

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

Financial Audit  
For the Year Ended June 30, 2022

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, 2022**

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**State of Illinois  
Department of Revenue**

**Financial Audit**

**For the Year Ended June 30, 2022**

**Agency Officials**

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Director	David Harris
Assistant Director	Vacant
Associate Director	Africa
Chief of Staff	Jim Nichelson
Chief Financial Officer	Cory Staley
Chief Internal Auditor	Nikki Lanier
General Counsel	Colin Bowes-Carlson

**IDOR Offices are located at:**

**Springfield, Illinois**

Willard Ice Building  
101 West Jefferson Street  
Springfield, Illinois 62702

**Des Plaines, Illinois**

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

**Marion, Illinois**

2309 West Main Street, Suite 114  
Marion, Illinois 62959

**Chicago, Illinois**

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

**Fairview Heights, Illinois**

15 Executive Drive, Suite 2  
Fairview Heights, Illinois 62208

**Rockford, Illinois**

200 South Wyman Street  
Rockford, Illinois 61101

**State of Illinois  
Department of Revenue**

**Financial Audit**

**For the Year Ended June 30, 2022**

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**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 unmodified opinions on the Department’s financial statements.

**SUMMARY OF FINDINGS**

<b>Number of</b>	<b><u>Current Report</u></b>	<b><u>Prior Report</u></b>
Findings	3	1
Repeated Findings	-	1
Prior Recommendations Implemented or Not Repeated	1	1

**SCHEDULE OF FINDINGS**

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
<b>Current Findings – Government Auditing Standards</b>				
2022-001	64	2022	Weaknesses in Internal Controls over Reporting for Federal Operating Grants	Material Weakness
2022-002	67	2022	Inadequate Internal Controls over Access to GenTax	Material Weakness
2022-003	69	2022	Inadequate Internal Control over Service Providers	Significant Deficiency
<b>Prior Finding Not Repeated</b>				
A	71	2021/2020	Weaknesses in Internal Controls over Census Data	

**State of Illinois  
Department of Revenue**

**Financial Audit**

**For the Year Ended June 30, 2022**

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**EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with Department personnel at an exit conference on June 20, 2023.

Attending were:

**Illinois Department of Revenue:**

David Harris	Director
Cory Staley	Chief Financial Officer
Jacob Flori	Financial Control Bureau Manager
Nikki Lanier	Chief Internal Auditor
Jim Nichelson	Chief of Staff
Angela Bartlett	Deputy Chief Internal Auditor

**Office of the Auditor General:**

Janis Van Durme	Health & Human Services Senior Audit Manager
Reddy Bommareddi	Senior Audit Manager

**RSM US LLP:**

Bill Sarb	Partner
Katie Rodriguez	Manager

The responses to the recommendations for findings 2022-002 and 2022-003 were provided on June 21, 2023 and the response to finding 2022-001 was provided on June 23, 2023 by Nikki Lanier, Chief Internal Auditor.



## Independent Auditor's Report

RSM US LLP

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

### Report on the Audit of the Financial Statements

#### **Opinions**

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Department of Revenue (Department) of the State of Illinois, as of and for the year ended June 30, 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying 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, 2022, 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.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Department and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **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 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, 2022, the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Department's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

Management has omitted the management's discussion and analysis and budgetary comparison information for the general fund, as well as pension and OPEB related information that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinions on the financial statements are not affected by this missing information.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department's financial statements. The combining schedules and statements are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules and statements are fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the Agency Officials page but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2023 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  
June 29, 2023

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

**Statement of Net Position**

June 30, 2022 (Expressed in Thousands)

	<b>Governmental Activities</b>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	
Unexpended appropriations	\$ 6,003
Cash equity in State Treasury	5,537,414
Cash and cash equivalents	4
Securities lending collateral equity with State Treasurer	86,809
Taxes receivable, net	2,243,873
Intergovernmental receivables	5
Other receivables, net of allowance of \$281	27,278
Due from State funds	1,807
Loans and notes receivable, long-term	33,597
Due from State of Illinois component units	423,130
Prepaid expenses	257,187
Capital assets being depreciated/amortized, net	29,632
Right to use leased assets being amortized, net	38
<b>Total assets</b>	<b>8,646,777</b>
Deferred outflow of resources - pension	254,102
Deferred outflow of resources - OPEB	91,401
<b>Total assets and deferred outflows of resources</b>	<b>8,992,280</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	
Accounts payable and accrued liabilities	387,503
Income tax refunds payable	2,160,000
Tax rebates payable	1,205,000
Intergovernmental payables	1,793,932
Obligations under securities lending of State Treasurer	86,809
Due to Department fiduciary funds	48,491
Due to other State fiduciary funds	2,000
Due to other State funds	267,725
Due to State of Illinois component units	41,941
Unearned revenue	1,560,899
Long-term obligations:	
Portion due or payable within one year	1,059
Portion due or payable after one year	1,685,107
<b>Total liabilities</b>	<b>9,240,466</b>
Deferred inflow of resources - pension	253,605
Deferred inflow of resources - OPEB	291,475
<b>Total liabilities and deferred inflows of resources</b>	<b>9,785,546</b>
<b>NET POSITION (DEFICIT)</b>	
Net investment in capital assets	29,670
Restricted - other	4
Unrestricted	(822,940)
<b>Total net position (deficit)</b>	<b>\$ (793,266)</b>

