State of Illinois
Department of Revenue

Financial Audit
For the Year Ended June 30, 2020

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, 2020

Table of Contents

The Department's Compliance Examination for the two years ended June 30, 2020, will be issued under a separate cover.

State of Illinois
Department of Revenue

Financial Audit

For the Year Ended June 30, 2020

Agency Officials

Director	David Harris
Assistant Director	Vacant
Associate Director	Africa (7/16/20 – Present) Vacant (7/1/19 – 7/15/20)
Chief of Staff	Jim Nichelson
Chief Financial Officer	Cory Staley
Chief Internal Auditor	Nikki Lanier
General Counsel	Brian Fliflet, Acting

IDOR Offices are located at:

Springfield, Illinois
Willard Ice Building
101 West Jefferson Street
Springfield, Illinois 62702

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

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

Fairview Heights, Illinois
15 Executive Drive, Suite 2
Fairview Heights, Illinois 62208

Marion, Illinois
2309 West Main Street, Suite 114
Marion, Illinois 62959

Rockford, Illinois
200 South Wyman Street
Rockford, Illinois 61101

FINANCIAL STATEMENT REPORT

SUMMARY

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

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

SUMMARY OF FINDINGS

The auditors identified two matters involving the Department's internal control over financial reporting that they considered to be significant deficiencies.

Item No.	Page	Last/First Report	Description	Finding Type
			CURRENT FINDINGS	
2020-001	67	2019/2018	Inadequate Internal Controls over Access to GenTax	Signficant Deficiency
2020-002	68	New	Lack of Census Data Reconciliation	Signficant Deficiency

EXIT CONFERENCE

Department officials waived an exit conference in correspondence from Nikki Lanier, Chief Internal Auditor, dated May 3, 2021. The responses to the recommendations were provided by Nikki Lanier, Chief Internal Auditor, in correspondence dated May 12, 2021.

RSM

RSM US LLP

Independent Auditor's Report

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the 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, 2020, 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, the major fund, and the aggregate remaining fund information of the Department, as of June 30, 2020, 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 the changes in financial position of only that portion of the governmental activities, the 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, 2020, 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.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis and budgetary comparison information for the general and major special revenue funds and pension and other post-employment benefit (OPEB) related information 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 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 which consists of combining statements and schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2021 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's 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.

SIGNED ORIGINAL ON FILE

Schaumburg, Illinois
May 25, 2021

State of Illinois
Department of Revenue

Statement of Net Position

June 30, 2020 (Expressed in Thousands)

	Governmental Activities
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Unexpended appropriations	$ 7,928
Cash equity in State Treasury	1,826,862
Cash and cash equivalents	5
Securities lending collateral equity with State Treasurer	52,798
Taxes receivable, net	3,754,258
Intergovernmental receivables	67
Other receivables, net of allowance of $300	22,660
Due from State funds	16,756
Loans and notes receivable, long-term	36,687
Due from State of Illinois component units	408,318
Prepaid expenses	875
Capital assets being depreciated/amortized, net	29,075
Total assets	6,156,289
Deferred outflow of resources - pension	377,333
Deferred outflow of resources - OPEB	268,456
Total assets and deferred outflows of resources	6,802,078
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	
Accounts payable and accrued liabilities	549,295
Income tax refunds payable	1,597,811
Intergovernmental payables	1,045,914
Obligations under securities lending of State Treasurer	52,798
Due to Department fiduciary funds	33,068
Due to other State fiduciary funds	3,209
Due to other State funds	435,846
Due to State of Illinois component units	15,787
Unearned revenue	1,278,525
Long-term obligations:	
Portion due or payable within one year	752
Portion due or payable after one year	2,101,136
Total liabilities	7,114,141
Deferred inflow of resources - pension	249,334
Deferred inflow of resources - OPEB	188,248
Total liabilities and deferred inflows of resources	7,551,723
NET POSITION (DEFICIT)	
Invested in capital assets	29,075
Restricted - other	5
Unrestricted	(778,725)
Total net position (deficit)	$ (749,645)

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, 2020 (Expressed in Thousands)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Net (Expense) Revenues and Changes in Net Position: Governmental Activities
Governmental activities			
General government	$ 497,014	$ 99,783	$ (397,231)
Health and social services	15,296	-	(15,296)
Education	1,523	-	(1,523)
Employment and economic development	5,000	-	(5,000)
Public protection and justice	1,797	-	(1,797)
Intergovernmental-revenue sharing	5,813,495	-	(5,813,495)
Total governmental activities	$ 6,334,125	$ 99,783	$ (6,234,342)
General revenues			
Taxes			
Income taxes			25,374,526
Sales taxes			11,659,167
Motor fuel taxes			1,230,495
Public utility taxes			1,175,280
Other taxes			1,215,587
Interest and investment income			6,642
Other revenues (expenses)			66,267
Appropriations from State resources			206,646
Lapsed appropriations			(49,202)
Receipts collected and transmitted to State Treasury			(30,678,538)
Amount of SAMS transfers-in			(2,791,618)
Amount of SAMS transfers-out			265,119
Transfers-out			(187,366)
Total general revenues and transfers			7,493,005
Change in net position			1,258,663
Net position (deficit), July 1, 2019 (restated)			(2,008,308)
Net position (deficit), June 30, 2020			$ (749,645)

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, 2020 (Expressed in Thousands)

	General Fund	Nonmajor funds	Eliminations	Total Governmental Funds
ASSETS				
Unexpended appropriations	$ 1,748	$ 6,180	$ -	$ 7,928
Cash equity in State Treasury	832,463	994,399	-	1,826,862
Cash and cash equivalents	-	5	-	5
Securities lending collateral equity with State Treasurer	-	52,798	-	52,798
Taxes receivables, net	3,114,943	639,315	-	3,754,258
Intergovernmental receivables	-	67	-	67
Other receivables, net of allowance of $300	-	22,660	-	22,660
Due from other Department funds	92,037	-	(92,037)	-
Due from other State funds	2,411	14,345	-	16,756
Loans and notes receivable, long-term	-	36,687	-	36,687
Due from State of Illinois component units	-	408,318	-	408,318
Total assets	$ 4,043,602	$ 2,174,774	$ (92,037)	$ 6,126,339
LIABILITIES				
Accounts payable and accrued liabilities	$ 483,565	$ 65,730	$ -	$ 549,295
Income tax refunds payable	1,597,811	-	-	1,597,811
Intergovernmental payables	2,371	1,043,543	-	1,045,914
Obligations under securities lending of State Treasurer	-	52,798	-	52,798
Due to other Department fiduciary funds	-	33,068	-	33,068
Due to other State fiduciary funds	-	3,209	-	3,209
Due to other Department funds	-	92,037	(92,037)	-
Due to other State funds	400,510	35,336	-	435,846
Due to State of Illinois component units	-	15,787	-	15,787
Unearned revenue	950,702	327,823	-	1,278,525
Total liabilities	3,434,959	1,669,331	(92,037)	5,012,253
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	210,146	27,295	-	237,441
Total deferred inflows of resources	210,146	27,295	-	237,441
Total liabilities and deferred inflows of resources	3,645,105	1,696,626	(92,037)	5,249,694
FUND BALANCES (DEFICITS)				
Restricted	-	5	-	5
Committed	393,987	653,814	-	1,047,801
Unassigned	4,510	(175,671)	-	(171,161)
Total fund balances (deficits)	398,497	478,148	-	876,645
Total liabilities, deferred inflows of resources and fund balances (deficits)	$ 4,043,602	$ 2,174,774	$ (92,037)	$ 6,126,339

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, 2020
(Expressed in Thousands)

Total fund balances-governmental funds	$	876,645
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		29,075
Prepaid expenses for governmental activities are current uses of financial resources for funds.		875
Revenues in the Statement of Activities that do not provide current financial resources are deferred in the funds.		237,441
Deferred outflows (inflows) of resources related to pensions and OPEB are not reported in the governmental funds because they do not provide or require the use of current financial resources. These activities consist of:		
Deferred outflows of resources related to pensions		377,333
Deferred outflows of resources related to OPEB		268,456
Deferred inflows of resources related to pensions		(249,334)
Deferred inflows of resources related to OPEB		(188,248)
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		(9,428)
Net pension liability		(1,188,994)
Net OPEB liability		(903,466)
Net position (deficit) of governmental activities	$	(749,645)

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, 2020 (Expressed in Thousands)

	General Fund	Nonmajor funds	Eliminations	Total Governmental Funds
REVENUES				
Income taxes	$ 22,550,335	$ 2,817,159	$ -	$ 25,367,494
Sales taxes	8,323,279	3,335,888	-	11,659,167
Motor fuel taxes	-	1,230,666	-	1,230,666
Public utility taxes	834,675	340,678	-	1,175,353
Other taxes	894,605	320,977	-	1,215,582
Licenses and fees	693	96,327	-	97,020
Other charges for services	1,517	1,247	-	2,764
Interest and other investment income	-	6,203	-	6,203
Other	-	66,460	-	66,460
Total revenues	32,605,104	8,215,605	-	40,820,709
EXPENDITURES				
General government	72,363	331,916	-	404,279
Health and social services	-	15,296	-	15,296
Education	-	1,523	-	1,523
Employment and economic development	5,000	-	-	5,000
Public protection and justice	-	1,797	-	1,797
Intergovernmental	-	5,813,495	-	5,813,495
Capital outlay	-	8,336	-	8,336
Total expenditures	77,363	6,172,363	-	6,249,726
Excess of revenues over expenditures	32,527,741	2,043,242	-	34,570,983
OTHER SOURCES (USES) OF FINANCIAL RESOURCES				
Appropriations from State resources	79,875	126,771	-	206,646
Lapsed appropriations	(7,634)	(41,568)	-	(49,202)
Receipts collected and transmitted to State Treasury	(28,498,266)	(2,180,272)	-	(30,678,538)
Amount of SAMS transfers in	(2,748,818)	(42,800)	-	(2,791,618)
Amount of SAMS transfers out	61,167	203,952	-	265,119
Transfers in	116,847	95,804	(212,651)	-
Transfers out	(111,303)	(288,714)	212,651	(187,366)
Net other sources (uses) of financial resources	(31,108,132)	(2,126,827)	-	(33,234,959)
Net change in fund balances	1,419,609	(83,585)	-	1,336,024
Fund balances (deficits), July 1, 2019 (as restated)	(1,021,112)	561,733	-	(459,379)
FUND BALANCES, JUNE 30, 2020	$ 398,497	$ 478,148	$ -	$ 876,645

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, 2020
(Expressed in Thousands)

Net change in fund balances	$ 1,336,024
Amounts reported for governmental activities in the Statement of Activities are different because:	
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.	2,254
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.	7,038
Prepaid expenses in the Statement of Activities are reported as expenditures in governmental funds. Prepaid expenses decreased by this amount during the year.	(277)
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.	
Increase in compensated absences obligation	(898)
Decrease in net pension liability	30,166
Increase in OPEB liability	(107,937)
Change in deferred outflows of resources related to pensions	(80,503)
Change in deferred outflows of resources related to OPEB	52,873
Change in deferred inflows of resources related to pensions	1,244
Change in deferred inflows of resources related to OPEB	18,679
Change in net position of governmental activities	$ 1,258,663

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

State of Illinois
Department of Revenue

Statement of Fiduciary Net Position

June 30, 2020 (Expressed in Thousands)

		Agency Funds
ASSETS		
Cash equity in State Treasury	$	441,768
Cash and cash equivalents		187
Securities lending collateral equity with State Treasurer		105,716
Taxes receivable, net		84,411
Other receivables, net		256
Due from other Department funds		33,068
Total assets	$	665,406
LIABILITIES		
Intergovernmental payables	$	559,493
Obligations under securities lending of State Treasurer		105,716
Other liabilities		197
Total liabilities	$	665,406

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

(1) Organization

The Department of Revenue (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 Office of Comptroller) 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.

(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 incorporated into the financial statements of the State of Illinois. The State of Illinois' Comprehensive Annual Financial Report may be obtained directly at the Office of Comptroller's website (illinoiscomptroller.gov).

(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, 2020 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 and operating and capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. 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 nine secondary sub-accounts (Common School Special, Education Assistance, Illinois Sports Facility, Income Tax Refund, Common School, School Infrastructure, Advancement of Education, Commitment to Human Services, and Capital Projects). The services which are administered by the Department and accounted for in the General Fund include, among others, general government services.

In addition to the General Fund, 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 GASB Codification N50: *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”). Receivables and/or refunds that may result upon perfecting these returns have been estimated and recorded in the financial statements. Upon perfecting the returns, cash allocations to other governmental and fiduciary funds will be required and may be material.

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

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

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

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

(d) Shared Fund Presentation

The financial statement presentation for the General Revenue Fund, Education Assistance Fund, Road Fund, Motor Fuel Tax Fund, Public Utility Fund, Underground Storage Tank Fund, Compassionate Use of Medical Cannabis 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 Environmental Response Trust Fund, Supplemental Low Income Energy Assistance Fund, Renewable Energy Resources Trust Fund, School Infrastructure Fund, International Tourism Fund, Fund for the Advancement of Education, Commitment to Human Services Fund, Capital Projects Fund, Cannabis Regulation Fund, Build Illinois Fund and Local Tourism 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:

<u>Unexpended Appropriations</u>

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.

