expenditures	<u>\$ 5,112,517,984</u>	<u>\$ 4,807,674,273</u>	<u>\$ 4,527,766,301</u>
Total Reappropriated Balances	<u>\$ 28,714,219</u>	<u>\$ 78,606,453</u>	<u>\$ 101,947,846</u>
Lapsed Balances	<u>\$ 1</u>	<u>\$ 3</u>	<u>\$ 1</u>
<b>NONAPPROPRIATED FUNDS</b>			
<b>County Water Commission Tax Fund (0084)</b>			
Shared revenue payments	<u>34,742,042</u>	<u>33,250,744</u>	<u>31,835,073</u>
<b>Non-Home Rule Municipal Retailers' Occupation Tax Fund (0088)</b>			
Shared revenue payments	<u>113,409,810</u>	<u>110,255,213</u>	<u>104,996,503</u>
<b>Home Rule Municipal Soft Drink Retailers' Occupation Tax Fund (0097)</b>			
Shared revenue payments	8,983,681	9,795,486	9,449,784
Refunds	17	853	-
Total Home Rule Municipal Soft Drink ROT Fund	<u>8,983,698</u>	<u>9,796,339</u>	<u>9,449,784</u>
<b>Municipal Wireless Service Emergency Fund (0125)</b>			
Shared revenue payments	<u>6,595,797</u>	<u>7,828,217</u>	<u>-</u>
<b>Home Rule Municipal Retail Occupation Tax Fund (0138)</b>			
Shared revenue payments	<u>899,095,307</u>	<u>861,845,586</u>	<u>831,531,931</u>
<b>Home Rule County Retailers' Occupation Tax Fund (0139)</b>			
Shared revenue payments	<u>329,432,102</u>	<u>400,716,198</u>	<u>496,546,172</u>
<b>Business District Retailers' Occupation Tax Fund (0160)</b>			
Shared revenue payments	<u>15,135,832</u>	<u>12,150,841</u>	<u>10,076,400</u>
<b>County and Mass Transit District Fund (0188)</b>			
Shared revenue payments	<u>222,529,259</u>	<u>214,200,998</u>	<u>212,977,744</u>
<b>Local Government Tax Fund (0189)</b>			
Shared revenue payments	<u>1,714,849,368</u>	<u>1,653,052,750</u>	<u>1,623,726,124</u>
<b>County Option Motor Fuel Tax Fund (0190)</b>			
Shared revenue payments	<u>32,165,938</u>	<u>31,829,830</u>	<u>32,027,253</u>
<b>County Public Safety Retailers' Occupation Tax Fund (0219)</b>			
Shared revenue payments	<u>87,713,253</u>	<u>86,206,881</u>	<u>86,612,059</u>

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DEPARTMENT OF REVENUE  
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
For the Fiscal Years Ended June 30, 2014, 2013, and 2012

Schedule 3

	<u>2014</u>	<u>2013</u>	<u>2012</u>
	Public Acts 98-0050, 98-0064	Public Acts 097-0725, 097-0727 098-0001	Public Acts 097-0057, 097-0076 097-0642
<b>Sports Facilities Tax Trust Fund (0229)</b>			
Interfund transfers	\$ 40,792,221	\$ 39,420,150	\$ 38,717,904
<b>Illinois Tourism Tax Fund (0452)</b>			
Shared revenue payments	19,780,076	19,114,760	17,906,893
<b>School Facility Occupation Tax Fund (0498)</b>			
Shared revenue payments	51,362,215	47,546,799	39,328,131
<b>Flood Prevention Occupation Tax Fund (0558)</b>			
Shared revenue payments	11,048,547	11,198,122	11,340,707
<b>Tax Suspense Trust Fund (0583)</b>			
Disburse misdirected payments	50,957	78,005	-
<b>Metro East Park and Recreation District Fund (0717)</b>			
Shared revenue payments	4,288,817	4,360,467	4,421,940
<b>Municipal Telecommunications Fund (0719)</b>			
Grants to local governments	259,163,457	271,266,714	301,176,919
<b>RTA Sales Tax Fund (0812)</b>			
Shared revenue payments	1,169,251,340	1,118,104,408	1,077,949,052
<b>Metro East Mass Transit District Tax Fund (0841)</b>			
Shared revenue payments	29,157,010	29,443,005	29,369,099
<b>Tennessee Valley Authority Local Trust Fund (0861)</b>			
Shared revenue payments	250,168	318,062	307,570
<b>Municipal Automobile Renting Tax Fund (0868)</b>			
Shared revenue payments	6,355,343	6,055,612	5,808,780
<b>County Automobile Renting Tax Fund (0869)</b>			
Shared revenue payments	236,817	247,780	256,657
<b>Deferred Lottery Prize Winners Fund (978)</b>			
Lottery prizes - monetary	-	-	18,177,178
<b>TOTAL EXPENDITURES - NONAPPROPRIATED FUNDS</b>	<u>\$ 5,056,389,374</u>	<u>\$ 4,968,287,481</u>	<u>\$ 4,984,539,873</u>
<b>GRANT TOTAL EXPENDITURES - ALL FUNDS</b>	<u>\$ 10,810,703,301</u>	<u>\$ 10,368,618,419</u>	<u>\$ 10,151,752,829</u>
<b>STATE OFFICERS' SALARIES</b>			
Appropriations (Net of Transfers)	599,400	599,500	599,500
<u>Expenditures</u>			
Department of Revenue			
Director	142,339	142,339	142,339
Liquor Control Commission:			
Chairman	35,282	34,053	-
Members (Six Total)	204,318	170,265	215,459
Secretary	14,068	18,785	31,927
Chairman and one member per diem for work on License Appeal Commission	8,000	8,600	8,400
Total General Revenue Fund	<u>\$ 404,007</u>	<u>\$ 374,042</u>	<u>\$ 398,125</u>
Lapsed Balances	<u>\$ 195,393</u>	<u>\$ 225,458</u>	<u>\$ 201,375</u>

Notes:

- (a) Appropriations, expenditures and lapsed balances were obtained from the State Comptroller's records, which have been reconciled to the Department's records.
- (b) Expenditure amounts are vouchers approved for payment by the Department and submitted to the State Comptroller for payment to the vendor.
- (c) Fiscal year 2012 expenditures and lapsed balances do not reflect interest payments approved and submitted after August.

## DEPARTMENT OF REVENUE

**COMPARATIVE SCHEDULE OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE  
(CASH BASIS) - LOCALLY-HELD FUNDS**

For the Fiscal Years Ended June 30, 2014 and 2013

<b>Fund Name/Fund Number</b>	<b>2014</b>	<b>2013</b>
<b>Surety Bond (1151)</b>		
Beginning cash balances	\$ 1,118,670	\$ 1,642,323
Receipts:		
Bond operations	3,500	5,000
Disbursements:		
Refunds	279,928	528,653
Ending cash balance	<u>\$ 842,242</u>	<u>\$ 1,118,670</u>
<b>Evidence Fund (1369)</b>		
Beginning cash balances	\$ 5,577	\$ 4,255
Receipts:		
Private organizations or individuals	2,000	5,859
Disbursements:		
Purchase of evidence	4,450	4,537
Ending cash balance	<u>\$ 3,127</u>	<u>\$ 5,577</u>

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**SCHEDULE OF CHANGES IN STATE PROPERTY**  
For the Fiscal Years Ended June 30, 2014 and 2013

	Total	Financed Equipment	Buildings and Building Improvements	Capital Lease Equipment	Equipment
Balance at July 1, 2012	\$ 13,026,705	\$ -	\$ 6,322	\$ 18,876	\$ 13,001,507
Additions	161,713	-	-	-	161,713
Deletions	(87,037)	-	-	-	(87,037)
Net Transfers	(600,004)	-	-	-	(600,004)
Balance at June 30, 2013	<u>\$ 12,501,377</u>	<u>\$ -</u>	<u>\$ 6,322</u>	<u>\$ 18,876</u>	<u>\$ 12,476,179</u>
			<b>Buildings and Building Improvements</b>	<b>Capital Lease Equipment</b>	<b>Equipment</b>
Balance at July 1, 2013	\$ 12,501,377	\$ -	\$ 6,322	\$ 18,876	\$ 12,476,179
Additions	207,507	-	-	-	207,507
Deletions	46,190	-	-	-	46,190
Net Transfers	(864,063)	-	-	-	(864,063)
Balance at June 30, 2014	<u>\$ 11,891,011</u>	<u>\$ -</u>	<u>\$ 6,322</u>	<u>\$ 18,876</u>	<u>\$ 11,865,813</u>

- (1) The summary schedule was prepared using State property records required by the Illinois Administrative Code (Code). The capitalization policy in the Code is different than the capitalization policy established by the Office of the Comptroller for financial reporting in accordance with generally accepted accounting principles.
- (2) The schedule has been derived from Department records which have been reconciled to property reports (C-15 Agency Report of State Property) submitted to the Office of the State Comptroller.