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

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

**Statement of Activities**

For the Year Ended June 30, 2022 (Expressed in Thousands)

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Grants and Contributions	
<b>Governmental activities</b>				<b>Governmental Activities</b>
General government	\$ 642,581	\$ 106,066	\$ 404,271	\$ (132,244)
Health and social services	17,951	-	-	(17,951)
Education	1,513	-	-	(1,513)
Employment and economic development	5,000	-	-	(5,000)
Public protection and justice	2,310	-	-	(2,310)
Intergovernmental-revenue sharing	10,098,416	-	-	(10,098,416)
Total governmental activities	<u>\$ 10,767,771</u>	<u>\$ 106,066</u>	<u>\$ 404,271</u>	<u>(10,257,434)</u>
<b>General revenues</b>				
Taxes				
Income taxes				36,601,333
Sales taxes				14,646,205
Motor fuel taxes				1,276,832
Public utility taxes				1,193,078
Other taxes				1,663,731
Interest and investment income (loss)				(639)
Other revenues (expenses)				29,131
Appropriations from State resources				1,200,825
Lapsed appropriations				(959,496)
Receipts collected and transmitted to State Treasury				(42,388,771)
Amount of SAMS transfers in				(2,990,624)
Amount of SAMS transfers out				2,026,173
<b>Transfers out</b>				<u>(313,223)</u>
Total general revenues and transfers				<u>11,984,555</u>
Change in net position				1,727,121
Net position (deficit), July 1, 2021				(2,520,387)
Net position (deficit), June 30, 2022				<u>\$ (793,266)</u>

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, 2022 (Expressed in Thousands)

	<u>General Fund</u>	<u>Nonmajor funds</u>	<u>Eliminations</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Unexpended appropriations	\$ 2,044	\$ 3,959	\$ -	\$ 6,003
Cash equity in State Treasury	3,538,336	1,999,078	-	5,537,414
Cash and cash equivalents	-	4	-	4
Securities lending collateral equity with State Treasurer	-	86,809	-	86,809
Taxes receivables, net	1,673,504	570,369	-	2,243,873
Intergovernmental receivables	-	5	-	5
Other receivables, net of allowance of \$281	-	27,278	-	27,278
Due from other Department funds	48,880	358,385	(407,265)	-
Due from other State funds	1,676	131	-	1,807
Loans and notes receivable, long-term	-	33,597	-	33,597
Due from State of Illinois component units	300	422,830	-	423,130
<b>Total assets</b>	<u>\$ 5,264,740</u>	<u>\$ 3,502,445</u>	<u>\$ (407,265)</u>	<u>\$ 8,359,920</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 333,431	\$ 54,072	\$ -	\$ 387,503
Income tax refunds payable	2,160,000	-	-	2,160,000
Tax rebates payable	1,205,000	-	-	1,205,000
Intergovernmental payables	9,493	1,784,439	-	1,793,932
Obligations under securities lending of State Treasurer	-	86,809	-	86,809
Due to other Department fiduciary funds	-	48,491	-	48,491
Due to other State fiduciary funds	-	2,000	-	2,000
Due to other Department funds	358,385	48,880	(407,265)	-
Due to other State funds	207,940	59,785	-	267,725
Due to State of Illinois component units	-	41,941	-	41,941
Unearned revenue	1,019,489	541,410	-	1,560,899
<b>Total liabilities</b>	<u>5,293,738</u>	<u>2,667,827</u>	<u>(407,265)</u>	<u>7,554,300</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	343,191	36,063	-	379,254
<b>Total deferred inflows of resources</b>	<u>343,191</u>	<u>36,063</u>	<u>-</u>	<u>379,254</u>
<b>Total liabilities and deferred inflows of resources</b>	<u>5,636,929</u>	<u>2,703,890</u>	<u>(407,265)</u>	<u>7,933,554</u>
<b>FUND BALANCES (DEFICITS)</b>				
Restricted	-	4	-	4
Committed	575,697	829,940	-	1,405,637
Unassigned	(947,886)	(31,389)	-	(979,275)
Total fund balances (deficits)	<u>(372,189)</u>	<u>798,555</u>	<u>-</u>	<u>426,366</u>
<b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b>	<u>\$ 5,264,740</u>	<u>\$ 3,502,445</u>	<u>\$ (407,265)</u>	<u>\$ 8,359,920</u>