(g) Prepaid Items

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

(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 position.

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 acquisition value at the time received. Capital assets are depreciated/amortized using the straight-line method. The capitalization threshold for internally generated intangible assets is $1 million, and the threshold for all other intangible assets is $25,000 and the estimated useful life is 3-25 years. The capitalization threshold for capital assets is $5,000 and the estimated useful life is 3-15 years.

(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.

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:

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. Restricted net position and restricted fund balance resulting from enabling legislation consists of $5 to be used for general government at June 30, 2020.

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

(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, deferred outflows of resources, liabilities, deferred inflows of resources, 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) Pensions and Other Postemployment Benefits

In accordance with the Department's adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans*, the net pension liability, the other postemployment benefit (OPEB) liability, deferred outflows of resources, deferred inflows of resources, appropriations from State resources, pension and OPEB expenses have been recognized in the government-wide financial statements.

The total pension liability and total OPEB liability are the actuarially calculated value of the projected benefit payments attributed to past periods of service as of the measurement date. The total pension and total OPEB expenses are comprised of the service cost or actuarial present value of projected benefit payments attributed to the valuation year, interest on the total pension and OPEB liabilities, plan administrative expenses, and current year benefit changes. Additionally, the total pension and OPEB expenses include the annual recognition of outflows and inflows of resources due to pension and OPEB assets and liabilities.

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

(o) New Accounting Pronouncements

The Governmental Accounting Standards Board issued GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, in May 2020. The Statement provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The effective dates of certain provisions in Statements that were scheduled to become effective for periods beginning after June 15, 2018, and later have been postponed by one year.

(p) Future Adoption of GASB Statements

Effective for the year ending June 30, 2021, the Department will adopt GASB Statement No. 84, *Fiduciary Activities*, which improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement will enhance consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. Management has not yet determined the impact this pronouncement will have on the Department's financial statements; however, it is expected to be material.

Effective for the year ending June 30, 2022, the Department will adopt GASB Statement No. 87, *Leases*, which establishes standards to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Management has not yet determined the impact this pronouncement will have on the Department's financial statements; however, it may be material.

Effective for the year ending June 30, 2022, the Department will adopt GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. Management has not yet determined the impact this pronouncement will have on the Department's financial statements; however, it is not expected to be material.

Effective for the year ending June 30, 2021, the Department will adopt GASB Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*, which improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. Management has not yet determined the impact this pronouncement will have on the Department's financial statements; however, it is not expected to be material.

Effective for the period ending June 30, 2023, the Department will adopt GASB Statement No. 91, *Conduit Debt Obligations,* which provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. Management has not yet determined the impact this pronouncement will have on the Department's financial statements; however, it is not expected to be material.

Effective for the period ending June 30, 2022, the Department will adopt GASB Statement No. 92, *Omnibus 2020,* which will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Management has not yet determined the impact this pronouncement will have on the Department's financial statements; however, it is not expected to be material.

Effective for the period ending June 30, 2023, the Department will adopt GASB Statement No. 93, *Replacement of Interbank Offered Rates,* which addresses those and other accounting and financial reporting implications that result from the replacement of an Interbank Offered Rate. Management has not yet determined the impact this pronouncement will have on the Department's financial statements; however, it is not expected to be material.

Effective for the period ending June 30, 2023, the Department will adopt GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements,* which improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). Management has not yet determined the impact this pronouncement will have on the Department's financial statements; however, it is not expected to be material.

Effective for the period ending June 30, 2023, the Department will adopt GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Management has not yet determined the impact this pronouncement will have on the Department's financial statements; however, it may be material.

Effective for the period ending June 30, 2022, the Department will adopt GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, which results in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. Management has not yet determined the impact this pronouncement will have on the Department's financial statements; however, it is not expected to be material.

(3) Deposits and Investments

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

(a) Deposits

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

(b) Securities Lending Transactions

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

During fiscal year 2020, 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 fiscal year 2020 on the amount of loans of available, 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. There were no losses during fiscal year 2020 resulting from a default of the borrowers or Deutsche Bank AG.

During fiscal year 2020, 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 Codification I60: *Investments – Security Lending*, the Office of the State Treasurer has allocated the assets and obligations at June 30, 2020, arising from securities lending agreements to the various funds of the State. The total allocated to the Department was $158.514 million at June 30, 2020, including $105.716 million allocated to agency funds administered by the Department.

(4) Taxes Receivable

Taxes receivable (amounts expressed in thousands) at June 30, 2020, are as follows:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds	Fiduciary Funds
Taxes receivable:				
Income	$ 2,876,689	$ 390,376	$ 3,267,065	$ -
Sales	587,864	179,193	767,057	73,049
Motor Fuel Tax	-	107,256	107,256	4,405
Public Utility	4,782	9,597	14,379	1,050
Other	43,465	14,552	58,017	38,805
Total taxes receivable	3,512,800	700,974	4,213,774	117,309
Less: allowance for uncollectible taxes	397,857	61,659	459,516	32,898
Taxes receivable, net	$ 3,114,943	$ 639,315	$ 3,754,258	$ 84,411

(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, 2020, are as follows:

	Governmental Activities
Senior Citizens Real Estate Deferred Tax	$ 36,687

(6) Interfund Balances and Activity

(a) Balances Due from/to Other Funds

The following balances (amounts expressed in thousands) at June 30, 2020, represent amounts due from other Department and other State funds.

	Due From		
Fund	**Other Department Funds**	**Other State Funds**	**Description/Purpose**
General	$ 92,037	$ 2,411	Due from other Department funds pursuant to statutory tax allocations, for administrative cost reimbursements, and from other State funds pursuant to statutory tax allocations.
Nonmajor governmental funds	-	14,345	Due from other State funds for administrative cost reimbursements and interfund borrowing.
Fiduciary funds	33,068	-	Due from other Department funds pursuant to statutory tax allocations.
	$ 125,105	$ 16,756	

The following (amounts expressed in thousands) at June 30, 2020, represent amounts due to other Department and other State funds.

	Due to				
Fund	**Other Department Funds**	**Other State Funds**	**Other Department Fiduciary Funds**	**Other State Fiduciary Funds**	**Description/Purpose**
General	$ -	$ 400,510	$ -	$ -	Due to other State funds pursuant to statutory tax allocations.
Nonmajor governmental funds	92,037	35,336	33,068	3,209	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.
	$ 92,037	$ 435,846	$ 33,068	$ 3,209	

(b) Transfers from/to Other Funds

Interfund transfers in (amounts expressed in thousands) for the year ended June 30, 2020, were as follows:

Fund	**Transfers in from Other Department Funds**	**Description/Purpose**
General	$ 116,847	Transfers from other Department funds pursuant to statutory tax allocations and for administrative cost reimbursements.
Nonmajor governmental funds	95,804	Transfers from other Department and other State funds pursuant to statutory tax allocations.
	$ 212,651	

Interfund transfers out (amounts expressed in thousands) for the year ended June 30, 2020, were as follows:

	Transfers out to		
Fund	**Other Department Funds**	**Other State Funds**	**Description/Purpose**
General	$ 95,804	$ 15,499	Transfers to other Department funds and other State funds pursuant to statutory tax allocations.
Nonmajor governmental funds	116,847	171,867	Transfers to other Department funds pursuant to statutory tax allocations, for administrative cost reimbursements, and to other State funds pursuant to statutory allocations.
	$ 212,651	$ 187,366	

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

The Illinois Housing Development Authority owed the Department's nonmajor governmental funds $408.318 million at June 30, 2020, for advances on loan programs. The Department's Nonmajor Funds owe $15.787 million at June 30, 2020, to State of Illinois Component Units for reimbursements for expenses incurred.

(7) Capital Assets

Capital asset activity (amounts expressed in thousands) for the year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Additions	Deletions	Net Transfers	Balance June 30, 2020
Governmental activities:					
Capital assets being depreciated/amortized:					
Equipment	$ 2,728	$ 35	$ -	$ (8)	2,755
Internally generated computer software	56,914	8,301	-	-	65,215
	59,642	8,336	-	(8)	67,970
Less accumulated depreciation/amortization:					
Equipment	2,551	72	-	(8)	2,615
Internally generated computer software	30,270	6,010	-	-	36,280
	32,821	6,082	-	(8)	38,895
Governmental activity capital assets, net	$ 26,821	$ 2,254	$ -	$ -	$ 29,075

Depreciation/amortization expense for governmental activities of $6,082 (amounts expressed in thousands) for the year ended June 30, 2020, was charged to the general government function.

(8) Long-Term Obligations

Changes in long-term obligations (amounts expressed in thousands) for the year ended June 30, 2020, were as follows:

	Balances July 1, 2019	Additions	Deletions	Balances June 30, 2020	Amounts Due Within One Year
Governmental activities:					
Net Pension Liability	$ 1,219,160	$ -	$ 30,166	$ 1,188,994	$ -
OPEB Liability	795,529	107,937	-	903,466	-
Compensated Absences	8,530	12,045	11,147	9,428	752
Total governmental activities	$ 2,023,219	$ 119,982	$ 41,313	$ 2,101,888	$ 752

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

(9) Defined Benefit Pension Plan

Plan Description. Substantially all of the Department's full-time employees who are not eligible for participation in another state-sponsored retirement plan participate in the State Employees' Retirement System (SERS), which is a single-employer defined benefit pension trust fund in the State of Illinois reporting entity and is treated as a cost sharing plan by the Department. SERS is governed by article 14 of the Illinois Pension Code (40 ILCS 5/1, et al.). The plan consists of two tiers of contribution requirements and benefit levels based on when an employee was hired. Members who first become an employee and participate under any of the State's retirement plans on or after January 1, 2011, are members of Tier 2, while Tier 1 consists of employees hired before January 1, 2011, or those who have service credit prior to January 1, 2011. The provisions below apply to both Tier 1 and 2 members, except where noted. The SERS issues a separate Comprehensive Annual Financial Report available at www.srs.illinois.gov or that may be obtained by writing to the SERS, 2101 South Veterans Parkway, PO Box 19255, Springfield, Illinois, 62794-9255.

Benefit Provisions. SERS provides retirement benefits based on the member's final average compensation and the number of years of service credit that have been established. The retirement benefit formula available to general State employees that are covered under the Federal Social Security Act is 1.67% for each year of service and for noncovered employees it is 2.2% for each year of service. The maximum retirement annuity payable is 75% of final average compensation for regular employees and 80% for alternative formula employees. The minimum monthly retirement annuity payable is $15 for each year of covered service and $25 for each year of noncovered service.

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

Regular Formula Tier 1	**Regular Formula Tier 2**
A member must have a minimum of 8 years of service credit and may retire at: • Age 60, with 8 years of service credit. • Any age, when the member's age (years & whole months) plus years of service credit (years & whole months) equal 85 years (1,020 months) (Rule of 85) with eight years of credited service. • Between ages 55-60 with 25-30 years of service credit (reduced 1/2 of 1% for each month under age 60). The retirement benefit is based on final average compensation and credited service. Final average compensation is the 48 highest consecutive months of service within the last 120 months of service. Under the Rule of 85, a member is eligible for the first 3% increase on January 1 following the first full year of retirement, even if the member is not age 60. If the member retires at age 60 or older, he/she will receive a 3% pension increase every year on January 1, following the first full year of retirement. If the member retires before age 60 with a reduced retirement benefit, he/she will receive a 3% pension increase every January 1 after the member turns age 60 and has been retired at least one full year. These pension increases are not limited by the 75% maximum.	A member must have a minimum of 10 years of credited service and may retire at: • Age 67, with 10 years of credited service. • Between ages 62-67 with 10 years of credited service (reduced 1/2 of 1% for each month under age 67). The retirement benefit is based on final average compensation and credited service. For regular formula employees, final average compensation is the average of the 96 highest consecutive months of service within the last 120 months of service. The retirement benefit is calculated on a maximum salary of $106,800. This amount increases annually by 3% or one-half of the Consumer Price Index, whichever is less. The calendar year 2019 rate is $114,952. If the member retires at age 67 or older, he/she will receive a pension increase of 3% or one-half of the Consumer Price Index for the preceding calendar year, whichever is less, every year on January 1, following the first full year of retirement. If the member retires before age 67 with a reduced retirement benefit, he/she will receive a pension increase of 3% or one-half of the Consumer Price Index for the preceding calendar year, whichever is less, every January 1 after the member turns age 67 and has been retired at least one full year. These pension increases are not limited by the 75% maximum.

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

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

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

Contributions. Contribution requirements of active employees and the State are established in accordance with Chapter 40, section 5/14-133 of the Illinois Compiled Statutes. Member contributions are based on fixed percentages of covered payroll ranging between 4.00% and 12.50%. Employee contributions are fully refundable, without interest, upon withdrawal from State employment. Tier 1 members contribute based on total annual compensation. Tier 2 members contribute based on an annual compensation rate not to exceed $106,800 with limitations for future years increased by the lessor of 3% or one-half of the annual percentage increase in the Consumer Price Index. For 2020, this amount was $115,929.