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
COMPARATIVE SCHEDULE OF CASH RECEIPTS  
For Fiscal Years Ended June 30, 2014, 2013, and 2012

Schedule 6

FUND/REVENUE SOURCE	FUND	2014	2013	2012
<b>General Funds:</b>				
<b>General Revenue Fund</b>	0001			
Automobile renting tax		\$ 37,886,358	\$ 35,658,382	\$ 34,048,792
Bingo license fees		266,175	144,226	145,154
Cigarette tax		255,529,857	273,588,575	239,791,444
Coin operators' amusement tax		1,165,750	1,482,165	1,770,397
Federal government		117,514	136,312	131,816
Fines, penalties or violations		1,316,794	1,869,073	1,646,402
Fund transfers		35,631,689	34,676,806	37,473,713
Hotel operators' occupation tax		37,482,492	44,786,987	39,804,209
Income tax		18,360,540,937	18,276,230,342	16,661,212,135
Licenses, fees or registrations		6,092,477	6,173,841	5,946,204
Liquor tax		164,548,472	164,822,778	164,434,426
Miscellaneous		268,048	46,747	526,013
Private sales/Used car use tax		28,865,174	27,445,856	28,689,566
Public utility tax		927,229,495	934,179,165	898,519,185
Repayment to State pursuant to law		202,794	2,270,133	2,682,035
Sales tax		5,728,170,366	5,479,932,424	5,384,825,232
Unidentified tax source		268,202	57,905	149,146
Total General Revenue Fund		<u>\$ 25,585,582,594</u>	<u>\$ 25,283,501,717</u>	<u>\$ 23,501,795,869</u>
<b>Common School Special Account Fund</b>	0005			
Sales tax		<u>1,909,390,047</u>	<u>1,838,877,470</u>	<u>1,806,698,570</u>
<b>Education Assistance Fund</b>	0007			
Income tax		<u>1,445,867,837</u>	<u>1,439,228,490</u>	<u>1,312,047,984</u>
<b>Common School Fund</b>	0412			
Bingo tax		807,860	948,029	995,370
Cigarette tax		97,931,935	79,872,167	114,257,412
Hotel operators' occupation tax		-	-	67,897
Public utility tax		82,390,855	93,913,395	89,467,019
Pull tabs and jar games licenses		197,262	223,050	219,950
Pull tabs and jar games tax		1,880,059	2,261,213	2,071,250
Total Common School Fund		<u>\$ 183,207,971</u>	<u>\$ 177,217,854</u>	<u>\$ 207,078,898</u>
<b>Highway Funds:</b>				
<b>Motor Fuel Tax Fund</b>	0012			
Federal government		24,419	17,902	55,544
Licenses, fees or registrations		928,363	864,569	735,307
Motor fuel tax		1,223,455,586	1,191,188,152	1,220,726,258
Reimbursement of audits		-	-	972
Total Build Illinois Fund		<u>\$ 1,224,408,368</u>	<u>\$ 1,192,070,623</u>	<u>\$ 1,221,518,081</u>
<b>Special State Funds:</b>				
<b>Mental Health Fund</b>	0050			
Bingo tax		<u>807,859</u>	<u>948,028</u>	<u>995,370</u>
<b>Public Utility Fund</b>	0059			
Licenses, fees or registrations		5,500,000	5,500,000	5,500,000
Public utility tax		7,064,683	6,998,424	6,679,725
Total Public Utility Fund		<u>\$ 12,564,683</u>	<u>\$ 12,498,424</u>	<u>\$ 12,179,725</u>
<b>Underground Storage Tank Fund</b>	0072			
Motor fuel tax		<u>70,512,184</u>	<u>68,644,154</u>	<u>69,538,615</u>
<b>Illinois Gaming Law Enforcement Fund</b>	0085			
Charitable games license fees		90,050	58,450	62,850
Charitable games tax		274,689	317,182	386,889
Pull tabs and jar games licenses		211,862	223,050	219,950
Pull tabs and jar games tax		1,880,060	2,261,213	2,071,251
Total Illinois Gaming Law Enforcement Fund		<u>\$ 2,456,661</u>	<u>\$ 2,859,895</u>	<u>\$ 2,740,940</u>

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
COMPARATIVE SCHEDULE OF CASH RECEIPTS  
For Fiscal Years Ended June 30, 2014, 2013, and 2012

Schedule 6

FUND/REVENUE SOURCE	FUND	2014	2013	2012
<b>Clean Air Act (CAA) Permit Fund</b>	0091			
Sales tax		\$ 1,245,907	\$ 2,000,000	\$ 2,000,000
<b>Rental Housing Support Program Fund</b>	0150			
Real estate transfer tax		18,630,831	19,303,739	18,061,793
<b>Sexual Assault Services and Prevention Fund</b>	0158			
Surcharge		399,977	-	-
<b>State and Local Sales Tax Reform Fund</b>	0186			
Sales tax		315,508,273	287,006,207	275,096,649
<b>Carolyn Adams Ticket for the Cure Grant Fund</b>	0208			
Lottery		-	-	322,535
<b>Illinois Sports Facilities Fund</b>	0225			
Fund transfers		5,000,000	5,000,000	5,625,000
Hotel operators' occupation tax		47,730,000	38,100,000	38,100,000
Total Illinois Sports Facilities Fund		\$ 52,730,000	\$ 43,100,000	\$ 43,725,000
<b>Illinois Veterans Assistance Fund</b>	0236			
Lottery		-	-	73,074
<b>Emergency Public Health Fund</b>	0240			
Licenses, fees or registrations		3,627,246	3,350,151	3,440,932
<b>Income Tax Refund Fund</b>	0278			
Income tax		2,417,899,895	2,494,497,675	2,226,086,785
<b>Illinois Tax Increment Fund</b>	0281			
Sales tax		5,602,308	21,233,368	20,860,730
<b>Illinois Affordable Housing Trust Fund</b>	0286			
Real estate transfer tax		28,052,681	27,000,181	20,990,341
Licenses, fees or registrations		76,250	81,250	20,000
Loan repayments		9,470,022	8,238,668	8,824,792
Repayment to State pursuant to law		-	4,112,123	4,338,390
Private organizations or individuals		500,000	500,000	500,000
Total Illinois Affordable Housing Trust Fund		\$ 38,098,953	\$ 39,932,222	\$ 34,673,523
<b>Used Tire Management Fund</b>	0294			
Licenses, fees or registrations		13,783,533	12,730,574	13,075,542
<b>Natural Areas Acquisition Fund</b>	0298			
Real estate transfer tax		8,860,143	8,100,054	6,297,102
<b>Open Space Lands Acquisition and Development Fund</b>	0299			
Real estate transfer tax		19,636,877	18,900,126	14,693,239
<b>Long-Term Care Provider Fund</b>	0345			
Cigarette tax		18,074,084	23,453,202	192,367,340
<b>McCormick Place Expansion Project Fund</b>	0377			
Sales tax		36,700,000	36,700,000	35,270,492
<b>Tax Compliance and Administration Fund</b>	0384			
Cigarette tax		-	3,340	5,544
Fines, penalties or violations		175,557	117,036	191,474
Hotel operators' occupation tax		-	-	10,675
Licenses, fees or registrations		81,705	87,819	97,133
Metro East mass transit tax district		9,412	9,236	7,377
Public utility tax		1,099,411	1,329,008	1,516,578
Sales tax		1,581,259	1,446,875	1,239,699
Surcharge		6,020	-	-
Total Tax Compliance & Administration Fund		\$ 2,953,364	\$ 2,993,314	\$ 3,068,480

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
COMPARATIVE SCHEDULE OF CASH RECEIPTS  
For Fiscal Years Ended June 30, 2014, 2013, and 2012

Schedule 6

FUND/REVENUE SOURCE	FUND	2014	2013	2012
<b>Multiple Sclerosis Research Fund</b>	0429			
Lottery		\$ -	\$ -	\$ 279,879
<b>Quality of Life Endowment Fund</b>	0437			
Lottery		-	-	162,103
<b>Drycleaner Environmental Response Trust Fund</b>	0548			
Drycleaner tax		405,111	459,271	551,597
Licenses, fees or registrations		1,555,800	1,648,396	1,779,586
Total Drycleaner Environmental Response Trust Fund		<u>\$ 1,960,911</u>	<u>\$ 2,107,667</u>	<u>\$ 2,331,183</u>
<b>Supplemental Low-Income Energy Assistance Fund</b>	0550			
Public utility tax		90,170,632	91,370,550	96,305,111
<b>Renewable Energy Resources Trust Fund</b>	0564			
Licenses, fees or registrations		5,195,944	5,331,032	5,513,797
<b>School Infrastructure Fund</b>	0568			
Cigarette tax		54,338,425	45,727,381	60,000,000
Public utility tax		70,390,853	81,913,394	77,307,185
Total School Infrastructure Fund		<u>\$ 124,729,278</u>	<u>\$ 127,640,775</u>	<u>\$ 137,307,185</u>
<b>Energy Efficiency Trust Fund</b>	0571			
Licenses, fees or registrations		2,039,219	2,211,804	3,487,815
<b>Wireless Service Emergency Fund</b>	0612			
Public utility tax		6,663,990	5,415,210	1,069,158
<b>International Tourism Fund</b>	0621			
Hotel operators' occupation tax		4,601,475	4,475,897	4,602,045
<b>Chicago Travel Industry Promotion Fund</b>	0624			
Hotel operators' occupation tax		8,896,184	8,653,401	7,520,925
<b>Illinois Racing Quarter Horse Breeders Fund</b>	0631			
Privilege tax		8,154	11,619	10,963
<b>Horse Racing Fund</b>	0632			
Privilege tax		6,143,315	5,817,502	6,961,479
<b>State Lottery Fund</b>	0711			
Licenses, fees or registration		-	-	54,200
Lottery		-	-	298,614,474
Miscellaneous		-	-	1,039
Rental income		-	-	4,666
Repayment to State pursuant to law		-	-	374,688
Total State Lottery Fund		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 299,049,067</u>
<b>Healthcare Provider Relief Fund</b>	0793			
Cigarette tax		433,991,630	433,693,306	-
<b>Personal Property Tax Replacement Fund</b>	0802			
Income tax		1,271,024,923	1,271,527,346	1,021,045,411
Public utility tax		188,965,667	211,680,617	222,054,796
Total Personal Property Tax Replacement Fund		<u>\$ 1,459,990,590</u>	<u>\$ 1,483,207,963</u>	<u>\$ 1,243,100,207</u>
<b>Dram Shop Fund</b>	0821			
Federal government		547,641	558,545	202,509
Fines, penalties or violations		1,793	100	-
Fund transfers		35,542	66,800	-
Licenses, fees or registrations		6,863,389	6,630,697	6,356,368
Repay State/Jury duty & personal phone calls		17,561	24,195	23,254
Repayment to State pursuant to law		2,863	-	-
Total Dram Shop Fund		<u>\$ 7,468,789</u>	<u>\$ 7,280,337</u>	<u>\$ 6,582,131</u>

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
COMPARATIVE SCHEDULE OF CASH RECEIPTS  
For Fiscal Years Ended June 30, 2014, 2013, and 2012