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

**State of Illinois**  
**Department of Revenue**  
**Reconciliation of Governmental Funds Balance Sheet**  
**to Statement of Net Position**  
**June 30, 2022**  
**(Expressed in Thousands)**

<b>Total fund balances-governmental funds</b>	\$	426,366
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Prepaid expenses for governmental activities are current uses of financial resources.		257,187
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		29,632
Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds.		38
Revenues in the Statement of Activities that do not provide current financial resources are deferred in the funds.		379,254
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		254,102
Deferred outflows of resources related to OPEB		91,401
Deferred inflows of resources related to pensions		(253,605)
Deferred inflows of resources related to OPEB		(291,475)
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:		
Lease liability		(39)
Compensated absences		(9,785)
Net pension liability		(1,071,134)
Net OPEB liability		(605,208)
<b>Net position (deficit) of governmental activities</b>	<b>\$</b>	<b><u>(793,266)</u></b>

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, 2022 (Expressed in Thousands)

	General Fund	Nonmajor funds	Eliminations	Total Governmental Funds
<b>REVENUES</b>				
Federal operating grants	\$ 23,577	\$ 380,694	\$ -	\$ 404,271
Income taxes	30,442,869	6,074,363	-	36,517,232
Sales taxes	10,355,966	4,290,239	-	14,646,205
Motor fuel taxes	-	1,276,806	-	1,276,806
Public utility taxes	800,397	392,681	-	1,193,078
Other taxes	969,964	693,472	-	1,663,436
Licenses and fees	238	105,628	-	105,866
Other charges for services	-	200	-	200
Interest and other investment income (loss)	-	(564)	-	(564)
Other	503	28,628	-	29,131
<b>Total revenues</b>	<u>42,593,514</u>	<u>13,242,147</u>	<u>-</u>	<u>55,835,661</u>
<b>EXPENDITURES</b>				
General government	150,667	790,133	-	940,800
Health and social services	-	17,951	-	17,951
Education	-	1,513	-	1,513
Employment and economic development	5,000	-	-	5,000
Public protection and justice	-	2,310	-	2,310
Intergovernmental	-	10,098,416	-	10,098,416
Debt service - principal	-	75	-	75
Debt service - interest	-	2	-	2
Capital outlay	-	4,186	-	4,186
Capital lease and installment purchases	-	(114)	-	(114)
<b>Total expenditures</b>	<u>155,667</u>	<u>10,914,472</u>	<u>-</u>	<u>11,070,139</u>
<b>Excess of revenues over expenditures</b>	<u>42,437,847</u>	<u>2,327,675</u>	<u>-</u>	<u>44,765,522</u>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>				
Appropriations from State resources	1,001,578	199,247	-	1,200,825
Lapsed appropriations	(850,594)	(108,902)	-	(959,496)
Receipts collected and transmitted to State Treasury	(39,672,732)	(2,716,039)	-	(42,388,771)
Amount of SAMS transfers in	(2,952,824)	(37,800)	-	(2,990,624)
Amount of SAMS transfers out	1,609,283	416,890	-	2,026,173
Transfers in	102,232	512,406	(311,854)	302,784
Transfers out	(522,915)	(404,946)	311,854	(616,007)
<b>Net other sources (uses) of financial resources</b>	<u>(41,285,972)</u>	<u>(2,139,144)</u>	<u>-</u>	<u>(43,425,116)</u>
<b>Net change in fund balances</b>	1,151,875	188,531	-	1,340,406
Fund balances (deficits), July 1, 2021	<u>(1,524,064)</u>	<u>610,024</u>	<u>-</u>	<u>(914,040)</u>
<b>FUND BALANCES, JUNE 30, 2022</b>	<u>\$ (372,189)</u>	<u>\$ 798,555</u>	<u>\$ -</u>	<u>\$ 426,366</u>

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

**State of Illinois**  
**Department of Revenue**  
**Reconciliation of Statement of Revenues, Expenditures and Changes in**  
**Fund Balances of Governmental Funds to Statement of Activities**  
**For the Year Ended June 30, 2022**  
**(Expressed in Thousands)**