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

For fiscal year 2020, the required employer contributions were computed in accordance with the State's funding plan. This funding legislation provides for a systematic 50-year funding plan with an ultimate goal to achieve 90% funding of the plan's liabilities. In addition, the funding plan provided for a 15-year phase-in period to allow the State to adapt to the increased financial commitment. Since the 15-year phase-in period ended June 30, 2010, the State's contribution will remain at a level percentage of payroll for the next 35 years until the 90% funded level is achieved. For fiscal year 2020, the employer contribution rate was 54.290%. The Department's contribution amount for fiscal year 2020 was $58.981 million. In addition, the Department recorded $21.212 million of revenue and expenditures in the General Revenue account of the General Fund to account for payments to SERS for Department employees that were paid from statewide General Revenue Fund appropriations.

Pension liability, deferred outflows of resources, deferred inflows of resources and expense related to pensions. At June 30, 2020, the Department reported a liability of $1,188.944 million for its proportionate share of the State's net pension liability for SERS on the statement of net position. The net pension liability was measured as of June 30, 2019 (current year measurement date), and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Department's portion of the net pension liability was based on the Department's proportion of employer contributions relative to all employer contributions made to the plan during the year ended June 30, 2019. As of the current year measurement date of June 30, 2019, the Department's proportion was 3.5605%, which was a decrease of 0.1276% from its proportion measured as of the prior year measurement date (3.6882%).

For the year ended June 30, 2020, the Department recognized pension expense of $132.063 million which is reported in the General government function of the Statement of Activities. The Department recognized revenue for a portion of this amount ($21.212 million) which is reported in appropriations from State resources in the General Revenue Fund as well as the general revenues section of the Statement of Activities. At June 30, 2020, the Department reported deferred outflows and deferred inflows of resources related to the pension liability from the following sources (amounts expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 14,867
Changes of assumptions	33,140	17,164
Net difference between projected and actual investment earnings on pension plan investments	-	1,736
Changes in proportion	263,999	215,567
Department contributions subsequent to the measurement date	80,193	-
Total	$ 377,332	$ 249,334

$58.981 million reported as deferred outflows of resources related to pensions resulting from Department contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized as pension expense as follows (amounts expressed in thousands):

Year ended June 30,	**Amount**
2021	$ 29,465
2022	12,884
2023	9,287
2024	(3,831)
Total	$ 47,805

Actuarial Methods and Assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.25%

Investment Rate of Return: 6.75%, net of pension plan investment expense, including inflation.

Projected salary increases: 2.75% - 7.17% salary increase rates based on age related productivity and merit rates inflation.

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

Retirement Age: Experience-based table of rates specific to the type of eligibility condition. Last updated for the June 30, 2019 actuarial valuation pursuant to and experience study of the period July 1, 2015, to June 30, 2018.

Mortality: Pub-2010 General and Public Safety Healthy Retiree mortality tables, sex distinct, with rates projected to 2018 generational mortality improvement factors were updated to projection scale MP-2018.

The actuarial assumptions used to calculate the total pension liability as of the current year measurement date are consistent with the actuarial assumptions used to calculate the total pension liability as of the prior year measurement date except for the following:

The rate of inflation decreased from 2.50% to 2.25%.

The investment rate of return decreased from 7.00% to 6.75%.

The projected salary increase range changed from 3.00% - 7.42% to 2.75% - 7.17%.

The retirement age experience study was updated to July 2015 – June 2018.

The mortality rate was updated from using the 105 percent of the RP 2014 Healthy Annuitant mortality table, sex distinct, with rates projected to 2015; generational mortality improvement factors were added.

The long-term expected real rate of return on pension plan investments was determined using the best estimates of geometric real rates of return for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plan's target asset allocation, calculated as of the measurement date of June 30, 2019, the best estimates of the geometric real rates of return are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	23%	4.80%
Developed Foreign Equity	13%	4.60%
Emerging Market Equity	8%	6.90%
Private Equity	7%	6.80%
Intermediate Investment Grade Bonds	14%	0.70%
Long-term Government Bonds	4%	1.00%
TIPS	4%	0.80%
High Yield and Bank Loans	5%	2.70%
Opportunistic Debt	8%	4.20%
Emerging Market Debt	2%	2.70%
Real Estate	10%	4.40%
Infrastructure	2%	4.10%
Total	**100%**	

Discount Rate. A discount rate of 6.47% was used to measure the total pension liability as of the measurement date of June 30, 2019, as compared to a discount rate of 6.81% used to measure the total liability as of the prior year measurement date. The June 30, 2019, single blended discount rate was based on the expected rate of return on pension plan investments of 6.75 % and a municipal bond rate of 3.13%, based on an index of 20-year general obligation bonds with an average AA credit rating as published by the Fidelity Index's "20-Year Municipal GO AA Index". The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions will be made based on the statutorily required rates under Illinois law. Based on these assumptions, the pension plan's fiduciary net position and future contributions will be sufficient to finance the benefit payments through the year 2073. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2073, and the municipal bond rate was applied to all benefit payments after that date.

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

	1% Decrease (5.47%)	Discount Rate (6.47%)	1% Increase (7.47%)
Department's proportionate share of the net pension liability	$ 1,437,947	$ 1,188,994	$ 984,310

Payables to the pension plan. At June 30, 2020, the Department reported a payable of $2.582 million to SERS for the outstanding amount of contributions to the pension plans required for the year ended June 30, 2020.

(10) Other Postemployment Benefit Plan

Plan description. The State Employees Group Insurance Act of 1971 (Act), as amended, authorizes the Illinois State Employees Group Insurance Program (SEGIP) to provide health, dental, vision, and life insurance benefits for certain retirees and their dependents. Substantially all of the Department's full-time employees are members of SEGIP. Members receiving monthly benefits from the General Assembly Retirement System (GARS), Judges Retirement System (JRS), State Employees' Retirement System of Illinois (SERS), Teachers' Retirement System (TRS), and State Universities Retirement System of Illinois (SURS) are eligible for these other post-employment benefits (OPEB). Certain TRS members eligible for coverage under SEGIP include: certified teachers employed by certain State agencies, executives employed by the Board of Education, regional superintendents, regional assistant superintendents, TRS employees and members with certain reciprocal service. No assets are accumulated or dedicated to funding the retiree health insurance benefit and a separate trust has not been established for the funding of OPEB.

The Department of Central Management Services administers these benefits for annuitants with the assistance of the public retirement systems sponsored by the State (GARS, JRS, SERS, TRS and SURS). The State recognizes SEGIP OPEB benefits as a single-employer defined benefit plan. The plan does not issue a stand-alone financial report.

Benefits provided. The health, dental, and vision benefits provided to and contribution amounts required from annuitants are the result of collective bargaining between the State and the various unions representing the State's and the university component units' employees in accordance with limitations established in the Act. Therefore, the benefits provided and contribution amounts are subject to periodic change. Coverage through SEGIP becomes secondary to Medicare after Medicare eligibility has been reached. Members must enroll in Medicare Parts A and B to receive the subsidized SEGIP premium available to Medicare eligible participants. The Act requires the State to provide life insurance benefits for annuitants equal to their annual salary as of the last day of employment until age 60, at which time, the benefit amount becomes $5,000.

Funding policy and annual other postemployment benefit cost. OPEB offered through SEGIP are financed through a combination of retiree premiums, State contributions and Federal government subsidies from the Medicare Part D program. Contributions are deposited in the Health Insurance Reserve Fund, which covers both active State employees and retirement members. Annuitants may be required to contribute towards health and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998, and who are vested in the State Employee's Retirement System do not contribute toward health and vision benefits. For annuitants who retired on or after January 1, 1998, the annuitant's contribution amount is reduced five percent for each year of credited service with the State allowing those annuitants with twenty or more years of credited service to not have to contribute towards health and vision benefits. All annuitants are required to pay for dental benefits regardless of retirement date. The Director of Central Management Services shall, on an annual basis, determine the amount the State shall contribute toward the basic program of group health benefits. State contributions are made primarily from the General Revenue Fund on a pay-as-you-go basis. For fiscal year 2020, the annual cost of the basic program of group health, dental, and vision benefits before the State's contribution was $11,681.04 ($6,703.92 if Medicare eligible) if the annuitant chose benefits provided by a health maintenance organization and $14,959.44 ($5,592.24 if Medicare eligible) if the annuitant chose other benefits. The State is not required to fund the plan other than the pay-as-you-go amount necessary to provide the current benefits to retirees.

Total OPEB liability, deferred outflows of resources, deferred inflows of resources and expense related to OPEB. The total OPEB liability, as reported at June 30, 2020, was measured as of June 30, 2019 (measurement date), based on an actuarial valuation as of June 30, 2018. Update procedures were used to roll forward the total OPEB liability to the measurement date. At June 30, 2020, the Department recorded a liability of $903.466 million for its proportionate share of the State's total OPEB liability. The Department's portion of the OPEB liability was based on the Department's proportion of employer contributions relative to all employer contributions made to the plan during the year ended June 30, 2019. As of the current year measurement date, the Department's proportion was 2.0585%, which was an increase of 0.0743 from its proportion measured as of the prior year measurement date (1.9841%).

The Department recognized OPEB expense for the year ended June 30, 2020, of $66.783 million. At June 30, 2020, the Department reported deferred outflows and deferred inflows of resources, as of the measurement date of June 30, 2019, from the following sources (amounts expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,297	$ 13,782
Changes of assumptions	31,410	55,751
Changes in proportion and differences between employer contributions and proportionate share of contributions	215,101	118,715
Department contributions subsequent to the measurement date	20,648	-
Total	$ 268,456	$ 188,248

The amounts reported as deferred outflows of resources related to OPEB resulting from Department contributions subsequent to the measurement date will be recognized as a reduction to the OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (amounts expressed in thousands):

Year ended June 30,	**Amount**
2021	$ 8,935
2022	8,935
2023	22,605
2024	17,006
2025	2,079
Total	$ 59,560

Actuarial methods and assumptions. The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement unless otherwise specified. The actuarial valuation for the SEGIP was based on GARS, JRS, SERS, TRS, and SURS active, inactive, and retiree data as of June 30, 2018, for eligible SEGIP employees, and SEGIP retiree data as of June 30, 2018.

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.50%
Projected Salary Increases*	2.75% - 12.25%
Discount Rate	3.13%
Healthcare Cost Trend Rate:	
Medical (Pre-Medicare)	8.0% grading down 0.5% in the first year to 7.5%, then grading down 0.11% in the second year to 7.39%, followed by grading down of 0.5% per year over 5 years to 4.89% in year 7
Medical (Post-Medicare)	9.0% grading down 0.5% per year over 9 years to 4.5%
Dental	6.0% grading down 0.5% per year over 3 years to 4.5%
Retirees' Share of Benefit-Related Costs	Healthcare premium rates for members depend on the date of retirement and the years of service earned at retirement. Members who retired before January 1, 1998, are eligible for single coverage at no cost to the member. Members who retire after January 1, 1998, are eligible for single coverage provided they pay a portion of the premium equal to 5 percent for each year of service under 20 years. Eligible dependents receive coverage provided they pay 100 percent of the required dependent premium. Premiums for plan year 2018 and 2019 are based on actual premiums. Premiums after 2019 were projected based on the healthcare cost trend rates applied to per capital claim costs but excluding the additional trend rate that estimates the impact of the Excise Tax.

* Dependent upon service and participation in the respective retirement systems. Includes inflation rate listed.

Since the last measurement date on June 30, 2019, the State has not made any significant changes to the benefit terms affecting the measurement of the collective total OPEB liability. On December 20, 2019, the Further Consolidated Appropriations Act, 2020 (Public Law 116-94) was signed into law repealing the federal excise taxes of 40% on total employer premium spending in excess of specified dollar amounts, also known as the "Cadillac Tax." The impact of this repeal to the State's financial statements, which could be significant, is not known at this time.

Additionally, the demographic assumptions used in this OPEB valuation are identical to those used in the June 30, 2018 valuations for GARS, JRS, SERS, TRS, and SURS as follows:

	Retirement age experience study^	**Mortality^^**
GARS	July 2012 – June 2015	RP-2014 White Collar Total Healthy Annuitant mortality table, sex distinct, set forward 1 year for males and set back 1 year for females and generational mortality improvements using MP-2014 two-dimensional mortality improvement scales
JRS	July 2012 – June 2015	RP-2014 White Collar Total Healthy Annuitant mortality table, sex distinct, set forward 1 year for males and set back 1 year for females and generational mortality improvements using MP-2014 two-dimensional mortality improvement scales
SERS	July 2012 – June 2015	105 percent of the RP 2014 Healthy Annuitant mortality table, sex distinct, with rates projected to 2015; generational mortality improvement factors were added
TRS	July 2014 – June 2017	RP-2014 with future mortality improvements on a fully generational basis using projection table MP-2017
SURS	July 2014 – June 2017	RP-2014 White Collar, gender distinct, projected using MP-2014 two-dimensional mortality improvement scale, set forward one year for male and female annuitants

^ The actuarial assumptions used in the respective actuarial valuations are based on the results of actuarial experience studies for the periods defined. A modified experience review was completed for SERS for the 3-year period ending June 30, 2015. Changes were made to the assumptions regarding investment rate of return, projected salary increases, inflation rate, and mortality based on this review. All other assumptions remained unchanged.