Schedule 6

FUND/REVENUE SOURCE	FUND	2014	2013	2012
<b>Coal Technology Development Assistance Fund</b>	0925			
Licenses, fees or registrations		\$ 5,195,944	\$ 5,331,035	\$ 5,513,801
<b>Senior Citizens Real Estate Deferred Tax Revolving Fund</b>	0930			
Deferred real estate tax reimbursements		5,871,571	6,203,860	5,846,276
<b>Build Illinois Fund</b>	0960			
Hotel operators' occupation tax		76,072,762	73,603,646	69,239,231
Hotel operators' occupation tax/Additional		37,543,896	36,912,339	34,723,579
Private sales/used car use tax		5,000,000	5,000,000	5,000,000
Sales tax		451,278,317	433,466,651	425,881,264
Total Build Illinois Fund		\$ 569,894,975	\$ 548,982,636	\$ 534,844,074
<b>Local Tourism Fund</b>	0969			
Hotel operators' occupation tax		14,906,505	14,499,697	13,867,732
<b>State Trust Funds</b>				
<b>County Water Commission Tax Fund</b>	0084			
County water commission		34,736,343	32,478,570	32,143,498
<b>Non-Home Rule Municipal Retailers' Occupation Tax Fund</b>	0088			
Sales tax		114,071,516	111,920,416	104,170,932
<b>Home Rule Municipal Soft Drink Retailers' Occupation Tax Fund</b>	0097			
Sales tax		9,190,117	9,991,186	9,603,761
<b>Municipal Wireless Service Emergency Fund</b>	0125			
Licenses, fees or registration		6,730,405	8,051,653	-
<b>Home Rule Municipal Retailers' Occupation Tax Fund</b>	0138			
Sales tax		908,468,316	863,564,403	812,776,945
<b>Home Rule County Retailers' Occupation Tax Fund</b>	0139			
Sales tax		341,041,543	340,635,617	521,833,199
<b>Business District Retailers' Occupation Tax Fund</b>	0160			
Sales tax		15,800,635	12,371,725	10,129,299
<b>County and Mass Transit District Fund</b>	0188			
Sales tax		353,192,459	343,416,442	335,065,949
<b>Local Government Tax Fund</b>	0189			
Sales tax		1,728,666,468	1,677,713,233	1,610,751,514
<b>County Option Motor Fuel Tax Fund</b>	0190			
County option motor fuel tax		32,219,762	32,273,058	33,248,743
<b>Standardbred Purse Fund</b>	0217			
Privilege tax		332,426	116,160	-
<b>County Public Safety or Transportation Retailers' Occupation Tax Fund</b>	0219			
Sales tax		88,904,365	87,448,626	85,904,681
<b>Sports Facilities Tax Trust Fund</b>	0229			
World's Fair hotel tax		41,021,221	41,429,403	38,540,830
<b>Metropolitan Pier and Exposition Authority Trust Fund</b>	0337			
Automobile renting tax		31,656,069	30,633,516	28,719,580
Hotel operators' occupation tax		47,824,411	47,193,291	43,886,809
Sales tax		42,581,415	42,115,397	38,391,537
Total Metropolitan Pier & Exposition Authority Trust Fund		\$ 122,061,895	\$ 119,942,204	\$ 110,997,926
<b>Federal HOME Investment Trust Fund</b>	0338			
Federal Government		15,718,956	16,872,198	31,712,223

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
COMPARATIVE SCHEDULE OF CASH RECEIPTS  
For Fiscal Years Ended June 30, 2014, 2013, and 2012

Schedule 6

FUND/REVENUE SOURCE	FUND	2014	2013	2012
<b>Protest Fund</b>	0401			
Cigarette tax		\$ -	\$ 772,429	\$ -
Income tax		13,904,786	14,303,090	12,544,073
Sales tax		2,033,285	5,755,277	10,807,988
		<u>\$ 15,938,071</u>	<u>\$ 20,830,796</u>	<u>\$ 23,352,061</u>
<b>Illinois Tourism Tax Fund</b>	0452			
Hotel operators' tax		<u>20,712,685</u>	<u>21,838,917</u>	<u>20,008,556</u>
<b>School Facility Occupation Tax Fund</b>	0498			
Sales tax		<u>55,407,374</u>	<u>49,387,579</u>	<u>42,012,489</u>
<b>Flood Prevention Occupation Tax Fund</b>	0558			
Sales tax		<u>11,402,372</u>	<u>11,501,180</u>	<u>11,522,864</u>
<b>Tax Suspense Trust Fund</b>	0583			
Unidentified Remittances		<u>111,552</u>	<u>16,495</u>	<u>468</u>
<b>Municipal Economic Development Fund</b>	0650			
Public utilities tax		<u>16,124</u>	<u>54,937</u>	<u>68,095</u>
<b>Metro-East Park and Recreation District Fund</b>	0717			
Sales tax		<u>4,432,251</u>	<u>4,453,205</u>	<u>4,477,721</u>
<b>Municipal Telecommunications Fund</b>	0719			
Public utility tax		<u>236,379,111</u>	<u>272,681,756</u>	<u>329,564,259</u>
<b>Quarter Horse Purse Fund</b>	0785			
Privilege tax		<u>-</u>	<u>66,798</u>	<u>260,355</u>
<b>RTA Sales Tax Fund</b>	0812			
Regional Transportation Authority		<u>1,037,930,761</u>	<u>979,969,753</u>	<u>947,125,874</u>
<b>Metro East Mass Transit District Tax Fund</b>	0841			
Metro East mass transit tax district		<u>27,446,476</u>	<u>29,709,187</u>	<u>29,706,887</u>
<b>Municipal Automobile Renting Tax Fund</b>	0868			
Automobile renting tax		<u>6,159,827</u>	<u>6,291,289</u>	<u>5,903,019</u>
<b>County Automobile Renting Tax Fund</b>	0869			
Automobile renting tax		<u>214,064</u>	<u>283,576</u>	<u>270,706</u>
<b>Deferred Lottery Prize Winners Trust Fund</b>	0978			
Investment income		<u>-</u>	<u>-</u>	<u>18,182,000</u>
<b>Debt Service Funds</b>				
<b>Capital Projects Fund</b>	0694			
Liquor tax		115,038,707	115,107,212	114,835,999
Lottery		-	-	65,200,000
Sales tax		55,015,000	54,000,000	52,660,000
Total Capital Projects Fund		<u>\$ 170,053,707</u>	<u>\$ 169,107,212</u>	<u>\$ 232,695,999</u>
<b>Federal Trust Funds</b>				
<b>Illinois Department of Revenue Federal Trust Fund</b>	0140			
Federal government		<u>20,143</u>	<u>190,730</u>	<u>43,393</u>
<b>Tennessee Valley Authority Local Trust Fund</b>	0861			
Federal government		<u>274,200</u>	<u>318,062</u>	<u>307,570</u>
Receipts remitted to the Comptroller		<u>\$ 41,534,933,846</u>	<u>\$ 41,046,307,944</u>	<u>\$ 38,800,444,015</u>
Nonoperating		9,981,800	-	(625,711)
Prior Year Refunds		2,214,939	5,793,856	786,180
Prior Year Warrant Voids		7,211,740	30,757,753	10,109,647
Deposits recorded by the Comptroller		<u>19,408,479</u>	<u>36,551,609</u>	<u>10,270,116</u>
Total deposits into the State Treasury		<u>\$ 41,554,342,325</u>	<u>\$ 41,082,859,553</u>	<u>\$ 38,810,714,131</u>

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS**  
**REMITTED TO THE STATE COMPTROLLER**  
For the Fiscal Years Ended June 30, 2014, 2013, and 2012

Schedule 7

<b>Receipts</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Tax and fee collections, including assessments, penalties, and interest:			
Income: individual, corporate, and personal property replacement tax	\$ 23,473,570,973	\$ 23,490,696,383	\$ 21,180,192,738
Sales:			
State, municipal, county, county water commission, RTA, MED retailers' and service occupation tax	13,402,872,832	12,808,943,938	12,611,399,786
Public utilities:			
Message, gas, electric	1,642,262,559	1,723,599,817	1,749,940,343
Motor fuel tax	1,225,728,873	1,191,781,262	1,222,013,645
Other:			
Underground storage tank	70,810,482	68,703,436	69,588,533
Cigarette, cigarette use, and other tobacco products	878,774,759	850,382,469	608,997,557
Racing privilege	6,529,997	6,023,137	7,231,927
Hotel operator and occupation	343,097,412	329,945,219	309,311,789
Liquor	279,764,944	279,955,470	279,232,201
Vehicle use	33,875,940	32,575,417	33,740,576
Real estate transfer	76,307,001	72,665,352	59,448,800
Bingo	1,878,804	2,029,347	2,134,821
Coin operated amusement device	1,162,755	1,472,943	1,740,379
Automobile renting	75,920,784	72,877,114	68,962,440
Charitable games	389,014	401,617	469,222
Pull tabs and jar games	4,159,931	4,954,491	4,591,451
Solid waste	16,124	54,937	68,175
Lottery	-	-	318,030,827
Liquor control commission	15,311,162	14,388,888	13,689,493
Senior citizens real estate tax deferral	5,991,861	6,074,385	5,856,739
Live adult entertainment	405,997	-	-
Miscellaneous collections	1,220,095	3,451,367	3,690,490
Total receipts	<u>41,540,052,299</u>	<u>40,960,976,989</u>	<u>38,550,331,932</u>
Items not considered collections by the Department	85,445,573	106,228,088	165,219,449
Unallocated collections:			
Beginning of the year	47,936,254	58,768,288 *	57,688,109
End of year	(90,750,507)	(47,936,254)	(58,772,280)
Collections reported, but not yet deposited into clearing:			
Beginning of the year	113,513,568	125,450,605 *	218,609,335
End of year	(167,223,446)	(113,513,568)	(125,452,321)
Balances in State Treasurer's clearing account:			
Beginning of the year	123,160,740	116,046,145	119,136,052
Remittance clearing account balance*	-	-	-
End of year	(97,792,156)	(123,160,740)	(116,046,145)
Deposits into the State Treasury	<u>\$ 41,554,342,325</u>	<u>\$ 41,082,859,553</u>	<u>\$ 38,810,714,131</u>

\* NOTE: Differences between fiscal year 2012 ending and fiscal year 2013 beginning amounts are due to Lottery - Tax Unit 8 being removed in fiscal year 2013.