<b>Net change in fund balances</b>	<b>\$ 1,340,406</b>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Prepaid expenses in the Statement of Activities are reported as expenditures in governmental funds. Prepaid expenses increased by this amount during the year.	250,835
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.	(2,079)
Governmental funds report right to use lease outlays as expenditures while governmental activities report amortization expense to allocate those expenditures over the life of the assets. This is the amount by which right to use lease outlays in the current period exceeded amortization.	38
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.	84,347
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 lease liability	(39)
Decrease in compensated absences obligation	257
Decrease in net pension liability	98,925
Decrease in OPEB liability	120,149
Change in deferred outflows of resources related to pensions	(68,872)
Change in deferred outflows of resources related to OPEB	2,364
Change in deferred inflows of resources related to pensions	(24,396)
Change in deferred inflows of resources related to OPEB	(74,814)
<b>Change in net position of governmental activities</b>	<b>\$ 1,727,121</b>

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

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

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**Statement of Fiduciary Net Position**

June 30, 2022 (Expressed in Thousands)

	<u>Custodial Funds</u>
<b>ASSETS</b>	
Cash equity in State Treasury	\$ 892,992
Cash and cash equivalents	165
Securities lending collateral equity with State Treasurer	92,535
Taxes receivable, net	250,645
Other receivables, net	586
Due from other Department funds	48,491
<b>Total assets</b>	<u>1,285,414</u>
<b>LIABILITIES</b>	
Intergovernmental payables	1,186,404
Obligations under securities lending of State Treasurer	92,535
Other liabilities	6,310
<b>Total liabilities</b>	<u>1,285,249</u>
<b>NET POSITION</b>	
Net position restricted for expendable purposes	<u>\$ 165</u>

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

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

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**Statement of Changes in Fiduciary Net Position**

For the Year Ended June 30, 2022 (Expressed in Thousands)

	<u>Custodial Funds</u>
<b>ADDITIONS</b>	
Sales tax collections for other governments	\$ 3,209,446
Motor fuel tax collections for other governments	80,418
Public utility tax collections for other governments	123,059
Other tax collections for other governments	1,842,473
Fees collected for other governments	3,978
Investment income (loss)	(3,952)
Collateral deposits received	4
Other	7,956
<b>Total additions</b>	<u>5,263,382</u>
<b>DEDUCTIONS</b>	
Payment of sales tax to other governments	3,207,047
Payment of motor fuel tax to other governments	80,456
Payment of public utility tax to other governments	123,059
Payment of other tax to other governments	1,840,879
Payment of fees to other governments	3,981
Collateral deposits returned	14
Other	7,956
<b>Total deductions</b>	<u>5,263,392</u>
<b>Change in net position</b>	(10)
<b>Net position, July 1, 2021</b>	<u>175</u>
<b>NET POSITION, June 30, 2022</b>	<u><u>\$ 165</u></u>

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

**STATE OF ILLINOIS  
DEPARTMENT OF REVENUE**

Notes to Financial Statements

June 30, 2022

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

The Department is organized to provide for administering, collecting, enforcing, and determining distribution of the taxes imposed by the State's major tax acts.

**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' Annual Comprehensive Financial Report may be obtained directly at the Illinois Office of the Comptroller's website ([illinoiscomptroller.gov](http://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, 2022, and the changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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**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 eleven 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, Grocery Tax Replacement, State Coronavirus Urgent Remediation Emergency 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.

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***Fiduciary Fund Types:***

***Custodial*** – 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 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).

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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, State Coronavirus Urgent Remediation Emergency 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, Local Tourism Fund and Build Illinois Bond Fund represent only the portion of the shared fund that can be directly attributed to the operations of the Department. Financial statements for total fund operations of the shared State funds are presented in the State of Illinois' Annual Comprehensive Financial Report. In presenting these financial statements, certain unique accounts are used for the presentation of shared funds. The following accounts are used in these financial statements to present the Department's portion of shared funds:

Unexpended Appropriations

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

Appropriations from State Resources

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

Lapsed Appropriations

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

Receipts Collected and Transmitted to State Treasury

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

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Amount of SAMS Transfers-In

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

Amount of SAMS Transfers-Out

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

**e. Eliminations**

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

**f. Cash and Cash Equivalents**

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

**g. Inventories and Prepaid Expenses**

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

Payments made to vendors for services that will benefit periods beyond the date of this report and prepayments to the Illinois Housing Development Authority for anticipated costs related to approved affordable housing projects 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.

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**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:

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

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

***Committed*** – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the State’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:

***Net Investments in Capital Assets*** – This consists of capital assets, net of accumulated depreciation, and amortization and reduced by outstanding balances for leases related to the acquisition of the capital assets.