^^ Mortality rates are based on mortality tables published by the Society of Actuaries' Retirement Plans Experience Committee.

Discount rate. Because plan benefits are financed on a pay-as-you-go basis, the single discount rate is based on a tax-exempt municipal bond rate index of 20-year general obligation bonds with an average AA credit rating as published by the Fidelity Index "20-year Municipal GO AA Index" as of the measurement date. A single discount rate of 3.62% at June 30, 2018, and 3.13% at June 30, 2019, an increase of 0.49, was used to measure the total OPEB liability.

Sensitivity of total OPEB liability to changes in the single discount rate. The following presents the plan's total OPEB liability, calculated using a Single Discount Rate of 3.13%, as well as what the plan's total OPEB liability would be if it were calculated using a Single Discount rate that is one percentage point higher (4.13%) or lower (2.13%) than the current rate (amounts expressed in thousands):

	1% Decrease (2.13%)	Current Single Discount Rate Assumption (3.13%)	1% Increase (4.13%)
Department's proportionate share of total OPEB liability	$ 1,064,069	$ 903,466	$ 774,999

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate. The following presents the plans total OPEB liability, calculated using the healthcare cost trend rate, as well as what the plan's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates (amounts in table expressed in thousands). The key trend rates are 8.00% in 2020 decreasing to an ultimate trend of 4.89% in 2027, for non-Medicare coverage, and 9.00% decreasing to an ultimate trend rate of 4.50% in 2029 for Medicare coverage.

	1% Decrease	Current Healthcare Cost Trend Rates Assumptions	1% Increase
Department's proportionate share of total OPEB liability	$ 757,560	$ 903,466	$ 1,092,438

(11) Tax Abatements

The State provides tax abatements through two programs—the Economic Development for a Growing Economy (EDGE) Program and the Angel Investment Credit Program:

Under the Economic Development for a Growing Economy Tax Credit Act (35 ILCS 10/), special tax incentives are provided to encourage businesses to locate or expand operations in Illinois when there is active consideration of a competing location in another state. EDGE Program can provide tax credits to qualifying businesses equal to the amount of state income taxes withheld from the salaries of employees in the newly created jobs. Non-refundable credits can be used against corporate income taxes paid or individual income taxes paid if the business is organized as a pass-through entity. Abatements are obtained through application by a business to the Department of Commerce and Economic Opportunity and claimed on tax returns filed with the Department of Revenue. Applicants must show that if not for the credit, the project would not occur in Illinois by demonstrating that at least one other State is being considered for the project and receipt of tax credits is essential to the applicant's decision to create and/or retain jobs in the State. An applicant must agree to make an investment of at least $5 million in capital improvements and create a minimum of 25 new full time jobs in Illinois. For a company with 100 or fewer employees, a business must agree to make a capital investment of $1 million and create at least 5 new full time jobs in Illinois. Credits awarded may be carried forward for 10 taxable years. The Act provides for the recapture of abated taxes in the event a taxpayer does not fulfill the commitment it makes in return for the tax abatement. A taxpayer claiming the credit must hold the investment in the State for the full term of the agreement. If, during the term of the agreement, the project is moved from the State or otherwise ceased, the State can recapture the abated tax requiring the taxpayer to repay the full value of the credit previously claimed.

The Angel Investment Credit Program is authorized under Section 220 of the Illinois Income Tax Act (35 ILCS 5/). The program was created to promote job growth and expand capital investment in Illinois by offering credits to interested businesses or individuals who make an investment in qualified innovative and new business ventures. Tax credits for qualified investors are equal to 25% of their investment made in the qualified business ventures and can be applied against corporate and individual income taxes. Abatements are obtained through application to the Department of Commerce and Economic Opportunity and claimed on tax returns filed with the Department of Revenue. In addition to investing in qualified new ventures, applicants must meet various requirements including supplying information demonstrating the venture provides the potential to increase jobs and capital investment in Illinois. Credits awarded may be carried forward for 5 taxable years. The Act provides for the recapture of abated taxes in the event a taxpayer does not fulfill the commitment it makes in return for the tax abatement. A taxpayer claiming the credit must hold the investment in the State for no less than 3 years. If, during the 3-year period, the qualified new business venture is moved from the State or otherwise ceased, the State can recapture the abated tax requiring the taxpayer to repay the full value of the credit previously claimed.

For the fiscal year ended June 30, 2020, the State estimates abated income taxes totaling $146.972 million and $5.116 million under the EDGE and Angel Investment Credit Programs, respectively. The State Revenue Sharing Act (30 ILCS 115/) requires specific portions of income tax revenues to be shared with Illinois municipalities and counties. Taxes abated under the EDGE Program are estimated to have reduced the amount shared by $8.082 million. Taxes abated under the Angel Investment Credit Program are estimated to have reduced the amount shared by $0.267 million.

(12) Fund Balance

(a) Fund Balances

At June 30, 2020, the Department's fund balance restrictions (amounts expressed in thousands) were for the following purposes:

	General Fund	Nonmajor Special Revenue Funds	Total
Restricted purpose:			
General Government	$ -	$ 5	$ 5
Committed purpose:			
General Government	-	14,982	14,982
Health and Social Services	58,049	498,889	556,938
Employment and Economic Development	-	551	551
Environment and Business Regulation	-	17,134	17,134
Education	309,914	-	309,914
Capital Outlay	26,024	122,258	148,282
Total Committed	393,987	653,814	1,047,801
Total Unassigned	4,510	(175,671)	(171,161)
Total fund balances (deficit)	$ 398,497	$ 478,148	$ 876,645

(b) Fund Deficits

The following nonmajor governmental funds had fund deficits at June 30, 2020, as noted: Road ($22.648) million, Illinois Gaming Law Enforcement ($448) thousand, Natural Areas Acquisition ($6) thousand, Open Space Lands Acquisition and Development ($12) thousand, Local Government Distributive ($11.860) million, and Personal Property Tax Replacement ($140.697) million. The fund deficits will be managed through future revenues earned and other sources of financial resources.

(13) 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, 2020.

(14) Commitments and Contingencies

(a) Operating leases

The Department leases certain office equipment necessary for operations which require the Department to make monthly lease payments. Rent expense under operating leases was $355 thousand for the year ended June 30, 2020. The minimum lease payments under these operating leases that have noncancelable lease terms in excess of one year are as follows (amounts expressed in thousands):

Year ended June 30,	Amount
2021	$ 366
2022	338
2023	80
Total	$ 784

(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.

(15) Coronavirus Pandemic Implications

In December 2019, a novel strain of coronavirus surfaced and spread around the world, resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The United States and the State of Illinois declared a state of emergency in March 2020. The June 30, 2020 financial statements reflect the known financial impact of the COVID-19 outbreak and related stay at home orders for Fiscal Year 2020. The Agency anticipates continued impact to its financial position and continues to monitor and evaluate the situation. The extent to which the coronavirus may impact financial activity will depend on future developments, which are highly uncertain and cannot be predicted.

The federal government provided special tax filing and payment relief to individuals and businesses in response to the COVID-19 Outbreak. The Governor directed the Department to provide similar relief. The 2019 income tax filing and payment deadlines for all taxpayers who were required to file and pay their Illinois income taxes on April 15, 2020, were automatically extended until July 15, 2020. This relief applied to all individual returns, trusts, and corporations.

The Department considered the revenues earned in fiscal year 2020 and recorded an estimate for taxes receivable in the financial statements. See Footnote 4 for additional information.

(16) Restatement

The Road Fund was reported as a major fund in the fiscal year 2019 financial statements. The State considers the Road Fund to be a nonmajor, special revenue fund for fiscal year 2020.

The Department reported the School Infrastructure Fund as a nonmajor, special revenue fund in the fiscal year 2019 financial statements. The State considers the School Infrastructure Fund to be a subaccount of the General Fund. The Department reported the School Infrastructure Fund as a subaccount of the General Fund in the fiscal year 2020 financial statements.

The Department administered and oversaw operations of the Liquor Control Commission through June 30, 2019. The Liquor Control Commission separated from the Department on July 1, 2019, pursuant to Public Act 100-1050. For fiscal year 2020, the Department is no longer required to report the Dram Shop Fund.

These reporting classification changes require net position as of July 1, 2019, to be restated as follows (amounts expressed in thousands):

	General Fund	Nonmajor Funds	**Governmental Activities**
Net position, June 30, 2019, as previously reported	$ (1,020,597)	$ 609,487	$ (1,991,432)
Reporting classification changes	(515)	(47,754)	(16,876)
Net position, July 1, 2019, as restated	$ (1,021,112)	$ 561,733	$ (2,008,308)

State of Illinois
Department of Revenue

Combining Schedule of Accounts

General Fund

June 30, 2020 (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	School Infrastructure 0568	Fund for the Advancement of Education 0640	Commitment to Human Services 0644	Capital Projects 0694	Eliminations	Total
ASSETS												
Unexpended appropriations	$ 1,748	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,748
Cash equity in State Treasury	360,438	114,670	12,464	11,904	312,464	2,159	624	5,362	5,362	7,016	-	832,463
Taxes receivable, net	2,355,136	128,786	175,319	1,659	300,663	1,354	271	66,269	66,269	19,217	-	3,114,943
Due from other Department funds	284,383	-	-	-	89,129	-	-	-	-	-	(281,475)	92,037
Due from other State funds	-	-	-	-	2,411	-	-	-	-	-	-	2,411
Total assets	$ 3,001,705	$ 243,456	$ 187,783	$ 13,563	$ 704,667	$ 3,513	$ 895	$ 71,631	$ 71,631	$ 26,233	$ (281,475)	$ 4,043,602
LIABILITIES												
Accounts payable and accrued liabilities	$ 365,356	$ 102,451	$ 1,496	$ -	$ 2,027	$ 5,345	$ 5,315	$ 683	$ 683	$ 209	$ -	$ 483,565
Income tax refunds payable	-	-	-	-	1,597,811	-	-	-	-	-	-	1,597,811
Intergovernmental payables	117	-	-	2,254	-	-	-	-	-	-	-	2,371
Due to other Department funds	-	-	-	-	281,475	-	-	-	-	-	(281,475)	-
Due to other State funds	387,926	-	-	11,309	1,275	-	-	-	-	-	-	400,510
Unearned revenue	705,439	-	60,615	-	173,092	-	-	5,778	5,778	-	-	950,702
Total liabilities	1,458,838	102,451	62,111	13,563	2,055,680	5,345	5,315	6,461	6,461	209	(281,475)	3,434,959
DEFERRED INFLOWS OF RESOURCES												
Unavailable revenue	162,022	-	14,812	-	19,070	-	-	7,121	7,121	-	-	210,146
Total deferred inflows of resources	162,022	-	14,812	-	19,070	-	-	7,121	7,121	-	-	210,146
Total liabilities and deferred inflows of resources	1,620,860	102,451	76,923	13,563	2,074,750	5,345	5,315	13,582	13,582	209	(281,475)	3,645,105
FUND BALANCES (DEFICITS)												
Committed	-	141,005	110,860	-	-	-	-	58,049	58,049	26,024	-	393,987
Unassigned	1,380,845	-	-	-	(1,370,083)	(1,832)	(4,420)	-	-	-	-	4,510
Total fund balances (deficits)	1,380,845	141,005	110,860	-	(1,370,083)	(1,832)	(4,420)	58,049	58,049	26,024	-	398,497
Total liabilities, deferred inflows of resources and fund balances (deficits)	$ 3,001,705	$ 243,456	$ 187,783	$ 13,563	$ 704,667	$ 3,513	$ 895	$ 71,631	$ 71,631	$ 26,233	$ (281,475)	$ 4,043,602