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**  
For the Fiscal Years Ended June 30, 2014, 2013 and 2012

Schedule 8

The Department of Revenue's (Department) explanations for significant fluctuations in expenditures greater than \$250,000 and 25% of total expenditures in that category as presented in the Comparative Schedule of Net Appropriations, Expenditures, and Lapsed Balances (Schedule 3) are explained below.

**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2012 and 2013**

**General Revenue Fund – 0001**

Grants for the State's Share of State's Attorneys' Salaries and Assistant State's Attorneys' Salaries and Grants for the State's Share of County Public Defenders' Salaries – The decrease in expenditures was due to payments to local government employees being made from the Personal Property Tax Replacement Fund beginning in fiscal year 2013.

Tax Refunds – Receipts increased in fiscal year 2012 for individual and corporate taxes. Therefore, there was an increase in the appropriation in fiscal year 2013, allowing an increase in tax refunds to be paid.

**Motor Fuel Tax Fund – 0012**

Electronic Data Processing - The decrease in expenditures was due to the shifting of \$4.6 million for Department of Central Management Services (DCMS) costs to other funds in fiscal year 2013.

Reimbursement to International Fuel Tax Agreement Member States – The increase in expenditures was due to a \$2.4 million payment that was processed in September 2013 and paid out of fiscal year 2013 appropriations.

**Municipal Wireless Service Emergency Fund – 0125**

Shared Revenue Payments – The increase in expenditures is due to the establishment of the Municipal Wireless Service Emergency Fund in accordance with the Prepaid Wireless 9-1-1 Surcharge Act and the General Assembly appropriating funds for the first time in fiscal year 2013.

**Home Rule Municipal Retailers' Occupation Tax Fund – 0138**

Electronic Data Processing – The decrease in expenditures in fiscal year 2013 was due to efficiencies within the Department's information technology operation that resulted in savings in DCMS costs. A portion of these savings was applied to the electronic data processing line of the Home Rule Municipal Retailers' Occupation Tax Fund.

### **Rental Housing Support Program Fund – 0150**

Grants to Provide Rental Assistance to the Rental Housing Support Program Fund – The decrease in expenditures was due to a distribution to the City of Chicago that did not get processed until fiscal year 2014.

### **Illinois Affordable Housing Trust Fund – 0286**

Administration of the Illinois Affordable Housing Act – Expenditures increased in fiscal year 2013 due to an increase in grant expenditures from fiscal year 2012, therefore increasing administrative expenditures for oversight of the program.

Living Expenses for State Wards Outside of State Institutions – Expenditures increased in fiscal year 2013 due to a hold put on expenditures out of the fund in fiscal year 2012. Expenditures in fiscal year 2013 included projects that were previously placed on hold.

### **Federal HOME Investment Trust Fund – 0338**

Illinois HOME Investment Partnership Programs – Expenditures in fiscal year 2012 were higher than fiscal year 2013 due to an increase in construction projects that were previously delayed due to the recession. Additionally, the grant from the Federal Housing and Urban Development Agency was higher in fiscal year 2012 than in fiscal year 2013.

### **Tax Compliance and Administration Fund – 0384**

Personal Services, State Contributions to State Employees' Retirement System, and Group Insurance – The increase in expenditures was due to an increase from 8 employees paid out of the fund in fiscal year 2012 to 19 employees paid out of the fund in fiscal year 2013.

Electronic Data Processing – The increase in expenditures was due to a shift of \$1.2 million in DCMS costs from the Motor Fuel Tax Fund to the Tax Compliance and Administration Fund in fiscal year 2013 as well as a tax system payment of \$2.2 million.

### **Local Government Distributive Fund – 0515**

Grants to Allocate to Local Governments for Additional 1.25% Use Tax Pursuant to P.A. 86-0928 – The increase in expenditures was due to an increase in income tax receipts received by the Department in fiscal year 2013. A portion of the income taxes were required to be allocated to the fund to be distributed to local municipalities.

### **State Lottery Fund – 0711**

The decrease in expenditures out of this fund was due to the transfer of all functions performed for the Illinois Lottery to the Illinois Department of Lottery in accordance with the Illinois Lottery Law.

## **Personal Property Tax Replacement Fund – 0802**

Group Insurance – The increase in expenditures was due to an increased group insurance rate paid out by the Department in fiscal year 2013 compared to fiscal year 2012.

Grants for the State’s Share of State’s Attorneys’ Salaries and Assistant State’s Attorneys’ Salaries and Grants for the State’s Share of County Public Defenders’ Salaries - The increase in expenditures in fiscal year 2013 was due to payments to local government employees being made from the General Revenue Fund in fiscal year 2012.

Grants for Stipend to County Coroner – The fiscal year 2012 appropriation was not sufficient to pay the mandated amount. Therefore, the amount was paid upon receipt of sufficient appropriation in fiscal year 2013.

## **Dram Shop Fund – 0821**

Group Insurance - The increase in expenditures was due to an increased group insurance rate paid out by the Department in fiscal year 2013 compared to fiscal year 2012.

Electronic Data Processing – The increase in expenditures is due to the Department purchasing a new liquor licensing system in fiscal year 2013.

## **Local Government Video Gaming Distributive Fund - 0842**

Allocation to Local Governments of Net Terminal Income Tax Pursuant to Video Gaming Act – The increase in expenditures in fiscal year 2013 is due to the new video gaming income. Distributions for this new income began in November 2012.

## **Foreclosure Prevention Program Fund – 0891**

Awards and Grants, Lump Sums and Other Purposes – Expenditures decreased in fiscal year 2013 due to a reduction in foreclosure filings.

## **Build Illinois Bond Fund – 0971**

Affordable Housing Grants, Loans, and Investments for Low-Income Families, Senior Citizens, Persons with Disabilities, and At Risk Displaced Veterans – The decrease in expenditures is due to the fiscal year 2013 funding requests not coming until late in the year, therefore there was limited activity. In fiscal year 2012 the Department completed the underwriting and approval on a significantly larger number of applications earlier in the fiscal year.

## **Deferred Lottery Prize Winners Fund – 0978**

Lottery Prizes – Monetary – The decrease in expenditures out of this fund was due to the transfer of all functions performed for the Illinois Lottery to the Illinois Department of Lottery in accordance with the Illinois Lottery Law.

## **ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2013 and 2014**

### **General Revenue Fund – 0001**

In fiscal year 2014 the General Assembly changed the appropriation process for the fund. In fiscal year 2013, operating expenditures paid out of the fund were appropriated for specific purposes. In fiscal year 2014 the Department received one lump sum appropriation for these expenditures.

Tax Refunds – The decrease in expenditures was due to a decrease in appropriations from \$6 million in fiscal year 2013 to \$4 million in fiscal year 2014.

### **Motor Fuel Tax Fund – 0012**

Reimbursement to International Fuel Tax Agreement Member States – Beginning January 1, 2010, IFTA jurisdictions began using a netting process which allowed jurisdictions to pay or receive the net difference of what they owed to another jurisdiction. Implementation of this process became more complete in fiscal year 2014; therefore, a decrease in expenditures occurred.

### **Rental Housing Support Program Fund – 0150**

Grants to Provide Rental Assistance to the Rental Housing Support Program Fund – Expenditures in fiscal year 2014 increased due to an \$8 million distribution to the City of Chicago, which did not occur as anticipated in fiscal year 2013.

### **Business District Retailers' Occupation Tax Fund – 0160**

Shared Revenue Payments – The increase in expenditures was due to new business districts being established and the expansion of existing business districts in fiscal year 2014.

### **State and Local Sales Tax Reform Fund – 0186**

Grants to Madison County – This was a new distribution in fiscal year 2014 per P.A. 98-0044. Beginning on July 1, 2013, 0.6% of the money paid into the State and Local Sales Tax Reform Fund is distributed each month to the Madison County Mass Transit District.

### **Illinois Tax Increment Fund – 0281**

Final expenditures for the Tax Increment Financing Program were paid in the last quarter of fiscal year 2013. The Department did not expend any funds for the program in fiscal year 2014.

### **Illinois Affordable Housing Trust Fund – 0286**

Living Expenses for State Wards Outside of State Institutions – The decrease in expenditures is due to the program operating on a two-year funding cycle. The Department expended all funds for this program in fiscal year 2013.

Grants, Mortgages, Loans or for the Purpose of Securing Bonds – The increase in expenditures in fiscal year 2014 was due to a \$10 million payment for the Illinois Housing Development Authority (IHDA) originally processed for projects in fiscal year 2013 but was later moved to fiscal year 2014 due to an accounting error by IHDA. Revenues to the fund, and therefore expenditures, increased in fiscal year 2014 by \$8.2 million compared to fiscal year 2013. Additionally, a one-time payment of \$5 million was made out of the fund in fiscal year 2014 for the new Welcome Home Illinois Program.

#### **Federal HOME Investment Trust Fund – 0338**

Illinois HOME Investment Partnership Program – Expenditures were higher in fiscal year 2014 because funds were carried over from fiscal year 2013 for additional projects.

#### **Tax Compliance and Administration Fund – 0384**

Personal Services, State Contributions to State Employees’ Retirement System, and Group Insurance – The increase in expenditures was due to an increase from 19 employees paid out of the fund in fiscal year 2013 to 38 employees paid out of the fund in fiscal year 2014.

Travel – The increase in expenditures in fiscal year 2014 was due to the hiring of additional auditors.

Electronic Data Processing – The decrease in expenditures in fiscal year 2014 was due to shifting of \$0.4 million in DCMS bills to another fund. Additionally, a \$2.2 million payment was made in fiscal year 2013 for a tax system deliverable.

#### **Predatory Lending Database Program Fund – 0478**

Grants for the Predatory Lending Database Program – IHDA did not request an appropriation for the program in fiscal year 2013. Expenditures increased in fiscal year 2014 due to appropriation requests from IHDA for the remaining funds available for the program.

#### **Personal Property Tax Replacement Fund – 0802**

Electronic Data Processing – The increase in expenditures in fiscal year 2014 was due to the shifting of DCMS costs from the Tax Compliance and Administration Fund and the General Revenue Fund to this fund.

Grants for Stipend to County Coroner – The decrease in expenditures in fiscal year 2014 was due to a carry-over of fiscal year 2012 expenditures into fiscal year 2013. There was no carry-over for fiscal year 2014.