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

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

***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

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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**

Effective for the year ending June 30, 2022, the Department adopted 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. The implementation of this Statement impacted the Department's government-wide financial statements and footnote disclosures with recognition of a lease liability and an intangible right to use lease asset.

Effective for the year ending June 30, 2022, the Department adopted 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. The implementation of this Statement had no impact on the Department's financial statements.

Effective for the year ending June 30, 2022, the Department adopted GASB Statement No. 92, *Omnibus 2020*, which enhances comparability in the application of accounting and financial

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reporting requirements and improves the consistency of authoritative literature. The implementation of this Statement had no impact on the Department's financial statements.

Effective for the year ending June 30, 2022, the Department adopted 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. The implementation of this Statement had no impact on the Department's financial statements.

Effective for the year ending June 30, 2022, the Department adopted 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. The implementation of this Statement had no impact on the Department's financial statements.

The portion of Statement No. 99, *Omnibus 2022*, related to extending the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions of Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 were effective upon issuance in April 2022. The implementation of this Statement had no financial impact on the Department's net position or results of operations.

**p. Future Adoption of GASB Statements**

Effective for the year 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 year 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 year 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 year ending June 30, 2023, the Department will adopt GASB Statement No. 99, *Omnibus 2022*, which will enhance comparability in accounting and financial reporting and improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and

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financial reporting for financial guarantees. 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, 2024, the Department will adopt GASB Statement No. 99, *Omnibus 2022*, for the portion related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53.

Effective for the year ending June 30, 2024, the Department will adopt GASB Statement No. 100, *Accounting Changes and Error Corrections—An Amendment of GASB Statement No. 62*, which will enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. 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, 2024, the Department will adopt GASB Statement No. 101, *Compensated Absences*, which will better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. 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' Annual Comprehensive Financial Report.

**b. Securities Lending Transactions**

Under the authority of the State 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 2022, 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

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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 2022 on the amount of the 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 2022 resulting from a default of the borrowers or Deutsche Bank AG.

During fiscal year 2022, 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, 2022, arising from securities lending agreements to the various funds of the State. The total allocated to the Department was \$179.344 million at June 30, 2022, including \$92.535 million allocated to custodial funds administered by the Department.

**4. Taxes Receivable**

Taxes receivable (amounts expressed in thousands) at June 30, 2022, are as follows:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds	Fiduciary Funds
Taxes receivable:				
Income	\$ 1,514,279	\$ 209,285	\$ 1,723,564	\$ -
Sales	598,380	257,686	856,066	199,392
Motor fuel	-	108,631	108,631	7,687
Public utility	6,437	10,537	16,974	508
Other	56,274	53,313	109,587	76,236
Total taxes receivable	<u>2,175,370</u>	<u>639,452</u>	<u>2,814,822</u>	<u>283,823</u>
Less: allowance for uncollectible taxes	<u>501,866</u>	<u>69,083</u>	<u>570,949</u>	<u>33,178</u>
Taxes receivable, net	<u>\$ 1,673,504</u>	<u>\$ 570,369</u>	<u>\$ 2,243,873</u>	<u>\$ 250,645</u>

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**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 repaid when the property is sold, or upon the death of the participant.

Loans receivable (amounts expressed in thousands) at June 30, 2022, are as follows:

	Governmental Activities
Senior Citizens Real Estate Deferred Tax	\$ 33,597

**6. Interfund Balances and Activity**

**a. Balances Due from/to Other Funds**

The following balances (amounts expressed in thousands) at June 30, 2022, represent amounts due from other funds for statutory tax allocations and administrative cost reimbursements.

Fund	Due From	
	Other Department Funds	Other State Funds
General fund	\$ 48,880	\$ 1,676
Nonmajor governmental funds	358,385	131
Fiduciary funds	48,491	-
	\$ 455,756	\$ 1,807

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The following (amounts expressed in thousands) at June 30, 2022, represent amounts due to other funds for statutory tax and fee allocations, administrative expenses, and fringe benefits.

Fund	Due To			
	Other Department Funds	Other State Funds	Other Department Fiduciary Funds	Other State Fiduciary Funds
General fund	\$ 358,385	\$ 207,940	\$ -	\$ -
Nonmajor governmental funds	48,880	59,785	48,491	2,000
	<u>\$ 407,265</u>	<u>\$ 267,725</u>	<u>\$ 48,491</u>	<u>\$ 2,000</u>

**b. Transfers from/to Other Funds**

Interfund transfers in (amounts expressed in thousands) for the year ended June 30, 2022, consisted of the following for statutory tax allocations and administrative cost reimbursements.