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

For the Year Ended June 30, 2020 (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	School Infrastructure 0568	Fund for the Advancement of Education 0640	Commitment to Human Services 0644	Capital Projects 0694	Eliminations	Total
REVENUES												
Income taxes	$ 18,778,521	$ -	$ 1,701,058	$ -	$ 620,574	$ 47,434	$ -	$ 701,374	$ 701,374	$ -	$ -	$ 22,550,335
Sales taxes	6,116,565	2,133,051	-	-	-	12,217	-	-	-	61,446	-	8,323,279
Public utility taxes	736,755	-	-	-	-	55,310	42,610	-	-	-	-	834,675
Other taxes	423,646	-	-	11,309	-	61,549	-	-	-	398,101	-	894,605
Licenses and fees	549	-	-	-	-	144	-	-	-	-	-	693
Other charges for services	1,517	-	-	-	-	-	-	-	-	-	-	1,517
Total revenues	26,057,553	2,133,051	1,701,058	11,309	620,574	176,654	42,610	701,374	701,374	459,547	-	32,605,104
EXPENDITURES												
General government	72,345	-	-	-	18	-	-	-	-	-	-	72,363
Employment and economic development	-	-	-	5,000	-	-	-	-	-	-	-	5,000
Total expenditures	72,345	-	-	5,000	18	-	-	-	-	-	-	77,363
Excess of revenues over expenditures	25,985,208	2,133,051	1,701,058	6,309	620,556	176,654	42,610	701,374	701,374	459,547	-	32,527,741
OTHER SOURCES (USES) OF FINANCIAL RESOURCES												
Appropriations from State resources	79,875	-	-	-	-	-	-	-	-	-	-	79,875
Lapsed appropriations	(7,634)	-	-	-	-	-	-	-	-	-	-	(7,634)
Receipts collected and transmitted to State Treasury	(24,904,666)	-	(1,593,528)	-	-	(180,649)	(46,515)	(660,437)	(660,437)	(452,034)	-	(28,498,266)
Amount of SAMS transfers in	(636,886)	-	-	-	-	(2,111,932)	-	-	-	-	-	(2,748,818)
Amount of SAMS transfers out	61,167	-	-	-	-	-	-	-	-	-	-	61,167
Transfers in	304,193	-	-	5,000	89,129	2,111,932	-	-	-	-	(2,393,407)	116,847
Transfers out	-	(2,111,932)	-	(11,309)	(381,469)	-	-	-	-	-	2,393,407	(111,303)
Net other sources (uses) of financial resources	(25,103,951)	(2,111,932)	(1,593,528)	(6,309)	(292,340)	(180,649)	(46,515)	(660,437)	(660,437)	(452,034)	-	(31,108,132)
Net change in fund balances	881,257	21,119	107,530	-	328,216	(3,995)	(3,905)	40,937	40,937	7,513	-	1,419,609
Fund balances (deficits), July 1, 2019 (as restated)	499,588	119,886	3,330	-	(1,698,299)	2,163	(515)	17,112	17,112	18,511	-	(1,021,112)
FUND BALANCES (DEFICITS), JUNE 30, 2020	$ 1,380,845	$ 141,005	$ 110,860	$ -	$ (1,370,083)	$ (1,832)	$ (4,420)	$ 58,049	$ 58,049	$ 26,024	$ -	$ 398,497

Combining Balance Sheet -
Nonmajor Governmental Funds
June 30, 2020 (Expressed in Thousands)

	Special Revenue								
	Road 0011	Motor Fuel Tax 0012	Public Utility 0059	Underground Storage Tank 0072	Compassionate Use of Medical Cannabis 0075	Illinois Gaming Law Enforcement 0085	Rental Housing Support Program 0150	State & Local Sales Tax Reform 0186	RTA Occupation and Use Tax Replacement 0187
ASSETS									
Unexpended appropriations	$ -	$ 6,108	$ -	$ 72	$ -	$ -	$ -	$ -	$ -
Cash equity in State Treasury	-	257	66	50	111	24	5,912	114,341	-
Cash and cash equivalents	-	-	-	-	-	-	-	-	-
Securities lending collateral equity with State Treasurer	-	-	-	-	-	-	-	-	-
Taxes receivable, net	-	98,101	-	5,337	1,838	77	3	44,382	-
Intergovernmental receivables	-	-	-	-	-	-	-	-	-
Other receivables, net	-	-	-	-	-	-	-	-	-
Due from other Department funds	-	-	-	-	-	-	-	-	11,506
Due from other State funds	-	-	-	-	-	-	1,000	-	-
Loans and notes receivable, long-term	-	-	-	-	-	-	-	-	-
Due from State of Illinois component units	-	-	-	-	-	-	-	-	-
Total assets	$ -	$ 104,466	$ 66	$ 5,459	$ 1,949	$ 101	$ 6,915	$ 158,723	$ 11,506
LIABILITIES									
Accounts payable and accrued liabilities	$ -	$ 2,965	$ 50	$ 383	$ 469	$ 28	$ -	$ -	$ -
Intergovernmental payables	-	55	-	3	-	521	-	35,529	11,506
Obligations under securities lending of State Treasurer	-	-	-	-	-	-	-	-	-
Due to other Department fiduciary funds	-	-	-	-	-	-	-	-	-
Due to other State fiduciary funds	-	597	-	30	-	-	-	-	-
Due to other Department funds	-	-	-	-	-	-	-	123,194	-
Due to other State funds	22,648	3,636	-	-	-	-	-	-	-
Due to State of Illinois component units	-	-	-	-	-	-	1,511	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-
Total liabilities	22,648	7,253	50	416	469	549	1,511	158,723	11,506
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue	-	-	-	-	-	-	3	-	-
Total deferred inflows of resources	-	-	-	-	-	-	3	-	-
Total liabilities and deferred inflows of resources	22,648	7,253	50	416	469	549	1,514	158,723	11,506
FUND BALANCES (DEFICITS)									
Restricted	-	-	-	-	-	-	-	-	-
Committed	-	97,213	16	5,043	1,480	-	5,401	-	-
Unassigned	(22,648)	-	-	-	-	(448)	-	-	-
Total fund balances (deficits)	(22,648)	97,213	16	5,043	1,480	(448)	5,401	-	-
Total liabilities, deferred inflows of resources and fund balances (deficits)	$ -	$ 104,466	$ 66	$ 5,459	$ 1,949	$ 101	$ 6,915	$ 158,723	$ 11,506

(Continued)

State of Illinois
Department of Revenue

Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2020 (Expressed in Thousands)

	Special Revenue								
	County & Mass Transit 0188	Local Govt Tax 0189	Emergency Public Health 0240	Illinois Affordable Housing Trust 0286	Used Tire Management 0294	Natural Areas Acquisition 0298	Open Space Lands Acquisition & Development 0299	Tax Compliance and Administration 0384	Local Government Distributive 0515
ASSETS									
Unexpended appropriations	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cash equity in State Treasury	81,479	296,465	1	24,878	5	14	34	15,125	138,796
Cash and cash equivalents	-	-	-	-	-	-	-	-	-
Securities lending collateral equity with State Treasurer	-	-	-	10,944	-	-	-	4,226	-
Taxes receivable, net	4,573	62,425	-	11	-	3	7	1,560	156,440
Intergovernmental receivables	-	-	-	-	-	-	-	-	-
Other receivables, net	-	-	724	26	2,748	-	-	3,155	-
Due from other Department funds	-	-	-	-	-	-	-	-	102,866
Due from other State funds	-	-	-	10,000	-	-	-	3,345	-
Loans and notes receivable, long-term	-	-	-	-	-	-	-	-	-
Due from State of Illinois component units	-	-	-	408,318	-	-	-	-	-
Total assets	$ 86,052	$ 358,890	$ 725	$ 454,177	$ 2,753	$ 17	$ 41	$ 27,411	$ 398,102
LIABILITIES									
Accounts payable and accrued liabilities	$ -	$ -	$ 204	$ 1,123	$ 774	$ 23	$ 53	$ 3,034	$ 1,242
Intergovernmental payables	52,984	358,890	-	-	-	-	-	80	344,126
Obligations under securities lending of State Treasurer	-	-	-	10,944	-	-	-	4,226	-
Due to other Department fiduciary funds	33,068	-	-	-	-	-	-	-	-
Due to other State fiduciary funds	-	-	-	-	-	-	-	940	-
Due to other Department funds	-	-	-	-	158	-	-	-	-
Due to other State funds	-	-	-	-	-	-	-	4,082	-
Due to State of Illinois component units	-	-	-	14,048	-	-	-	67	-
Unearned revenue	-	-	-	-	-	-	-	-	52,734
Total liabilities	86,052	358,890	204	26,115	932	23	53	12,429	398,102
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue	-	-	-	-	-	-	-	-	11,860
Total deferred inflows of resources	-	-	-	-	-	-	-	-	11,860
Total liabilities and deferred inflows of resources	86,052	358,890	204	26,115	932	23	53	12,429	409,962
FUND BALANCES (DEFICITS)									
Restricted	-	-	-	-	-	-	-	-	-
Committed	-	-	521	428,062	1,821	-	-	14,982	-
Unassigned	-	-	-	-	-	(6)	(12)	-	(11,860)
Total fund balances (deficits)	-	-	521	428,062	1,821	(6)	(12)	14,982	(11,860)
Total liabilities, deferred inflows of resources and fund balances (deficits)	$ 86,052	$ 358,890	$ 725	$ 454,177	$ 2,753	$ 17	$ 41	$ 27,411	$ 398,102

(Continued)

Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2020 (Expressed in Thousands)

	Special Revenue								
	Drycleaner Environmental Response 0548	**Supplemental Low Income Energy Assistance 0550**	**Renewable Energy Resource 0564**	**International Tourism 0621**	**Rental Purchase Agreement Tax Refund 0671**	**Personal Property Tax Replacement 0802**	**Local Government Video Gaming 0842**	**Foreclosure Prevention 0891**	**Abandoned Residential Property Municipality Relief 0892**
ASSETS									
Unexpended appropriations	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cash equity in State Treasury	2	16	1	32	1	283,295	-	223	7,446
Cash and cash equivalents	-	-	-	-	-	-	-	-	-
Securities lending collateral equity with State Treasurer	-	-	-	-	-	37,628	-	-	-
Taxes receivable, net	12	8,255	-	98	-	212,289	-	-	-
Intergovernmental receivables	-	-	-	-	-	-	-	36	31
Other receivables, net	-	-	485	-	-	91	-	-	-
Due from other Department funds	-	-	-	-	-	-	-	-	-
Due from other State funds	-	-	-	-	-	-	-	-	-
Loans and notes receivable, long-term	-	-	-	-	-	-	-	-	-
Due from State of Illinois component units	-	-	-	-	-	-	-	-	-
Total assets	$ 14	$ 8,271	$ 486	$ 130	$ 1	$ 533,303	$ -	$ 259	$ 7,477
LIABILITIES									
Accounts payable and accrued liabilities	$ 2	$ 53	$ 3	$ -	$ -	$ 30,458	$ -	$ -	$ -
Intergovernmental payables	-	-	-	-	-	239,849	-	-	-
Obligations under securities lending of State Treasurer	-	-	-	-	-	37,628	-	-	-
Due to other Department fiduciary funds	-	-	-	-	-	-	-	-	-
Due to other State fiduciary funds	-	-	-	-	-	1,642	-	-	-
Due to other Department funds	-	-	-	-	1	89,129	-	-	-
Due to other State funds	-	-	-	-	-	205	-	-	-
Due to State of Illinois component units	-	-	-	-	-	-	-	83	78
Unearned revenue	-	-	-	-	-	275,089	-	-	-
Total liabilities	2	53	3	-	1	674,000	-	83	78
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue	-	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-	-	-
Total liabilities and deferred inflows of resources	2	53	3	-	1	674,000	-	83	78
FUND BALANCES (DEFICITS)									
Restricted	-	-	-	-	-	-	-	-	-
Committed	12	8,218	483	130	-	-	-	176	7,399
Unassigned	-	-	-	-	-	(140,697)	-	-	-
Total fund balances (deficits)	12	8,218	483	130	-	(140,697)	-	176	7,399
Total liabilities, deferred inflows of resources and fund balances (deficits)	$ 14	$ 8,271	$ 486	$ 130	$ 1	$ 533,303	$ -	$ 259	$ 7,477

(Continued)

Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2020 (Expressed in Thousands)

	Special Revenue						
	Cannabis Regulation 0912	Senior Citizen Real Estate Deferred Tax 0930	Build Illinois 0960	Local Tourism 0969	Evidence 1369	Eliminations	Total
ASSETS							
Unexpended appropriations	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,180
Cash equity in State Treasury	52	19,824	5,845	104	-	-	994,399
Cash and cash equivalents	-	-	-	-	5	-	5
Securities lending collateral equity with State Treasurer	-	-	-	-	-	-	52,798
Taxes receivable, net	8,977	-	34,610	317	-	-	639,315
Intergovernmental receivables	-	-	-	-	-	-	67
Other receivables, net	-	15,431	-	-	-	-	22,660
Due from other Department funds	-	-	9,450	-	-	(123,822)	-
Due from other State funds	-	-	-	-	-	-	14,345
Loans and notes receivable, long-term	-	36,687	-	-	-	-	36,687
Due from State of Illinois component units	-	-	-	-	-	-	408,318
Total assets	$ 9,029	$ 71,942	$ 49,905	$ 421	$ 5	$ (123,822)	$ 2,174,774
LIABILITIES							
Accounts payable and accrued liabilities	$ 6	$ -	$ 24,860	$ -	$ -	$ -	$ 65,730
Intergovernmental payables	-	-	-	-	-	-	1,043,543
Obligations under securities lending of State Treasurer	-	-	-	-	-	-	52,798
Due to other Department fiduciary funds	-	-	-	-	-	-	33,068
Due to other State fiduciary funds	-	-	-	-	-	-	3,209
Due to other Department funds	3,377	-	-	-	-	(123,822)	92,037
Due to other State funds	4,765	-	-	-	-	-	35,336
Due to State of Illinois component units	-	-	-	-	-	-	15,787
Unearned revenue	-	-	-	-	-	-	327,823
Total liabilities	8,148	-	24,860	-	-	(123,822)	1,669,331
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	1	15,431	-	-	-	-	27,295
Total deferred inflows of resources	1	15,431	-	-	-	-	27,295
Total liabilities and deferred inflows of resources	8,149	15,431	24,860	-	-	(123,822)	1,696,626
FUND BALANCES (DEFICITS)							
Restricted	-	-	-	-	5	-	5
Committed	880	56,511	25,045	421	-	-	653,814
Unassigned	-	-	-	-	-	-	(175,671)
Total fund balances (deficits)	880	56,511	25,045	421	5	-	478,148
Total liabilities, deferred inflows of resources and fund balances (deficits)	$ 9,029	$ 71,942	$ 49,905	$ 421	$ 5	$ (123,822)	$ 2,174,774