#### **Dram Shop Fund – 0821**

Electronic Data Processing – The decrease in expenditures was due to a new liquor licensing system purchased in fiscal year 2013. In fiscal year 2014, only annual maintenance for the system was paid.

### **Local Government Video Gaming Distributive Fund – 0842**

Allocation to Local Governments of Net Terminal Income Tax Pursuant to Video Gaming Act – The increase in expenditures in fiscal year 2014 was due to an increase in video gaming income throughout the State, resulting in larger distributions.

### **Abandoned Residential Property Municipality Relief Fund – 0892**

Awards and Grants, Lump Sums and Other Purposes – The increase in expenditures was due to the establishment of the fund in accordance with the Code of Civil Procedure and the General Assembly appropriating funds for the first time in fiscal year 2014.

### **Build Illinois Bond Fund – 0971**

Affordable Housing Grants, Loans, and Investments for Low-Income Families, Senior Citizens, Persons with Disabilities, and At Risk Displaced Veterans – The increase was due to a \$25 million payment for the new Welcome Home Illinois Program in fiscal year 2014. Additionally, there was an increase in the number of projects approved and processed by IHDA in fiscal year 2014 compared to fiscal year 2013.

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS**  
For the Fiscal Years Ended June 30, 2014, 2013 and 2012

Schedule 9

The Department of Revenue's (Department) explanations for significant fluctuations in receipts greater than \$32,000,000 and 10% of total receipts in that category for major funds and greater than \$8,000,000 and 10% of total receipts in that category for the aggregate remaining funds as presented in the Comparative Schedule of Cash Receipts (Schedule 6) are detailed below. Other fluctuations were also included that fell outside of that threshold because they were thought to be qualitatively significant by the auditors.

**ANALYSIS OF SIGNIFICANT VARIATIONS BETWEEN FISCAL YEAR 2012 AND 2013**

**Municipal Wireless Fund – 0125**

Receipts increased in fiscal year 2013 due to Public Act 097-0748 which required the prepaid wireless 911 surcharge imposed by a municipality be deposited into the Municipal Wireless Fund effective July 2012.

**Home Rule County Retailers' Occupation Tax Fund – 0139**

Receipts decreased in the fund due to Cook County decreasing its tax rate from 1.00% to 0.75%. As a result, the daily draft percentage used in calculating the fund distribution amount also decreased.

**Income Tax Refund Fund – 0278**

Fiscal year 2013 receipts increased from fiscal year 2012 due to an increase in the daily percentage to calculate the fund deposit from 8.75% in fiscal year 2012 to 9.75% in fiscal year 2013. In addition, overall collections increased in fiscal year 2013.

**Federal HOME Investment Fund – 0338**

Fiscal year 2013 receipts decreased from fiscal year 2012 due to a decrease in payout requests from the Illinois Housing Development Authority which resulted in a decrease in related receipts from the federal HOME funds.

**Long-Term Care Provider Fund – 0345**

Cigarette tax revenue provides the receipts in the Long-Term Care Provider Fund. The decrease in receipts from fiscal year 2012 to fiscal year 2013 was due to the fiscal year 2013 receipts of cigarette tax revenue not being sufficient to cover the order of fund depositing, which is as follows:

1. 100% of tax increase, which occurred in the prior engagement period, to Healthcare Provider Relief - Fund 0793
2. \$29.2 million per month, plus prior month's deficiency, to General Revenue Fund - 0001 and Common School Fund - 0412
3. \$5 per month, plus prior month's deficiency, to School Infrastructure Fund - 0568
4. Remainder to Long-term Care Provider Fund - 0345

### **Municipal Telecommunications Fund – 0719**

The decrease in receipts from fiscal year 2012 to fiscal year 2013 was due to the simplified telecommunications tax. Deposits in the Municipal Telecommunications Fund increased in fiscal year 2012 to cover increased expenditures and ensure a proper fund balance to cover future expenditures.

### **Healthcare Provider Relief Fund – 0793**

The increase in fiscal year 2013 receipts was due to a new tax imposed upon any person engaged in business as a retailer of cigarettes effective June 2012.

### **Personal Property Tax Replacement Fund – 0802**

The increase in fiscal year 2013 receipts was due to corporate income tax collections increasing 23% over fiscal year 2012 and the amount deposited into the Income Tax Refund Fund from this fund decreased from 17.5% to 14%.

### **State Lottery Fund – 0711, Capitol Projects Fund – 0694, and Deferred Lottery Prize Winners Trust Fund – 0978**

The decrease in receipts in fiscal year 2013 for these funds was due to the transfer of all functions performed for the Illinois Lottery to the Illinois Department of Lottery in accordance with Public Act 097-0464 effective October 15, 2011. In fiscal year 2012 3 months of receipts occurred, compared to none in fiscal year 2013.

## **ANALYSIS OF SIGNIFICANT VARIATIONS BETWEEN FISCAL YEAR 2013 AND 2014**

### **State and Local Sales Tax Reform Fund – 0186**

The increase in receipts in fiscal year 2014 was due to an increase in the revenue base and percentage used to calculate the daily fund deposit in fiscal year 2014.

### **Illinois Tax Increment Fund – 0281**

The decrease in receipts occurred because the Illinois Tax Increment Fund dissolved on September 30, 2013. Fiscal year 2014 included 3 months of receipts compared to 12 months of receipts in fiscal year 2013.

### **Municipal Telecommunications Fund – 0719**

The decrease in receipts from fiscal year 2013 to fiscal year 2014 was due to 5 of the major companies being granted \$66 million in credit in February 2014 and utilizing approximately \$59 million of it. In addition, the Department explained telecommunication tax revenues have declined in recent years due to the increase in the usage of cellular phones and the decrease in the number of “land line” telephones.

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING**  
For the Fiscal Years Ended June 30, 2014 and 2013

Schedule 10

The Department of Revenue's (Department) explanations for significant lapse period spending as presented in the Schedule of Appropriations, Expenditures and Lapsed Balances for fiscal years 2014 and 2013 (Schedules 1 and 2) are detailed below. For purposes of this analysis, significant lapse period spending is defined as \$500,000 and 15% or more of the total expenditures in that category.

**FISCAL YEAR 2013**

**General Revenue Fund – 0001**

Electronic Data Processing – Due to the timing of bills received, the Department paid 3 months of Information Technology (IT) and telecommunications bills from the Department of Central Management Services (DCMS) during the lapse period.

**Motor Fuel Tax Fund – 0012**

Motor Fuel Tax Refund – A large number of refunds received late in the fiscal year were processed and paid during the lapse period.

**State and Local Sales Tax Reform Fund – 0186**

Grants to Allocate to Chicago for Additional 1.25% Use Tax Pursuant to P.A. 86-0928 – The last 2 monthly grant distributions were paid during the lapse period due to timing.

**Regional Transportation Authority Occupation and Use Tax Replacement Fund – 0187**

Grants to Allocate to RTA for 10% of the 1.25% Use Tax Pursuant to P.A. 86-0928 – The last 2 monthly grant distributions were paid during the lapse period due to timing.

**Illinois Tax Increment Fund – 0281**

Grants for Distribution to Local Tax Increment Finance Districts – Due to timing, 3 months of grant distributions were paid during the lapse period.

**Illinois Affordable Housing Trust Fund – 0286**

Administration of Illinois Affordable Housing Act – Due to the timing of bills received, third and fourth quarter administrative expenditure payments were made during the lapse period.

Grants, Mortgages and Loans for the Purpose of Securing Bonds – Six projects were processed during the lapse period.

### **Tax Compliance and Administration Fund – 0384**

Electronic Data Processing – Due to the timing of bills received, the Department paid 3 months of information services and telecommunications bills from the DCMS during the lapse period.

### **Local Government Distributive Fund – 0515**

Grants to Allocate to Local Governments for Additional 1.25% Use Tax Pursuant to P.A. 86-0928 – The last 2 monthly grant distributions were paid during the lapse period due to timing.

### **Personal Property Tax Replacement Fund – 0802**

Electronic Data Processing – Due to timing of bills received, the Department paid 3 months of information services and telecommunications bills from the DCMS during the lapse period.

Grants for State’s Share of County Public Defenders’ Salaries – The May and June salary reimbursements were paid during the lapse period.

Grants for Additional Compensation for County Treasurers – The stipends for the county treasurers were processed during the lapse period.

### **FISCAL YEAR 2014**

#### **Motor Fuel Tax Fund – 0012**

Motor Fuel Tax Refunds – A large number of refunds received late in the fiscal year were processed and paid during the lapse period.

#### **Rental Housing Support Program Fund – 0150**

Grants to Provide Rental Assistance to the Rental Housing Support Program Fund – A large number of rental assistance applications received late in the fiscal year were processed during the lapse period.

#### **State and Local Sales Tax Reform Fund – 0186**

Grants to Allocate to Chicago for Additional 1.25% Use Tax Pursuant to P.A. 86-0928 – The last 2 monthly grant distributions were paid during the lapse period due to timing.

#### **Regional Transportation Authority Occupation and Use Tax Replacement Fund – 0187**

Grants to Allocate to RTA for 10% of the 1.25% Use Tax Pursuant to P.A. 86-0928 – The last 2 monthly grant distributions were paid during the lapse period due to timing.

#### **Illinois Affordable Housing Trust Fund – 0286**

Administration of Illinois Affordable Housing Act – Two quarters of administrative expenditure payments were made during the lapse period.

**Local Government Distributive Fund – 0515**

Grants to Allocate to Local Governments for Additional 1.25% Use Tax Pursuant to P.A. 86-0928 – The last 2 monthly grant distributions were paid during the lapse period due to timing.

**Foreclosure Prevention Program Fund – 0891**

Awards and Grants, Lump Sums and Other Purposes – The Department approved grant requests during lapse period which were not received until late June.

**Abandoned Residential Property Municipality Relief Program Fund – 0892**

Awards and Grants, Lump Sums and Other Purposes – Fiscal year 2014 was the first year of expenditures for this fund and grants were not issued until late in the fiscal year.