Fund	Transfers in from Other Department Funds
General fund	\$ 102,232
Nonmajor governmental funds	512,406
	<u>\$ 614,638</u>

Interfund transfers out (amounts expressed in thousands) for the year ended June 30, 2022, consisted of the following for statutory tax allocations and administrative cost reimbursements.

Fund	Transfers Out		
	Other Department Funds	Other State Funds	Total
General fund	\$ 512,406	\$ 10,509	\$ 522,915
Nonmajor governmental funds	102,232	302,714	404,946
	<u>\$ 614,638</u>	<u>\$ 313,223</u>	<u>\$ 927,861</u>

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

The Illinois Housing Development Authority owed the Department's nonmajor governmental funds \$422.830 million at June 30, 2022, for advances on loan programs. The Department's Nonmajor Funds owe \$41.941 million at June 30, 2022, 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, 2022, was as follows:

	Beginning Balance	Additions	Deletions	Net Transfers	Ending Balance
<b>Governmental activities:</b>					
Capital assets being depreciated/amortized:					
Equipment	\$ 3,353	\$ 6	\$ (265)	\$ -	\$ 3,094
Internally generated software	73,429	4,066	-	-	77,495
	<u>76,782</u>	<u>4,072</u>	<u>(265)</u>	<u>-</u>	<u>80,589</u>
Less accumulated depreciation/amortization:					
Equipment	2,537	284	(265)	-	2,556
Internally generated software	42,534	5,867	-	-	48,401
	<u>45,071</u>	<u>6,151</u>	<u>(265)</u>	<u>-</u>	<u>50,957</u>
Governmental activities capital assets, net	<u>\$ 31,711</u>	<u>\$ (2,079)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,632</u>

Depreciation/amortization expense for governmental activities of \$6,151 (amounts expressed in thousands) for the year ended June 30, 2022, was charged to the general government function.

**8. Leases**

The Department has entered into a 3-year lease for office and computer equipment with a remaining term of less than 1 year. The agreement qualifies as other than a short-term lease under GASB 87 and, therefore, has been recorded at the present values of future minimum lease payments as of the date of its inception, net of accumulated amortization through the date of implementation of the Standard.

The agreement was executed on January 1, 2020. It requires 36 monthly payments of \$9,205 including \$2,720 of non-lease consumables and supplies. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 2.97%, which is the State's current incremental borrowing rate considering both taxable and tax-exempt bonds.

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Right to use lease activity (amounts expressed in thousands) for the year ended June 30, 2022, was as follows:

	Beginning Balance	Additions	Deletions	Net Transfers	Ending Balance
<b>Governmental activities:</b>					
<b>Right to use leased assets being amortized:</b>					
Equipment	\$ -	\$ 114	\$ -	\$ -	\$ 114
<b>Less accumulated amortization:</b>					
Equipment	-	76	-	-	76
<b>Governmental activities capital assets, net</b>	\$ -	\$ 38	\$ -	\$ -	\$ 38

Amortization expense for governmental activities of \$76 (amounts expressed in thousands) for the year ended June 30, 2022, was charged to the general government function.

Future minimum commitments for non-cancelable leases (amounts expressed in thousands) as of June 30, 2022, are as follows:

Year ended June 30,	Principal Payments	Interest Payments	Total
2023	\$ 39	\$ -	\$ 39
Total minimum lease payments	\$ 39	\$ -	\$ 39

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**9. Long-Term Obligations**

Changes in long-term obligations (amounts expressed in thousands) for the year ended June 30, 2022, were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
<b>Governmental activities:</b>					
Lease liability	\$ -	\$ 114	\$ (75)	\$ 39	\$ 39
Compensated absences	10,042	12,924	(13,181)	9,785	1,020
Net pension liability	1,170,059	-	(98,925)	1,071,134	-
OPEB liability	725,357	-	(120,149)	605,208	-
<b>Total governmental activities</b>	<b>\$ 1,905,458</b>	<b>\$ 13,038</b>	<b>\$ (232,330)</b>	<b>\$ 1,686,166</b>	<b>\$ 1,059</b>

The lease liability, compensated absences, the net pension liability, and the net OPEB liability will be liquidated by the applicable governmental funds that incur the obligations or account for the salaries and wages of the related employees.

**10. 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 Annual Comprehensive Financial Report available at [www.srs.illinois.gov](http://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.

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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.