(Concluded)

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

For the Year Ended June 30, 2020 (Expressed in Thousands)

	Special Revenue								
	Road 0011	Motor Fuel Tax 0012	Public Utility 0059	Underground Storage Tank 0072	Compassionate Use of Medical Cannabis 0075	Illinois Gaming Law Enforcement 0085	Rental Housing Support Program 0150	State & Local Sales Tax Reform 0186	RTA Occupation and Use Tax Replacement 0187
REVENUES									
Income taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales taxes	-	-	-	-	14,624	-	-	165,658	60,316
Motor fuel taxes	-	1,164,151	-	66,515	-	-	-	-	-
Public utility taxes	-	-	6,374	-	-	-	-	-	-
Other taxes	-	-	-	-	-	1,176	13,495	-	-
Licenses and fees	-	949	3	-	-	206	-	-	-
Other charges for services	-	-	-	-	-	-	-	-	-
Interest and other investment income	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total revenues	-	1,165,100	6,377	66,515	14,624	1,382	13,495	165,658	60,316
EXPENDITURES									
General government	-	42,676	-	1,998	-	-	11,624	-	-
Health and social services	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-
Public protection and justice	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	521	-	127,858	60,316
Capital outlay	-	-	-	-	-	-	-	-	-
Total expenditures	-	42,676	-	1,998	-	521	11,624	127,858	60,316
Excess (deficiency) of revenues over (under) expenditures	-	1,122,424	6,377	64,517	14,624	861	1,871	37,800	-
OTHER SOURCES (USES) OF FINANCIAL RESOURCES									
Appropriations from State resources	-	120,009	-	2,096	-	1,289	-	-	-
Lapsed appropriations	-	(37,391)	-	(98)	-	(702)	-	-	-
Receipts collected and transmitted to State Treasury	-	(1,227,771)	(6,615)	(68,633)	(14,047)	(1,563)	-	-	-
Amount of SAMS transfers in	-	-	-	-	-	-	-	-	-
Amount of SAMS transfers out	150,000	-	-	-	5,000	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	(141,255)	-	-	-	(5,000)	-	-	(37,800)	-
Net other sources (uses) of financial resources	8,745	(1,145,153)	(6,615)	(66,635)	(14,047)	(976)	-	(37,800)	-
Net change in fund balances	8,745	(22,729)	(238)	(2,118)	577	(115)	1,871	-	-
Fund balances (deficits), July 1, 2019 (as restated)	(31,393)	119,942	254	7,161	903	(333)	3,530	-	-
FUND BALANCES (DEFICITS), JUNE 30, 2020	$ (22,648)	$ 97,213	$ 16	$ 5,043	$ 1,480	$ (448)	$ 5,401	$ -	$ -

(Continued)

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

For the Year Ended June 30, 2020 (Expressed in Thousands)

	Special Revenue								
	County & Mass Transit 0188	Local Govt Tax 0189	Emergency Public Health 0240	Illinois Affordable Housing Trust 0286	Used Tire Management 0294	Natural Areas Acquisition 0298	Open Space Lands Acquisition & Development 0299	Tax Compliance and Administration 0384	Local Government Distributive 0515
REVENUES									
Income taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,877	$ 1,367,604
Sales taxes	364,607	1,831,971	-	-	-	-	-	2,730	386,447
Motor fuel taxes	-	-	-	-	-	-	-	-	-
Public utility taxes	-	-	-	-	-	-	-	29	-
Other taxes	-	-	-	37,729	-	11,319	26,411	761	-
Licenses and fees	-	-	3,412	-	13,068	-	-	66,478	-
Other charges for services	-	-	-	-	-	-	-	121	-
Interest and other investment income	-	-	-	2,431	-	-	-	302	-
Other	-	-	-	66,455	-	-	-	-	-
Total revenues	364,607	1,831,971	3,412	106,615	13,068	11,319	26,411	76,298	1,754,051
EXPENDITURES									
General government	-	-	-	68,708	-	-	-	79,130	-
Health and social services	-	-	-	15,296	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-
Public protection and justice	-	-	-	-	-	-	-	-	-
Intergovernmental	364,607	1,831,971	-	-	-	-	-	-	1,750,509
Capital outlay	-	-	-	-	-	-	-	8,336	-
Total expenditures	364,607	1,831,971	-	84,004	-	-	-	87,466	1,750,509
Excess (deficiency) of revenues over (under) expenditures	-	-	3,412	22,611	13,068	11,319	26,411	(11,168)	3,542
OTHER SOURCES (USES) OF FINANCIAL RESOURCES									
Appropriations from State resources	-	-	-	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	(3,677)	-	(14,075)	(11,540)	(26,927)	-	-
Amount of SAMS transfers in	-	-	-	-	-	-	-	-	-
Amount of SAMS transfers out	-	-	-	-	5,992	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	3,812
Transfers out	-	-	-	-	(6,040)	-	-	-	(5,000)
Net other sources (uses) of financial resources	-	-	(3,677)	-	(14,123)	(11,540)	(26,927)	-	(1,188)
Net change in fund balances	-	-	(265)	22,611	(1,055)	(221)	(516)	(11,168)	2,354
Fund balances (deficits), July 1, 2019 (as restated)	-	-	786	405,451	2,876	215	504	26,150	(14,214)
FUND BALANCES (DEFICITS), JUNE 30, 2020	$ -	$ -	$ 521	$ 428,062	$ 1,821	$ (6)	$ (12)	$ 14,982	$ (11,860)

(Continued)

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

For the Year Ended June 30, 2020 (Expressed in Thousands)

	Special Revenue								
	Drycleaner Environmental Response 0548	Supplemental Low Income Energy Assistance 0550	Renewable Energy Resource 0564	International Tourism 0621	Rental Purchase Agreement Tax Refund 0671	Personal Property Tax Replacement 0802	Local Government Video Gaming 0842	Foreclosure Prevention 0891	Abandoned Residential Property Municipality Relief 0892
REVENUES									
Income taxes	$ -	$ -	$ -	$ -	$ -	$ 1,443,678	$ -	$ -	$ -
Sales taxes	-	-	-	-	-	-	-	-	-
Motor fuel taxes	-	-	-	-	-	-	-	-	-
Public utility taxes	-	100,250	-	-	-	234,025	-	-	-
Other taxes	192	-	-	4,138	-	-	61,132	-	-
Licenses and fees	1,052	-	5,528	-	-	-	-	-	5,631
Other charges for services	-	-	-	-	-	-	-	1,126	-
Interest and other investment income	-	-	-	-	-	1,715	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total revenues	1,244	100,250	5,528	4,138	-	1,679,418	61,132	1,126	5,631
EXPENDITURES									
General government	-	-	-	-	-	125,477	-	2,044	254
Health and social services	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	1,523	-	-	-
Public protection and justice	-	-	-	-	-	1,797	-	-	-
Intergovernmental	-	-	-	-	-	1,616,581	61,132	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	1,745,378	61,132	2,044	254
Excess (deficiency) of revenues over (under) expenditures	1,244	100,250	5,528	4,138	-	(65,960)	-	(918)	5,377
OTHER SOURCES (USES) OF FINANCIAL RESOURCES									
Appropriations from State resources	-	-	-	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	(1,269)	(101,229)	(5,583)	(5,061)	-	-	-	-	-
Amount of SAMS transfers in	-	-	-	-	-	-	-	-	-
Amount of SAMS transfers out	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	95,804	-	-	-
Transfers out	-	-	-	-	-	(89,129)	-	-	-
Net other sources (uses) of financial resources	(1,269)	(101,229)	(5,583)	(5,061)	-	6,675	-	-	-
Net change in fund balances	(25)	(979)	(55)	(923)	-	(59,285)	-	(918)	5,377
Fund balances (deficits), July 1, 2019 (as restated)	37	9,197	538	1,053	-	(81,412)	-	1,094	2,022
FUND BALANCES (DEFICITS), JUNE 30, 2020	$ 12	$ 8,218	$ 483	$ 130	$ -	$ (140,697)	$ -	$ 176	$ 7,399

(Continued)

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

For the Year Ended June 30, 2020 (Expressed in Thousands)

	Special Revenue						
	Cannabis Regulation 0912	**Senior Citizen Real Estate Deferred Tax 0930**	**Build Illinois 0960**	**Local Tourism 0969**	**Evidence 1369**	**Eliminations**	**Total**
REVENUES							
Income taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,817,159
Sales taxes	-	-	509,535	-	-	-	3,335,888
Motor fuel taxes	-	-	-	-	-	-	1,230,666
Public utility taxes	-	-	-	-	-	-	340,678
Other taxes	43,734	-	107,486	13,404	-	-	320,977
Licenses and fees	-	-	-	-	-	-	96,327
Other charges for services	-	-	-	-	-	-	1,247
Interest and other investment income	-	1,755	-	-	-	-	6,203
Other	-	-	-	-	5	-	66,460
Total revenues	43,734	1,755	617,021	13,404	5	-	8,215,605
EXPENDITURES							
General government	-	-	-	-	5	-	331,916
Health and social services	-	-	-	-	-	-	15,296
Education	-	-	-	-	-	-	1,523
Public protection and justice	-	-	-	-	-	-	1,797
Intergovernmental	-	-	-	-	-	-	5,813,495
Capital outlay	-	-	-	-	-	-	8,336
Total expenditures	-	-	-	-	5	-	6,172,363
Excess (deficiency) of revenues over (under) expenditures	43,734	1,755	617,021	13,404	-	-	2,043,242
OTHER SOURCES (USES) OF FINANCIAL RESOURCES							
Appropriations from State resources	3,377	-	-	-	-	-	126,771
Lapsed appropriations	(3,377)	-	-	-	-	-	(41,568)
Receipts collected and transmitted to State Treasury	(34,712)	-	(641,176)	(16,394)	-	-	(2,180,272)
Amount of SAMS transfers in	(5,000)	-	(37,800)	-	-	-	(42,800)
Amount of SAMS transfers out	42,960	-	-	-	-	-	203,952
Transfers in	5,000	-	37,800	-	-	(46,612)	95,804
Transfers out	(51,102)	-	-	-	-	46,612	(288,714)
Net other sources (uses) of financial resources	(42,854)	-	(641,176)	(16,394)	-	-	(2,126,827)
Net change in fund balances	880	1,755	(24,155)	(2,990)	-	-	(83,585)
Fund balances (deficits), July 1, 2019 (as restated)	-	54,756	49,200	3,411	5	-	561,733
FUND BALANCES (DEFICITS), JUNE 30, 2020	$ 880	$ 56,511	$ 25,045	$ 421	$ 5	$ -	$ 478,148

(Concluded)

State of Illinois
Department of Revenue

Combining Statement of Fiduciary Net Position - Agency Funds

June 30, 2020 (Expressed in Thousands)

	Agency						
	County Water Commission Tax 0084	Non-Home Rule Municipal ROT 0088	Home Rule Municipal Soft Drink ROT 0097	Municipal Wireless Service Emergency 0125	Home Rule Municipal ROT 0138	Home Rule County ROT 0139	Business District ROT 0160
ASSETS							
Cash equity in State Treasury	$ 1	$ 30,604	$ 2,143	$ 1,398	$ 117,527	$ 60,670	$ 4,942
Cash and cash equivalents	-	-	-	-	-	-	-
Securities lending collateral equity with State Treasurer	-	7,129	-	-	31,358	22,673	-
Taxes receivable, net	-	2,571	711	-	23,915	11,277	1,532
Other receivables, net	-	17	-	-	75	55	-
Due from other Department funds	-	-	-	-	-	-	-
Total assets	$ 1	$ 40,321	$ 2,854	$ 1,398	$ 172,875	$ 94,675	$ 6,474
LIABILITIES							
Intergovernmental payables	$ 1	$ 33,192	$ 2,854	$ 1,398	$ 141,517	$ 72,002	$ 6,474
Obligations under securities lending of State Treasurer	-	7,129	-	-	31,358	22,673	-
Other liabilities	-	-	-	-	-	-	-
Total liabilities	$ 1	$ 40,321	$ 2,854	$ 1,398	$ 172,875	$ 94,675	$ 6,474

(Continued)

Combining Statement of Fiduciary Net Position - Agency Funds

June 30, 2020 (Expressed in Thousands)