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**ANALYSIS OF ACCOUNTS RECEIVABLE**  
(expressed in thousands)  
For the Fiscal Year Ended June 30, 2013

Schedule 11

Accounts Receivable Relating to Taxes Receivable

	<b>Retailer Occupation Tax (ROT)</b>	<b>Business Income Tax (BIT)</b>	<b>Withholding Income Tax (WIT)</b>	<b>Individual Income Tax (IIT)</b>	<b>Excise Tax</b>	<b>Totals</b>
<b>Non-Protest</b>						
<b>Current:</b>	\$ -	\$ -	\$ -	\$ -	\$ 53,026	\$ 53,026
<b>Past Due:</b>						
1-90 days	19,954	17,975	9,815	75,400	1,329	124,473
91-180 days	23,914	5,991	9,018	22,880	867	62,670
181 days - 1 year	43,120	21,839	8,194	79,921	3,825	156,899
1 year <= 2 years	65,996	18,420	14,816	38,176	6,696	144,104
2 years <= 3 years	55,689	11,774	5,872	61,106	4,625	139,066
3 years <= 4 years	55,752	3,733	5,165	33,524	7,672	105,846
4 years <= 5 years	21,346	4,073	4,470	19,305	1,685	50,879
5 years <= 10 years	40,728	11,686	9,288	48,559	24,518	134,779
10 years <= 20 years	12,395	3,248	4,036	17,952	4,957	42,588
> 20 years	6,893	223	295	2,007	103	9,521
<b>Total Past Due</b>	<b>\$ 345,787</b>	<b>\$ 98,962</b>	<b>\$ 70,969</b>	<b>\$ 398,830</b>	<b>\$ 56,277</b>	<b>\$ 970,825</b>
<b>Gross Receivables</b>	<b>\$ 345,787</b>	<b>\$ 98,962</b>	<b>\$ 70,969</b>	<b>\$ 398,830</b>	<b>\$ 109,303</b>	<b>\$ 1,023,851</b>
<b>Estimated Uncollectible</b>	<b>(306,364)</b>	<b>(66,285)</b>	<b>(57,580)</b>	<b>(293,830)</b>	<b>(47,875)</b>	<b>(771,934)</b>
<b>Total Net Receivables</b>	<b>\$ 39,423</b>	<b>\$ 32,677</b>	<b>\$ 13,389</b>	<b>\$ 105,000</b>	<b>\$ 61,428</b>	<b>\$ 251,917</b>
	<b>Retailer Occupation Tax (ROT)</b>	<b>Business Income Tax (BIT)</b>	<b>Withholding Income Tax (WIT)</b>	<b>Individual Income Tax (IIT)</b>	<b>Excise Tax</b>	<b>Totals</b>
<b>Protest</b>						
<b>Current:</b>	\$ -	\$ -	\$ -	\$ -	\$ 46	\$ 46
<b>Past Due:</b>						
1-90 days	36,447	5,016	1,018	1,109	1,266	44,856
91-180 days	5,785	371	1	113	6	6,276
181 days - 1 year	23,636	82,364	592	588	271	107,451
1 year <= 2 years	28,420	59,309	10	445	4,750	92,934
2 years <= 3 years	14,117	51,936	1	187	-	66,241
3 years <= 4 years	10,722	4,267	-	14	-	15,003
4 years <= 5 years	11,682	8,214	-	18	-	19,914
5 years <= 10 years	936	121	-	29	-	1,086
10 years <= 20 years	-	-	-	-	-	-
> 20 years	-	-	-	-	-	-
<b>Sub-total: Over 180 days</b>	<b>\$ 131,745</b>	<b>\$ 211,598</b>	<b>\$ 1,622</b>	<b>\$ 2,503</b>	<b>\$ 6,293</b>	<b>\$ 353,761</b>
<b>Gross Receivables</b>	<b>\$ 131,745</b>	<b>\$ 211,598</b>	<b>\$ 1,622</b>	<b>\$ 2,503</b>	<b>\$ 6,339</b>	<b>\$ 353,807</b>
<b>Estimated Uncollectible</b>	<b>(90,069)</b>	<b>(168,929)</b>	<b>(563)</b>	<b>(1,231)</b>	<b>(4,819)</b>	<b>(265,611)</b>
<b>Total Net Receivables</b>	<b>\$ 41,676</b>	<b>\$ 42,669</b>	<b>\$ 1,059</b>	<b>\$ 1,272</b>	<b>\$ 1,520</b>	<b>\$ 88,196</b>

Note: See the Reconciliation of the Analysis of Accounts Receivable to the Taxes Receivable Footnote in the Financial Statements in Schedule 12.

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**ANALYSIS OF ACCOUNTS RECEIVABLE**  
(expressed in thousands)  
For the Fiscal Year Ended June 30, 2014

Schedule 11

Accounts Receivable Relating to Taxes Receivable

	<b>Retailer Occupation Tax (ROT)</b>	<b>Business Income Tax (BIT)</b>	<b>Withholding Income Tax (WIT)</b>	<b>Individual Income Tax (IIT)</b>	<b>Excise Tax</b>	<b>Totals</b>
<b>Non-Protest</b>						
<b>Current:</b>	\$ -	\$ -	\$ -	\$ -	\$ 55,117	\$ 55,117
<b>Past Due:</b>						
1-90 days	21,565	21,058	9,448	101,521	2,113	155,705
91-180 days	14,260	6,128	7,795	23,193	3,652	55,028
181 days - 1 year	27,554	23,385	14,058	73,975	4,303	143,275
1 year <= 2 years	72,910	33,200	10,627	84,465	3,550	204,752
2 years <= 3 years	54,128	10,897	12,160	29,126	6,304	112,615
3 years <= 4 years	50,133	6,473	4,920	54,136	4,061	119,723
4 years <= 5 years	48,047	2,926	4,702	25,881	5,508	87,064
5 years <= 10 years	46,692	6,546	11,866	48,272	6,208	119,584
10 years <= 20 years	12,378	2,617	4,571	16,434	6,830	42,830
> 20 years	7,812	155	603	2,397	101	11,068
<b>Total Past Due</b>	<b>\$ 355,479</b>	<b>\$ 113,385</b>	<b>\$ 80,750</b>	<b>\$ 459,400</b>	<b>\$ 42,630</b>	<b>\$ 1,051,644</b>
<b>Gross Receivables</b>	<b>\$ 355,479</b>	<b>\$ 113,385</b>	<b>\$ 80,750</b>	<b>\$ 459,400</b>	<b>\$ 97,747</b>	<b>\$ 1,106,761</b>
<b>Estimated Uncollectible</b>	<b>(317,167)</b>	<b>(75,203)</b>	<b>(67,660)</b>	<b>(327,201)</b>	<b>(27,698)</b>	<b>(814,929)</b>
<b>Total Net Receivables</b>	<b>\$ 38,312</b>	<b>\$ 38,182</b>	<b>\$ 13,090</b>	<b>\$ 132,199</b>	<b>\$ 70,049</b>	<b>\$ 291,832</b>
	<b>Retailer Occupation Tax (ROT)</b>	<b>Business Income Tax (BIT)</b>	<b>Withholding Income Tax (WIT)</b>	<b>Individual Income Tax (IIT)</b>	<b>Excise Tax</b>	<b>Totals</b>
<b>Protest</b>						
<b>Current:</b>	\$ -	\$ -	\$ -	\$ -	\$ 49	\$ 49
<b>Past Due:</b>						
1-90 days	12,148	40,545	1,285	1,287	838	56,103
91-180 days	2,734	5,872	95	340	64	9,105
181 days - 1 year	7,189	1,634	-	628	386	9,837
1 year <= 2 years	35,521	2,669	-	863	666	39,719
2 years <= 3 years	6,303	8,544	1	172	4,940	19,960
3 years <= 4 years	6,733	1,183	-	30	109	8,055
4 years <= 5 years	10,583	4,463	-	1	87	15,134
5 years <= 10 years	1,894	7,985	-	22	29	9,930
10 years <= 20 years	-	-	-	80	-	80
> 20 years	-	-	-	-	-	-
<b>Sub-total: Over 180 days</b>	<b>\$ 83,105</b>	<b>\$ 72,895</b>	<b>\$ 1,381</b>	<b>\$ 3,423</b>	<b>\$ 7,119</b>	<b>\$ 167,923</b>
<b>Gross Receivables</b>	<b>\$ 83,105</b>	<b>\$ 72,895</b>	<b>\$ 1,381</b>	<b>\$ 3,423</b>	<b>\$ 7,168</b>	<b>\$ 167,972</b>
<b>Estimated Uncollectible</b>	<b>(66,653)</b>	<b>(26,614)</b>	<b>(73)</b>	<b>(1,842)</b>	<b>(6,029)</b>	<b>(101,211)</b>
<b>Total Net Receivables</b>	<b>\$ 16,452</b>	<b>\$ 46,281</b>	<b>\$ 1,308</b>	<b>\$ 1,581</b>	<b>\$ 1,139</b>	<b>\$ 66,761</b>

Note: See the Reconciliation of the Analysis of Accounts Receivable to the Taxes Receivable Footnote in the Financial Statements in Schedule 12.

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE

Schedule 12

**RECONCILIATION OF THE ANALYSIS OF ACCOUNTS RECEIVABLE  
TO THE TAXES RECEIVABLE FOOTNOTE IN THE FINANCIAL STATEMENTS**

(In Thousands)

For the Fiscal Year Ended June 30, 2013

**Analysis of Accounts Receivable**

Non-protest gross receivable	\$ 1,023,851	
In protest gross receivable	353,807	
Total Gross Taxes Receivable	<u>1,377,658</u>	\$ 1,377,658

**Miscellaneous Departmental Adjustments**

Lapse period collections	1,432,907	
Fund 0930 not reported in financial statements	(53,013)	
Funds reported by other agencies	(6,609)	
GAAP reporting adjustment	43,826	
Other receivables	(366)	
Total Departmental Adjustments	<u>1,416,745</u>	1,416,745

**Total Gross Taxes Receivable**

2,794,403

Less: Allowance for uncollectible taxes

Non-protest uncollectible	(771,934)	
In protest uncollectible	(265,611)	
Total Allowance for Uncollectible	<u>(1,037,545)</u>	(1,037,545)

**Total, Net Taxes Receivable**

\$ 1,756,858

**Taxes Receivable per Financial Statement Footnote 4\***

General Fund		\$ 1,166,202
Nonmajor Governmental Funds		374,156
Fiduciary Funds		216,500
		<u>\$ 1,756,858</u>

\* The Department's Financial Statement Report for the fiscal year ending June 30, 2013 was released under a separate cover.