<b>Regular Formula Tier 1</b>	<b>Regular Formula Tier 2</b>
<p>A member must have a minimum of 8 years of service credit and may retire at:</p> <ul style="list-style-type: none"> <li>• Age 60, with 8 years of service credit.</li> <li>• Any age, when the member's age (years &amp; whole months) plus years of service credit (years &amp; whole months) equal 85 years (1,020 months) (Rule of 85) with eight years of credited service.</li> <li>• Between ages 55-60 with 25-30 years of service credit (reduced 1/2 of 1% for each month under age 60).</li> </ul> <p>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.</p> <p>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.</p> <p>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.</p>	<p>A member must have a minimum of 10 years of service credit and may retire at:</p> <ul style="list-style-type: none"> <li>• Age 67, with 10 years of credited service.</li> <li>• Between ages 62-67 with 10 years of credited service (reduced 1/2 of 1% for each month under age 67).</li> </ul> <p>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 2021 rate is \$116,740.</p> <p>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.</p> <p>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.</p>

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.

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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 (ILCS). 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 2022, this amount was \$119,892.

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 2022, 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 2022, the employer contribution rate was 56.169%. The Department's contribution amount for fiscal year 2022 was \$58.289 million. In addition, the Department recorded \$25.027 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, 2022, the Department reported a liability of \$1.071 billion 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, 2021 (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, 2021. As of the current year measurement date of June 30, 2021, the Department's proportion was 3.2360%, which was a decrease of 0.1196% from its proportion measured as of the prior year measurement date (3.3556%).

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For the year ended June 30, 2022, the Department recognized pension expense of \$76.702 million which is reported in the General government function of the Statement of Activities. The Department recognized revenue for a portion of this amount (\$25.027 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, 2022, 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	\$ 16,806	\$ 934
Changes of assumptions	41,695	1,218
Net difference between projected and actual investment earnings on pension plan investments	-	82,562
Changes in proportion	112,285	168,891
Department contributions subsequent to the measurement date	83,316	-
Total	\$ 254,102	\$ 253,605

\$83.316 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, 2023. 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
2023	\$ (13,738)
2024	(27,078)
2025	(20,390)
2026	(21,613)
Total	\$ (82,819)

**Actuarial Methods and Assumptions.** The total pension liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.25%

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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 an 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.

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, 2021, the best estimates of the geometric real rates of return are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
U.S. Equity	23%	4.80%
Developed Foreign Equity	13%	5.30%
Emerging Market Equity	8%	6.50%
Private Equity	7%	6.80%
Intermediate Investment Grade Bonds	14%	0.40%
Long-term Government Bonds	4%	0.60%
TIPS	4%	0.30%
High Yield and Bank Loans	5%	2.50%
Opportunistic Debt	8%	4.30%
Emerging Market Debt	2%	2.20%
Real Estate	10%	5.60%
Infrastructure	2%	6.50%
<b>Total</b>	<u>100%</u>	

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**Discount Rate.** A discount rate of 6.20% was used to measure the total pension liability as of the measurement date of June 30, 2021, as compared to a discount rate of 6.35% used to measure the total liability as of the prior year measurement date. The June 30, 2021, 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 1.92%, based on an index of 20-year general obligation bonds with an average AA credit rating as published by the Federal Reserve. 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 2076. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2076, 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 (5.20%)	Discount Rate (6.20%)	1% Increase (7.20%)
Department's proportionate share of the net pension liability	\$ 1,321,726	\$ 1,071,134	\$ 865,470

**Payables to the pension plan.** At June 30, 2022, the Department reported a payable of \$2.003 million to SERS for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2022.

**11. 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.

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**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 2022, the annual cost of the basic program of group health, dental, and vision benefits before the State's contribution was \$11,363.04 (\$6,290.40 if Medicare eligible) if the annuitant chose benefits provided by a health maintenance organization and \$13,619.28 (\$5,623.44 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, 2022, was measured as of June 30, 2021 (measurement date), based on an actuarial valuation as of June 30, 2020. Update procedures were used to roll forward the total OPEB liability to the measurement date. At June 30, 2022, the Department recorded a liability of \$605.208 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, 2021. As of the current year measurement date, the Department's proportion was 1.7335%, which was an increase of 0.0214% from its proportion measured as of the prior year measurement date (1.7121%).

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The Department recognized OPEB expense for the year ended June 30, 2022, of (\$35.788) million. In addition, the Department recorded (\$4.512) million of revenue and expenditures in the General Revenue account of the General Fund to account for contributions to SEGIP for Department employees who were paid from the statewide General Revenue Fund appropriations. At June 30, 2022, the Department reported deferred outflows and deferred inflows of resources, as of the measurement date of June 30, 2021, from the following sources (amounts expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,421	\$ 4,211
Changes of assumptions	13,689	166,562
Changes in proportion and differences between employer contributions and proportionate share of contributions	59,616	120,702
Department contributions subsequent to the measurement date	13,675	-
<b>Total</b>	<b>\$ 91,401</b>	<b>\$ 291,475</b>

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, 2023. 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
2023	\$ (63,991)
2024	(51,361)
2025	(61,652)
2026	(31,683)
2027	(5,062)
Total	<b>\$ (213,749)</b>

**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, 2020, for eligible SEGIP employees, and SEGIP retiree data as of June 30, 2020.