	Agency						
	County Option Motor Fuel Tax 0190	**County Public Safety ROT 0219**	**Sports Facility Tax Trust 0229**	**Private Vehicle Use Home Rule 0263**	**Metropolitan Pier & Expo. Auth. Trust 0337**	**Illinois Tourism Tax 0452**	**School Facility Occupation Tax 0498**
ASSETS							
Cash equity in State Treasury	$ 5,866	$ 20,490	$ -	$ 4,192	$ 1,312	$ 1,622	$ 27,760
Cash and cash equivalents	-	-	-	-	-	-	-
Securities lending collateral equity with State Treasurer	1,192	-	-	-	6,926	-	-
Taxes receivable, net	3,606	205	-	792	4,348	423	9,268
Other receivables, net	3	-	-	-	17	-	-
Due from other Department funds	-	-	-	-	-	-	-
Total assets	$ 10,667	$ 20,695	$ -	$ 4,984	$ 12,603	$ 2,045	$ 37,028
LIABILITIES							
Intergovernmental payables	$ 9,475	$ 20,695	$ -	$ 4,984	$ 5,677	$ 2,045	$ 37,028
Obligations under securities lending of State Treasurer	1,192	-	-	-	6,926	-	-
Other liabilities	-	-	-	-	-	-	-
Total liabilities	$ 10,667	$ 20,695	$ -	$ 4,984	$ 12,603	$ 2,045	$ 37,028

(Continued)

Combining Statement of Fiduciary Net Position - Agency Funds

June 30, 2020 (Expressed in Thousands)

	Agency						
	Flood Prevention Occupation Tax 0558	**Tax Suspense Trust 0583**	**Metro East Park & Recreation 0717**	**Municipal Telecom 0719**	**RTA Sales Tax Trust 0812**	**Metro East Mass Transit District Tax 0841**	**Tennessee Valley Authority Local Trust 0861**
ASSETS							
Cash equity in State Treasury	$ 2,648	$ 10	$ 1,114	$ 37,302	$ 113,312	$ 6,965	$ -
Cash and cash equivalents	-	-	-	-	-	-	-
Securities lending collateral equity with State Treasurer	-	-	-	-	34,512	1,598	-
Taxes receivable, net	174	-	11	880	23,987	288	-
Other receivables, net	-	-	-	-	83	4	-
Due from other Department funds	-	-	-	-	33,068	-	-
Total assets	$ 2,822	$ 10	$ 1,125	$ 38,182	$ 204,962	$ 8,855	$ -
LIABILITIES							
Intergovernmental payables	$ 2,822	$ -	$ 1,125	$ 38,182	$ 170,450	$ 7,257	$ -
Obligations under securities lending of State Treasurer	-	-	-	-	34,512	1,598	-
Other liabilities	-	10	-	-	-	-	-
Total liabilities	$ 2,822	$ 10	$ 1,125	$ 38,182	$ 204,962	$ 8,855	$ -

(Continued)

Combining Statement of Fiduciary Net Position - Agency Funds

June 30, 2020 (Expressed in Thousands)

	Agency				
	Municipal Automobile Renting Tax 0868	**County Automobile Renting Tax 0869**	**Local Government Aviation Trust 0939**	**Surety Bond 1151**	**Total**
ASSETS					
Cash equity in State Treasury	$ 1,186	$ 38	$ 666	$ -	$ 441,768
Cash and cash equivalents	-	-	-	187	187
Securities lending collateral equity with State Treasurer	317	11	-	-	105,716
Taxes receivable, net	344	13	66	-	84,411
Other receivables, net	1	-	1	-	256
Due from other Department funds	-	-	-	-	33,068
Total assets	$ 1,848	$ 62	$ 733	$ 187	$ 665,406
LIABILITIES					
Intergovernmental payables	$ 1,531	$ 51	$ 733	$ -	$ 559,493
Obligations under securities lending of State Treasurer	317	11	-	-	105,716
Other liabilities	-	-	-	187	197
Total liabilities	$ 1,848	$ 62	$ 733	$ 187	$ 665,406

(Concluded)

State of Illinois
Department of Revenue

Combining Statement of Changes in Assets and Liabilities - Agency Funds

For the Year Ended June 30, 2020 (Expressed in Thousands)

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30,2020
County Water Commission Tax (0084)				
ASSETS				
Cash equity in State Treasury	$ 144	$ 2	$ 145	$ 1
Securities lending collateral equity with State Treasurer	39	2,149	2,188	-
Other receivables, net	-	2	2	-
Total assets	$ 183	$ 2,153	$ 2,335	$ 1
LIABILITIES				
Intergovernmental payables	$ 144	$ 2	$ 145	$ 1
Obligations under securities lending of State Treasurer	39	2,149	2,188	-
Total liabilities	$ 183	$ 2,151	$ 2,333	$ 1
Non-Home Rule Municipal ROT (0088)				
ASSETS				
Cash equity in State Treasury	$ 31,997	$ 150,107	$ 151,500	$ 30,604
Securities lending collateral equity with State Treasurer	6,871	497,787	497,529	7,129
Taxes receivable, net	7,602	144,572	149,603	2,571
Other receivables, net	47	474	504	17
Total assets	$ 46,517	$ 792,940	$ 799,136	$ 40,321
LIABILITIES				
Intergovernmental payables	$ 39,646	$ 145,046	$ 151,500	$ 33,192
Obligations under securities lending of State Treasurer	6,871	497,787	497,529	7,129
Total liabilities	$ 46,517	$ 642,833	$ 649,029	$ 40,321
Home Rule Municipal Soft Drink ROT (0097)				
ASSETS				
Cash equity in State Treasury	$ 2,016	$ 10,182	$ 10,055	$ 2,143
Taxes receivable, net	959	9,934	10,182	711
Total assets	$ 2,975	$ 20,116	$ 20,237	$ 2,854
LIABILITIES				
Intergovernmental payables	$ 2,975	$ 9,934	$ 10,055	$ 2,854
Total liabilities	$ 2,975	$ 9,934	$ 10,055	$ 2,854
Municipal Wireless Service Emergency (0125)				
ASSETS				
Cash equity in State Treasury	$ 1,455	$ 6,535	$ 6,592	$ 1,398
Other receivables, net	25	6,510	6,535	-
Total assets	$ 1,480	$ 13,045	$ 13,127	$ 1,398
LIABILITIES				
Intergovernmental payables	$ 1,480	$ 6,510	$ 6,592	$ 1,398
Total liabilities	$ 1,480	$ 6,510	$ 6,592	$ 1,398

(Continued)

State of Illinois
Department of Revenue

Combining Statement of Changes in Assets and Liabilities - Agency Funds

For the Year Ended June 30, 2020 (Expressed in Thousands)

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30,2020
Home Rule Municipal ROT (0138)				
ASSETS				
Cash equity in State Treasury	$ 163,774	$ 1,033,178	$ 1,079,425	$ 117,527
Securities lending collateral equity with State Treasurer	32,778	2,317,691	2,319,111	31,358
Taxes receivable, net	50,086	1,004,628	1,030,799	23,915
Other receivables, net	224	2,230	2,379	75
Total assets	$ 246,862	$ 4,357,727	$ 4,431,714	$ 172,875
LIABILITIES				
Intergovernmental payables	$ 214,084	$ 1,006,858	$ 1,079,425	$ 141,517
Obligations under securities lending of State Treasurer	32,778	2,317,691	2,319,111	31,358
Total liabilities	$ 246,862	$ 3,324,549	$ 3,398,536	$ 172,875
Home Rule County ROT (0139)				
ASSETS				
Cash equity in State Treasury	$ 117,398	$ 766,132	$ 822,860	$ 60,670
Securities lending collateral equity with State Treasurer	22,356	1,644,909	1,644,592	22,673
Taxes receivable, net	31,591	744,145	764,459	11,277
Other receivables, net	153	1,575	1,673	55
Total assets	$ 171,498	$ 3,156,761	$ 3,233,584	$ 94,675
LIABILITIES				
Intergovernmental payables	$ 149,142	$ 745,720	$ 822,860	$ 72,002
Obligations under securities lending of State Treasurer	22,356	1,644,909	1,644,592	22,673
Total liabilities	$ 171,498	$ 2,390,629	$ 2,467,452	$ 94,675
Business District ROT (0160)				
ASSETS				
Cash equity in State Treasury	$ 5,193	$ 29,389	$ 29,640	$ 4,942
Taxes receivable, net	2,692	28,229	29,389	1,532
Total assets	$ 7,885	$ 57,618	$ 59,029	$ 6,474
LIABILITIES				
Intergovernmental payables	$ 7,885	$ 28,229	$ 29,640	$ 6,474
Total liabilities	$ 7,885	$ 28,229	$ 29,640	$ 6,474

(Continued)

State of Illinois
Department of Revenue

Combining Statement of Changes in Assets and Liabilities - Agency Funds

For the Year Ended June 30, 2020 (Expressed in Thousands)

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30,2020
County Option Motor Fuel Tax (0190)				
ASSETS				
Cash equity in State Treasury	$ 5,930	$ 34,938	$ 35,002	$ 5,866
Securities lending collateral equity with State Treasurer	1,121	86,252	86,181	1,192
Taxes receivable, net	2,889	35,569	34,852	3,606
Other receivables, net	8	81	86	3
Total assets	$ 9,948	$ 156,840	$ 156,121	$ 10,667
LIABILITIES				
Intergovernmental payables	$ 8,827	$ 35,650	$ 35,002	$ 9,475
Obligations under securities lending of State Treasurer	1,121	86,252	86,181	1,192
Total liabilities	$ 9,948	$ 121,902	$ 121,183	$ 10,667
County Public Safety ROT (0219)				
ASSETS				
Cash equity in State Treasury	$ 21,482	$ 102,346	$ 103,338	$ 20,490
Taxes receivable, net	2,209	100,342	102,346	205
Total assets	$ 23,691	$ 202,688	$ 205,684	$ 20,695
LIABILITIES				
Intergovernmental payables	$ 23,691	$ 100,342	$ 103,338	$ 20,695
Total liabilities	$ 23,691	$ 100,342	$ 103,338	$ 20,695
Sports Facility Tax Trust (0229)				
ASSETS				
Cash equity in State Treasury	$ -	$ 7,549	$ 7,549	$ -
Taxes receivable, net	-	7,549	7,549	-
Total assets	$ -	$ 15,098	$ 15,098	$ -
LIABILITIES				
Intergovernmental payables	$ -	$ 7,549	$ 7,549	$ -
Total liabilities	$ -	$ 7,549	$ 7,549	$ -
Private Vehicle Use Home Rule (0263)				
ASSETS				
Cash equity in State Treasury	$ 4,461	$ 14,768	$ 15,037	$ 4,192
Taxes receivable, net	416	15,144	14,768	792
Total assets	$ 4,877	$ 29,912	$ 29,805	$ 4,984
LIABILITIES				
Intergovernmental payables	$ 4,877	$ 15,144	$ 15,037	4,984
Total liabilities	$ 4,877	$ 15,144	$ 15,037	$ 4,984

(Continued)

State of Illinois
Department of Revenue

Combining Statement of Changes in Assets and Liabilities - Agency Funds

For the Year Ended June 30, 2020 (Expressed in Thousands)

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30,2020
Metro Pier & Exposition Authority Trust (0337)				
ASSETS				
Cash equity in State Treasury	$ 25,350	$ 134,182	$ 158,220	$ 1,312
Securities lending collateral equity with State Treasurer	3,913	260,253	257,240	6,926
Taxes receivable, net	16,365	121,928	133,945	4,348
Other receivables, net	27	227	237	17
Total assets	$ 45,655	$ 516,590	$ 549,642	$ 12,603
LIABILITIES				
Intergovernmental payables	$ 41,742	$ 122,155	$ 158,220	$ 5,677
Obligations under securities lending of State Treasurer	3,913	260,253	257,240	6,926
Total liabilities	$ 45,655	$ 382,408	$ 415,460	$ 12,603
Illinois Tourism Tax (0452)				
ASSETS				
Cash equity in State Treasury	$ 5,819	$ 21,941	$ 26,138	$ 1,622
Taxes receivable, net	3,833	18,531	21,941	423
Total assets	$ 9,652	$ 40,472	$ 48,079	$ 2,045
LIABILITIES				
Intergovernmental payables	$ 9,652	$ 18,531	$ 26,138	$ 2,045
Total liabilities	$ 9,652	$ 18,531	$ 26,138	$ 2,045
School Facility Occupation Tax (0498)				
ASSETS				
Cash equity in State Treasury	$ 29,058	$ 150,015	$ 151,313	$ 27,760
Taxes receivable, net	7,938	151,345	150,015	9,268
Total assets	$ 36,996	$ 301,360	$ 301,328	$ 37,028
LIABILITIES				
Intergovernmental payables	$ 36,996	$ 151,345	$ 151,313	$ 37,028
Total liabilities	$ 36,996	$ 151,345	$ 151,313	$ 37,028
Flood Prevention Occupation Tax (0558)				
ASSETS				
Cash equity in State Treasury	$ 2,769	$ 12,220	$ 12,341	$ 2,648
Taxes receivable, net	653	11,741	12,220	174
Total assets	$ 3,422	$ 23,961	$ 24,561	$ 2,822
LIABILITIES				
Intergovernmental payables	$ 3,422	$ 11,741	$ 12,341	$ 2,822
Total liabilities	$ 3,422	$ 11,741	$ 12,341	$ 2,822

(Continued)

State of Illinois
Department of Revenue

Combining Statement of Changes in Assets and Liabilities - Agency Funds

For the Year Ended June 30, 2020 (Expressed in Thousands)