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE

Schedule 12

**RECONCILIATION OF THE ANALYSIS OF ACCOUNTS RECEIVABLE  
TO THE TAXES RECEIVABLE FOOTNOTE IN THE FINANCIAL STATEMENTS**

(In Thousands)

For the Fiscal Year Ended June 30, 2014

**Analysis of Accounts Receivable**

Non-protest gross receivable	\$ 1,106,761	
In protest gross receivable	167,972	
Total Gross Taxes Receivable	<u>1,274,733</u>	\$ 1,274,733

**Miscellaneous Departmental Adjustments**

Lapse period collections	1,312,952	
Fund 0930 not reported in financial statements	(55,105)	
Funds reported by other agencies	(12,723)	
GAAP reporting adjustment	203,758	
Other receivables	(313)	
Total Departmental Adjustments	<u>1,448,569</u>	1,448,569

**Total Gross Taxes Receivable**

2,723,302

Less: Allowance for uncollectible taxes

Non-protest uncollectible	(814,929)	
In protest uncollectible	(101,211)	
Total Allowance for Uncollectible	<u>(916,140)</u>	(916,140)

**Total, Net Taxes Receivable**

\$ 1,807,162

**Taxes Receivable per Financial Statement Footnote 4**

General Fund		\$ 1,211,455
Nonmajor Governmental Funds		372,778
Fiduciary Funds		222,929
		<u>\$ 1,807,162</u>

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**AGENCY FUNCTIONS AND PLANNING PROGRAM (UNAUDITED)**  
For the Fiscal Years Ended June 30, 2014 and 2013

**General Operations**

The Department of Revenue (Department) was established by the Civil Administrative Code of 1917 and is empowered to administer, collect, enforce and determine the distribution of the taxes imposed by the State's major tax acts. The Department collected approximately 79 percent of the receipts deposited into the General Revenue Fund for the years ended June 30, 2014 and 2013.

A significant portion of the Department's total effort relates to the collection of the Retailers' Occupation and Related Taxes (ROT), income taxes, and personal property replacement taxes. The revenue collected from these sources approximated 88 percent of taxes collected by the Department for the years ended June 30, 2014 and 2013. The remaining 12 percent of the Department's revenue for the years ended June 30, 2014 and 2013 is derived from the following taxes which the Department is empowered to collect:

Public Utilities:

- Electricity Excise Tax
- Telecommunications Excise Tax
- Telecommunications Infrastructure Maintenance Fee
- Energy Assistance and Renewable Energy
- Gas and Gas Use Taxes
- Invested Capital Tax and Electricity Distribution Tax
- Hotel Operators' Occupation Tax
- Automobile Renting Occupation and Use Tax
- Tire User Fee
- Vehicle Use Tax
- Motor Fuel and Motor Fuel Use Taxes
- Cigarette and Cigarette Use Taxes
- Liquor Gallonage Tax
- Racing Privilege Tax
- Bingo Tax and License Fees
- Real Estate Transfer Tax
- Coin-Operated Amusement Device Tax
- Dry-Cleaning Solvent Tax and License Fees
- Charitable Games Tax and License Fees
- Pull Tabs and Jar Games Tax and License Fees
- Underground Storage Tank Tax and Environmental Impact Fee
- Tobacco Products Tax
- Qualified Solid Waste Energy Facility Payment (Sunset January 2013)
- Adult Entertainment Surcharge (Began Fiscal Year 14)
- Senior Citizens Real Estate Tax Deferral Repayments
- Tennessee Valley Authority Payments

## General Operations - Continued

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

Tax	Administrative Fee
Business District Tax	2 %
Chicago Home Rule Use Tax	2 %
Chicago Soft Drink Tax	2 %
County Automobile Renting Tax	2 %
Municipal Automobile Renting Tax	1.6%
County Public Safety Tax	-
County School Facility Occupation Tax	2%
County Flood Protection District	2%
County Water Commission Tax	-
County Option Motor Fuel Tax	2 %
Home Rule County Retailers' Occupation Tax	-
Home Rule Municipal Retailers' Occupation Tax	-
Illinois Sports Facilities Tax	4 %
Metro East Transit District Retailers' Occupation Tax	2 %
Metropolitan Pier and Exposition Authority Tax	2 %
Hotel Operators' Occupation Tax (IL Tourism Fund)	4 %
Municipal Hotel Operators' Occupation (Chicago Hotel/Motel) Tax	4 %
Regional Transportation Authority Retailers' Occupation Tax	-
Tennessee Valley Authority Payments	-
Simplified Municipal Telecommunications Tax	0.5%

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

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

### Operating Expense Analysis

Administrative fees collected by the Department to administer state and local tax laws are as follows:

Year Ended June 30,	Fees Deposited in General Revenue Fund (in thousands)	Fees Deposited in Tax Compliance and Administrative Fund (in thousands)
2014	\$3,262.90	\$4,243.80
2013	\$3,215.80	\$4,356.80
2012*	\$4,097.10	\$3,989.90

## General Operations - Continued

Operating expenses to administer state and local tax laws for the 14 months ending August 31, 2014, 2013, and 2012 per \$1,000 of tax collected is summarized below.

Year Ended June 30,	Tax Collections (in thousands)	Operating Expenses (in thousands)	\$1,000 of Tax Collection
2014	\$41,525,022.50	\$186,855.30	\$4.50
2013	\$40,936,697.00	\$180,792.60	\$4.42
2012*	\$38,216,279.20	\$185,355.50	\$4.85

\* For consistency purposes the Budget and Planning Office updated the formulas for the fiscal year 2012 values to match the formulas used to calculate fiscal year 2013 and 2014 data.

## AGENCY FUNCTIONS

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

The primary responsibility of the Department is to serve as the tax collection agency for State government and for local governments. The Department also regulates the manufacture, distribution and sale of alcoholic beverages. In addition, the Department oversees local property tax assessments and functions as the funding agent for the Illinois Housing Development Authority.

The current Director of the Department is Constance Beard. The Department's headquarters is located at 101 West Jefferson Street; Springfield, Illinois.

### Divisions of the Department

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

#### **Account Processing**

The Account Processing Administration deposits tax payments; receives processes, controls, and stores State tax returns and associated documents.

#### **Audit Bureau/Criminal Investigations/Collections**

Through field and in-house audit activities, these areas promote voluntary compliance with State tax laws by examining taxpayer records to ensure the establishment and payment of all taxes due. Promotes voluntary compliance through determination of non-compliance with criminal and civil tax laws and refers recommendations for prosecution of criminal violations of State tax law. The collections function pursues the collection of delinquent tax liabilities.

#### **Taxpayer Services**

This area answers taxpayer telephone calls, correspondence and registers taxpayer accounts.

## **Agency Functions - Continued**

### **Information Technology**

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

### **Administrative Services**

This area includes support function for the Department including: Financial Control Bureau, Procurement, Local Tax Allocation, Operations/Special Services, and Property Management/Telecommunications.

In addition, there are support areas including Legal Services, Labor Relations, Equal Employment Opportunity, Research, Information Security, Budget and Planning, and Communications.

### **Other Divisions of the Department**

#### **Liquor Control Commission**

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

The Department has various taxpayer appeal divisions: the Informal Conference Board, the Board of Appeals Office, and the Administrative Hearings Office.

### **PLANNING PROGRAM**

The Department's mission is "to maximize collections of revenues for the State of Illinois and effectively regulate the manufacture, distribution and sale of alcoholic beverages; all in a manner that promotes fair and consistent enforcement of State laws."

The Department held a strategic planning session in September 2012 to develop a three year strategic plan. The agency adopted the following five goals under the new plan:

- 1) Leverage technology
- 2) Operate efficiently within constraints
- 3) Ensure a good taxpayer experience
- 4) Collect all revenues due
- 5) Identify and implement good tax policy

Each goal has programs that will help achieve the desired results. A team with a leader was designated to meet and choose the programs that could be met or initiated in calendar year 2013. Each program was assigned a leader who would be responsible for creating an implementation team if necessary that would meet and outline the steps to develop the program. Some of the programs have been successfully completed, and others are on-going.

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**AVERAGE NUMBER OF EMPLOYEES (UNAUDITED)**  
For the Fiscal Years Ended June 30, 2014, 2013, and 2012

The following information was prepared from Department records and represents the average full-time equivalent number of employees by division, for the fiscal years ended June 30, 2014, 2013, and 2012.

	Fiscal Year		
	2014	2013	2012
<b>Tax Administration</b>			
Account Processing	405	385	378
Administrative Law Judge	7	7	7
Administrative Services	80	67	61
Audit Bureau	499	473	482
Board of Appeals	13	11	13
Budget and Planning Office	6	6	7
Collections Bureau	193	186	197
Director's Office	6	4	3
EEO Office	1	1	1
Informal Conference Board	5	5	5
Information Security	14	12	0
Information Technology	114	122	160
Internal Affairs	19	20	17
Internal Audits	5	5	4
Labor Relations	4	4	4
Legal Services	47	44	48
Legislative Office	6	4	5
Policy and Communications	14	44	59
Research Office	7	6	6
Tax Enforcement	30	30	33
Taxpayer Services	152	107	108
Training	1	1	1
<b>Total Tax Administration</b>	<u>1,628</u>	<u>1,544</u>	<u>1,599</u>
<b>Shared Services</b>			
Revenue	26	28	24
Liquor Control	1	1	1
<b>Total Share Services</b>	<u>27</u>	<u>29</u>	<u>25</u>
<b>Liquor Control Commission</b>			
BASSET	1	1	1
Budget Office	1	1	1
Director's Office	1	1	1
General Office	11	12	12
Investigations	23	23	22
Legal Services	3	3	3
Parental Responsibility	1	0	0
Retailer Education	1	1	1
Tobacco Study	1	2	2
<b>Total Liquor Control Commission</b>	<u>43</u>	<u>44</u>	<u>43</u>
<b>TOTAL DEPARTMENT</b>	<u><u>1,698</u></u>	<u><u>1,617</u></u>	<u><u>1,667</u></u>

Note 1: Employee groupings are based on organizational structure as of June 30, 2014.

Note 2: Total number of employees for fiscal year 2012 does not match the amount reported in the Compliance Examination report for the two years ended June 30, 2012, due to reclassifications made to conform to the fiscal year 2014 presentation.

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**EMERGENCY PURCHASES (UNAUDITED)**  
For Fiscal Years Ended June 30, 2014 and 2013

<u>Description</u>	<u>Amount</u>
The Illinois Department of Revenue will procure, along with the Department of Healthcare and Family Services, a one-time Threat Assessment Program review of the Department of Central Management Service's (DCMS') computer and network environment to identify active or dormant threats present on State computer systems and networks. The review includes an assessment of DCMS' computer systems and a review of network traffic transiting between DCMS networks and the Internet. Software and hardware technologies developed for these purposes will be provided by MANDIANT Corp.	<u>\$ 36,793</u>

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**MEMORANDUMS OF UNDERSTANDING (UNAUDITED)**  
For the Fiscal Years Ended June 30, 2014 and 2013

The Illinois Department of Revenue (Department) enters into many memorandums of understanding (MOU) on an ongoing basis. The MOU assigns responsibilities in the early planning stages of a project and as the project develops.

During the engagement period, the Department engaged with several organizations to administer the tax laws of the State of Illinois and execute tax enforcement procedures. The dates and durations of the MOUs varied, depending on the services involved. The dates and services were documented in agreements maintained by the Department. The Department's MOUs included, but were not limited to, agreements with the following entities during the engagement period:

- Advantage Payroll Services
- Paychex, Inc.
- Internal Revenue Service
- McKinsey & Company
- Immigration and Customs Enforcement
- Paycycle, Inc.
- Computing Resources, Inc.
- U.S. Department of the Treasury
- Illinois Housing Development Authority

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**AUDIT COLLECTIONS STATISTICS (UNAUDITED)**  
For the Fiscal Years Ended June 30, 2014 and 2013

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

**Audit Collections per Audit Staff**

	Revenue Collections (Audits)	Audit Staff (Average)	Revenue / Audit Staff
<b>FY05</b>	\$205,616,197	437	\$470,518
<b>FY06</b>	\$214,020,180	464	\$461,250
<b>FY07</b>	\$290,791,333	476	\$610,906
<b>FY08</b>	\$284,833,027	495	\$575,420
<b>FY09</b>	\$183,863,341	492	\$373,706
<b>FY10</b>	\$235,650,635	493	\$477,993
<b>FY11</b>	\$198,627,593	510	\$389,466
<b>FY12</b>	\$145,056,769	483	\$300,325
<b>FY13</b>	\$226,984,072	473	\$479,882
<b>FY14</b>	\$202,217,445	499	\$405,245

**Audit Collections per Audit Related Expenditures**

	Revenue Collections	Audit Related Expenditures	Revenue / \$ Spent
<b>FY05</b>	\$205,616,197	\$37,131,256	\$5.5
<b>FY06</b>	\$214,020,180	\$38,033,371	\$5.6
<b>FY07</b>	\$290,791,333	\$41,707,747	\$7.0
<b>FY08</b>	\$284,833,027	\$47,275,341	\$6.0
<b>FY09</b>	\$183,863,341	\$50,165,301	\$3.7
<b>FY10</b>	\$235,650,635	\$38,916,363	\$6.1
<b>FY11</b>	\$198,627,593	\$53,569,512	\$3.7
<b>FY12</b>	\$145,056,769	\$56,779,930	\$2.6
<b>FY13</b>	\$226,984,072	\$58,590,635	\$3.9
<b>FY14</b>	\$202,217,445	\$63,268,097	\$3.2

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
**SERVICE EFFORTS AND ACCOMPLISHMENTS (UNAUDITED)**  
For the Fiscal Years Ended June 30, 2014 and 2013

**Department of Revenue - Administer State and Local Tax Laws**

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

**Program Goals:**

**Objectives:**

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

**Funds: General Revenue Fund, Motor Fuel Tax - State Fund, Transportation Regulatory Fund, Underground Storage Tank Fund, Home Rule Municipal Retailers' Occupation Tax Fund, Illinois Department of Revenue Federal Trust Fund, State and Local Sales Tax Reform Fund, Regional Transportation Authority Occupation and Use Tax Replacement Fund, County Option Motor Fuel Tax Fund, Income Tax Refund Fund, Debt Collection Fund, Illinois Tax Increment Fund, Tax Compliance and Administration Fund, Local Government Distributive Fund, Municipal Telecommunications Fund, Personal Property Tax Replacement Fund** **Statutory Authority: 35 ILCS**

	<u>Fiscal Year 2012 Actual</u>	<u>Fiscal Year 2013 Actual</u>	<u>Fiscal Year 2014 Target /Projected</u>	<u>Fiscal Year 2014 Actual</u>	<u>Fiscal Year 2015 Target /Projected</u>
<b><u>Input Indicators</u></b>					
● Total expenditures - all sources (in thousands)	\$ 4,940,280.1	\$ 5,291,859.6	\$ 6,022,082.1	\$ 5,574,834.5	\$ 6,417,453.4
● Total expenditures - state appropriated funds (in thousands)	\$ 467,430.5	\$ 521,223.4	\$ 572,082.1	\$ 524,799.8	\$ 567,453.4
● Average monthly full-time equivalents	1,582.0	1,538.0	1,651.0	1,617.0	1,603.0
● Total expenditures-operations (state appropriated funds) (in thousands)	\$ 181,225.5	\$ 176,598.3	\$ 192,537.9	\$ 182,586.3	\$ 183,379.4
● Total expenditures - grants & refunds (state appropriated funds) (in thousands)	\$ 286,205.0	\$ 344,625.1	\$ 379,544.2	\$ 342,213.5	\$ 384,074.0
<b><u>Output Indicators</u></b>					
● Number of State and Local taxes administered	73.0	73.0	73.0	74.0	75.0
● State and local tax and fee collections (in millions)	\$ 38,352.0	\$ 41,009.0	\$ 42,375.0	\$ 41,493.0	\$ 42,000.0
● Number of tax return documents processed - includes alternatively filed methods	17,710,354	18,193,237	18,200,000	17,833,349	17,819,890
● Number of Individual Income Tax returns processed	5,961,003	5,946,121	5,950,000	6,143,408	6,000,000
● Number of Individual Income Tax refunds issued	3,326,886	3,219,241	3,250,000	3,738,865	3,750,000
● Number of direct deposits	2,453,803	2,820,369	2,900,000	3,010,458	3,150,000
● Number of new registration applications processed	102,687	98,670	100,000	99,439	100,000
● Number of active registration accounts	1,015,504	1,040,918	1,050,000	1,080,763	1,090,000
● Delinquent tax debt cases closed	468,272	400,584	405,000	615,645	620,000
● Delinquent tax debt collections (in thousands)	\$ 540,518.0	\$ 617,657.0	\$ 625,000.0	\$ 643,346.0	\$ 665,000.0
● Number of phone calls answered on toll-free taxpayer assistance lines	970,182	1,057,132	1,300,000	1,066,474	1,110,000
<b><u>Outcome Indicators</u></b>					
● Number of Individual Income Tax returns filed electronically	4,648,566	4,698,563	4,850,000	4,867,534	4,950,000
● Percent of Individual Income Tax returns filed electronically	78%	79%	82%	79.2%	82.5%

● Percent of tax and fee collections received via Electronic Funds Transfer (EFT)	81.3%	81.3%	82%	83.7%	85.7%
● Total tax and fee collections received via Electronic Funds Transfer (EFT) (in millions)	\$ 31,216.2	\$ 33,364.2	\$ 34,750.0	\$ 34,736.1	\$ 36,000.0
● Average number of days from receipt of registration application to mailing of certificate	3.4	5.1	4.2	2.9	4.1
● Average number of days from receipt of payment until deposit	1.0	1.0	1.0	1.0	1.0
● Percent of dollars deposited on same day as receipt	96.1%	95.1%	95.4%	95.7%	96%
● Percent of accurately and timely filed Individual Income Tax returns	89%	85.5%	86%	83%	83%
● Average number of days to issue an Individual Income Tax refund	22.1	21.0	21.0	21.9	21.5
<b><u>Efficiency/Cost-Effectiveness</u></b>					
● Cost to collect \$1,000 of tax and fees (in dollars)	\$ 5.00	\$ 4.50	\$ 4.50	\$ 4.40	\$ 4.40
● Tax and fee collections per staff (in millions)	\$ 24.2	\$ 26.7	\$ 25.7	\$ 25.7	\$ 26.2
● Delinquent tax debt collections per dollar spent on delinquent debt collection process (in dollars)	\$ 32.10	\$ 34.50	\$ 32.60	\$ 34.80	\$ 35.20

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**Department of Revenue - Liquor Control Commission**

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

**Program Goals:**

**Objectives:**

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

**Funds: Dram Shop Fund**

**Statutory Authority: 235 ILCS 5/1-1 et seq.**

	<u>Fiscal Year 2012 Actual</u>	<u>Fiscal Year 2013 Actual</u>	<u>Fiscal Year 2014 Target /Projected</u>	<u>Fiscal Year 2014 Actual</u>	<u>Fiscal Year 2015 Target /Projected</u>
<b><u>Input Indicators</u></b>					
● Total expenditures - all sources (in thousands)	\$ 7,008.1	\$ 8,609.1	\$ 9,963.5	\$ 7,970.4	\$ 9,985.2
● Total expenditures - state appropriated funds (in thousands)	\$ 7,008.1	\$ 8,609.1	\$ 9,963.5	\$ 7,970.4	\$ 9,985.2
● Average monthly full-time equivalents	43.0	44.5	50.0	42.0	50.0
<b><u>Output Indicators</u></b>					
● Inspections - Total	16,628	16,871	17,000	16,676	16,750
● Licenses issued	29,694	30,399	30,500	34,973	35,250
<b><u>Outcome Indicators</u></b>					
● Liquor inspections compliance rate	62.3%	63.3%	63.5%	64%	65%
● Tobacco retailers compliance rate on State Annual Survey	84.5%	88.6%	90%	84%	85%