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30,2020
Tax Suspense Trust (0583)				
ASSETS				
Cash equity in State Treasury	$ 5	$ 74	$ 69	$ 10
Total assets	$ 5	$ 74	$ 69	$ 10
LIABILITIES				
Other liabilities	$ 5	$ 74	$ 69	$ 10
Total liabilities	$ 5	$ 74	$ 69	$ 10
Metro East Park and Recreation (0717)				
ASSETS				
Cash equity in State Treasury	$ 1,188	$ 4,702	$ 4,776	$ 1,114
Taxes receivable, net	121	4,571	4,681	11
Other receivables, net	2	19	21	-
Total assets	$ 1,311	$ 9,292	$ 9,478	$ 1,125
LIABILITIES				
Intergovernmental payables	$ 1,311	$ 4,590	$ 4,776	$ 1,125
Total liabilities	$ 1,311	$ 4,590	$ 4,776	$ 1,125
Municipal Telecommunications (0719)				
ASSETS				
Cash equity in State Treasury	$ 38,221	$ 160,491	$ 161,410	$ 37,302
Taxes receivable, net	2,818	158,553	160,491	880
Total assets	$ 41,039	$ 319,044	$ 321,901	$ 38,182
LIABILITIES				
Intergovernmental payables	$ 41,039	$ 158,553	$ 161,410	$ 38,182
Total liabilities	$ 41,039	$ 158,553	$ 161,410	$ 38,182
RTA Sales Tax Trust (0812)				
ASSETS				
Cash equity in State Treasury	$ 174,314	$ 1,269,363	$ 1,330,365	$ 113,312
Securities lending collateral equity with State Treasurer	41,235	2,805,434	2,812,157	34,512
Taxes receivable, net	32,519	1,114,244	1,122,776	23,987
Other receivables, net	281	2,744	2,942	83
Due from other Department funds	38,123	138,590	143,645	33,068
Total assets	$ 286,472	$ 5,330,375	$ 5,411,885	$ 204,962
LIABILITIES				
Intergovernmental payables	$ 245,237	$ 1,255,578	$ 1,330,365	$ 170,450
Obligations under securities lending of State Treasurer	41,235	2,805,434	2,812,157	34,512
Total liabilities	$ 286,472	$ 4,061,012	$ 4,142,522	$ 204,962

(Continued)

State of Illinois
Department of Revenue

Combining Statement of Changes in Assets and Liabilities - Agency Funds

For the Year Ended June 30, 2020 (Expressed in Thousands)

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30,2020
Metro East Mass Transit Dist. Tax (0841)				
ASSETS				
Cash equity in State Treasury	$ 7,287	$ 32,099	$ 32,421	$ 6,965
Securities lending collateral equity with State Treasurer	1,606	115,425	115,433	1,598
Taxes receivable, net	1,280	30,990	31,982	288
Other receivables, net	11	110	117	4
Total assets	$ 10,184	$ 178,624	$ 179,953	$ 8,855
LIABILITIES				
Intergovernmental payables	$ 8,578	$ 31,100	$ 32,421	$ 7,257
Obligations under securities lending of State Treasurer	1,606	115,425	115,433	1,598
Total liabilities	$ 10,184	$ 146,525	$ 147,854	$ 8,855
Tennessee Valley Authority Local Trust (0861)				
ASSETS				
Cash equity in State Treasury	$ -	$ 242	$ 242	$ -
Total assets	$ -	$ 242	$ 242	$ -
LIABILITIES				
Intergovernmental payables	$ -	$ 242	$ 242	$ -
Total liabilities	$ -	$ 242	$ 242	$ -
Municipal Automobile Renting Tax (0868)				
ASSETS				
Cash equity in State Treasury	$ 1,824	$ 6,619	$ 7,257	$ 1,186
Securities lending collateral equity with State Treasurer	377	27,058	27,118	317
Taxes receivable, net	104	6,831	6,591	344
Other receivables, net	3	26	28	1
Total assets	$ 2,308	$ 40,534	$ 40,994	$ 1,848
LIABILITIES				
Intergovernmental payables	$ 1,931	$ 6,857	$ 7,257	1,531
Obligations under securities lending of State Treasurer	377	27,058	27,118	317
Total liabilities	$ 2,308	$ 33,915	$ 34,375	$ 1,848

(Continued)

State of Illinois
Department of Revenue

Combining Statement of Changes in Assets and Liabilities - Agency Funds

For the Year Ended June 30, 2020 (Expressed in Thousands)

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30,2020
County Automobile Renting Tax (0869)				
ASSETS				
Cash equity in State Treasury	$ 61	$ 201	$ 224	$ 38
Securities lending collateral equity with State Treasurer	13	1,005	1,007	11
Taxes receivable, net	-	213	200	13
Other receivables, net	-	1	1	-
Total assets	$ 74	$ 1,420	$ 1,432	$ 62
LIABILITIES				
Intergovernmental payables	$ 61	$ 214	$ 224	$ 51
Obligations under securities lending of State Treasurer	13	1,005	1,007	11
Total liabilities	$ 74	$ 1,219	$ 1,231	$ 62
Local Government Aviation Trust (0939)				
ASSETS				
Cash equity in State Treasury	$ -	$ 2,161	$ 1,495	$ 666
Taxes receivable, net	-	2,220	2,154	66
Other receivables, net	-	8	7	1
Total assets	$ -	$ 4,389	$ 3,656	$ 733
LIABILITIES				
Intergovernmental payables	$ -	$ 2,228	$ 1,495	$ 733
Total liabilities	$ -	$ 2,228	$ 1,495	$ 733
Surety Bond (1151)				
ASSETS				
Cash and cash equivalents	$ 233	$ 2	$ 48	$ 187
Total assets	$ 233	$ 2	$ 48	$ 187
LIABILITIES				
Other liabilities	$ 233	$ 2	$ 48	$ 187
Total liabilities	$ 233	$ 2	$ 48	$ 187
Total - All Agency Funds				
ASSETS				
Cash equity in State Treasury	$ 639,746	$ 3,949,436	$ 4,147,414	$ 441,768
Cash and cash equivalents	233	2	48	187
Securities lending collateral equity with State Treasurer	110,309	7,757,963	7,762,556	105,716
Taxes receivable, net	164,075	3,711,279	3,790,943	84,411
Other receivables, net	781	14,007	14,532	256
Due from other Department funds	38,123	138,590	143,645	33,068
Total assets	$ 953,267	$ 15,571,277	$ 15,859,138	$ 665,406
LIABILITIES				
Intergovernmental payables	$ 842,720	$ 3,864,118	$ 4,147,345	$ 559,493
Obligations under securities lending of State Treasurer	110,309	7,757,963	7,762,556	105,716
Other liabilities	238	76	117	197
Total liabilities	$ 953,267	$ 11,622,157	$ 11,910,018	$ 665,406

(Concluded)

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

Honorable Frank J. Mautino
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the State of Illinois, Department of Revenue (Department), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements and have issued our report thereon dated May 25, 2021.

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 financial statements. 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*.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2020-001 and 2020-002 that we consider to be significant deficiencies.

State of Illinois, Department of Revenue's Responses to the 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 response.

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.

SIGNED ORIGINAL ON FILE

Schaumburg, Illinois
May 25, 2021

Current Findings – Government Auditing Standards

Finding 2020-001 Inadequate Internal Controls over Access to GenTax

The Department of Revenue (Department) did not have adequate internal control over documenting newly hired and/or terminated employees and thus could not demonstrate access to the enterprise tax system (GenTax) was limited to only appropriate personnel. During fiscal year 2020, GenTax processed over 12.3 million tax returns and $42.4 billion in payments from taxpayers for the Department.

We requested the Department provide the populations of individuals hired and terminated from employment during the audit period in order to test granting and removal of GenTax access rights. In response to our request, the Department provided the populations; however, it did not provide documentation demonstrating the populations were sufficiently precise and detailed under the Professional Audit Standards promulgated by the American Institute of Certified Public Accountants (AU-C § 330, AU-C § 530). Specifically, our review of the populations provided identified individuals that were inappropriately excluded from the populations. As such, we could not determine if there were potentially other individuals who were improperly excluded.

Although the populations provided to the auditors had limitations, we selected a sample of newly hired and terminated employees and performed testing over each individual's access to GenTax, and noted no exceptions.

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

Additionally, generally accepted information technology guidance endorses the development of well-designed and well-managed controls to protect computer systems and data. Effective computer security controls provide for safeguarding, securing, and controlling access to hardware, software, and the information stored in the computer system.

Department management indicated the incomplete populations were due to the manual nature of the Department's personnel tracking system and lack of oversight.

Failure to monitor, track and account for newly hired or terminated individuals at all times puts the Department at risk of unauthorized access to GenTax. (Finding Code 2020-001, 2019-001, 2018-002)

Recommendation

We recommend the Department strengthen controls over the records maintained related to hiring and terminations.

Department Response

The Department agrees with the recommendation that controls over reports related to hiring and terminations should be strengthened. We will implement a coordinated system between the two areas to ensure inconsistencies are identified and corrected in a timely manner. This process will be incorporated into written procedures. In addition, we will explore ways to further automate the tracking process to eliminate any manual processes.

Current Findings – *Government Auditing Standards (Continued)*

Finding 2020-001 Inadequate Internal Controls over Access to GenTax (Continued)

Additionally, the Department is confident the risk of unauthorized access to the GenTax system would be minimal due to the additional security layers in place. In order to obtain access to the GenTax system, users are required to go through multiple layers of security which are independent of the GenTax system.

Current Findings – *Government Auditing Standards (Continued)*

Finding 2020-002 Lack of Census Data Reconciliation

The Department of Revenue (Department) did not have a reconciliation process to provide assurance census data submitted to its pension and other postemployment benefits (OPEB) plans was complete and accurate.

Census data is demographic data (date of birth, gender, years of service, etc.) of the active, inactive, or retired members of a pension or OPEB plan. The accumulation of inactive or retired members' census data occurs before the current accumulation period of census data used in the plan's actuarial valuation (which eventually flows into each employer's financial statements), meaning the plan is solely responsible for establishing internal controls over these records and transmitting this data to the plan's actuary. In contrast, responsibility for active members' census data during the current accumulation period is split among the plan and each member's current employer(s). Initially, employers must accurately transmit census data elements of their employees to the plan. Then, the plan must record and retain these records for active employees and then transmit this census data to the plan's actuary.

We noted the Department's employees are members of both the State Employees' Retirement System of Illinois (SERS) for their pensions and the State Employees Group Insurance Program sponsored by the State of Illinois, Department of Central Management Services (CMS) for their OPEB. In addition, we noted these plans have characteristics of different types of pension and OPEB plans, including single employer plans and cost-sharing multiple-employer plans.

During testing, we noted the following:

1) The Department had not performed an initial complete reconciliation of its census data recorded by SERS and CMS to its internal records to establish a base year of complete and accurate census data.

2) After establishing a base year, the Department had not developed a process to annually obtain from SERS and CMS the incremental changes recorded by SERS and CMS in their census data records and reconcile these changes back to the Department's internal supporting records.

For employers where their employees participate in plans with multiple-employer and cost-sharing features, the American Institute of Certified Public Accountants' *Audit and Accounting Guide: State and Local Governments* (AAG-SLG) (§ 13.177 for pensions and § 14.184 for OPEB) notes the determination of net pension/OPEB liability, pension/OPEB expense, and the associated deferred inflows and deferred outflows of resources depends on employer-provided census data reported to the plan being complete and accurate along with the accumulation and maintenance of this data by the plan being complete and accurate. To help mitigate against the risk of a plan's actuary using incomplete or inaccurate census data within similar agent multiple-employer plans, the AAG-SLG (§ 13.181 (A-27) for pensions and § 14.141 for OPEB) recommends an employer annually reconcile its active members' census data to a report from the plan of census data submitted to the plan's actuary, by comparing the current year's census data file to both the prior year's census data file and its underlying records for changes occurring during the current year.

Further, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial and statistical reports.

Current Findings – *Government Auditing Standards (Continued)*

Finding 2020-002 Lack of Census Data Reconciliation (Continued)

Department officials indicated the Department was unaware of the reconciliation requirement; however, it believes there were compensating controls in place to verify certain census data submitted by new hires upon initial entry.

Failure to reconcile active members' census data reported to and held by SERS and CMS to the Department's records could result in each plan's actuary relying on incomplete or inaccurate census data in the calculation of the Department's pension and OPEB balances, which may result in a misstatement of these amounts. (Finding Code No. 2020-002)

Recommendation

We recommend the Department work with SERS and CMS to develop an annual reconciliation process of its active members' census data from its underlying records to a report from each plan of census data submitted to the plan's actuary. After completing an initial full reconciliation, the Department may limit the annual reconciliations to focus on the incremental changes to the census data file from the prior actuarial valuation, provided no risks are identified that incomplete or inaccurate reporting of census data may have occurred during prior periods.

Department Response

The Department agrees with the recommendation. We will work with SERS and CMS to identify reports that can be used to reconcile records of the Department's current active employees with SERS and Group Insurance program members' records. This reconciliation process will be incorporated into written procedures.