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<b>Valuation Date</b>	June 30, 2020
<b>Measurement Date</b>	June 30, 2021
<b>Actuarial Cost Method</b>	Entry Age Normal
<b>Inflation Rate</b>	2.25%
<b>Projected Salary Increases *</b>	2.50% - 12.25%
<b>Discount Rate</b>	1.92%
<b>Healthcare Cost Trend Rate:</b>	
Medical & Rx (Pre-Medicare & Post-Medicare)	8.00% grading down 0.25% per year over 15 years to 4.25% in year 2038. There is no additional trend rate adjustment due to the repeal of the Excise Tax.
Dental and Vision	3.75% grading up 0.25% in the first year to 4.00% through 2038.
<b>Retirees' Share of Benefit-Related Costs</b>	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 2021 and 2022 are based on actual premiums. Premiums after 2022 were projected based on the healthcare cost trend rates applied to per capita claim costs.
<p>Note: the above actuarial assumptions were used to calculate the OPEB liability as of the current year measurement date and are consistent with the actuarial assumptions used to calculate the OPEB liability as of the prior year measurement date except for the following:</p>	

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Healthcare Cost Trend Rate:

Medical and Rx (Pre-Medicare & Post-Medicare)	8.25% grading down 0.25% per year over 16 years to an ultimate trend of 4.25% in the year 2037. There is no additional trend rate adjustment due to the repeal of the Excise Tax.
Dental and Vision	4.00% grading up 0.25% in the first year to 4.25% through 2037.

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

Additionally, the demographic assumptions used in this OPEB valuation are identical to those used in the June 30, 2020, valuations for GARS, JRS, SERS, TRS, and SURS as follows:

	<u>Retirement age experience study<sup>^</sup></u>	<u>Mortality<sup>^^</sup></u>
GARS	July 2015 – June 2018	Pub-2010 Above-Median Income General Healthy Retiree Mortality tables, sex distinct, scaling factors of 99% for males and females and generational mortality improvements using MP-2018 two-dimensional improvement scales
JRS	July 2015 – June 2018	Pub-2010 Above-Median Income General Healthy Retiree Mortality tables, sex distinct, scaling factors of 102% for males and 98% for females and generational mortality improvements using MP-2018 two-dimensional improvement scales
SERS	July 2015 – June 2018	Pub-2010 Above-Median Income General Healthy Retiree Mortality tables, sex distinct, with rates projected to 2018 generational mortality improvement factors were updated to projection scale MP-2018
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

<sup>^</sup> The actuarial assumptions used in the respective actuarial valuations are based on the results of actuarial experience studies for the periods defined.

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

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Demographic assumptions used in OPEB valuation are identical to those used in the June 30, 2020, valuations for Pensions. Thus, for GARS, JRS and SERS, the 2020 valuation information for pensions is presented in the FY 2021 ACFR in FN 16. For TRS and SURS, the 2020 valuation information is presented in the FY 2021 ACFR in FN 16 (the FN shows FY 2019 but it is actually FY 2019 Census data rolled forward to the FY 2020 Valuation date).

**Discount rate.** Retirees contribute a percentage of the premium rate based on service at retirement. The State contributes additional amounts to cover claims and expenses in excess of retiree contributions. 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 of the measurement date. A single discount rate of 2.45% at June 30, 2020, and 1.92% at June 30, 2021, 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 1.92%, 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 (2.92%) or lower (0.92%) than the current rate (amounts expressed in thousands):

	1% Decrease (0.92%)	Current Single Discount Rate Assumption (1.92%)	1% Increase (2.92%)
Department's proportionate share of total OPEB liability	\$ 714,746	\$ 605,208	\$ 518,540

**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 2023 decreasing to an ultimate trend of 4.25% in 2038.

	1% Decrease	Current Healthcare Cost Trend Rates Assumption	1% Increase
Department's proportionate share of total OPEB liability	\$ 505,027	\$ 605,208	\$ 737,772

**STATE OF ILLINOIS  
DEPARTMENT OF REVENUE**

Notes to Financial Statements

June 30, 2022

**12. 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 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 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 business 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, 2022, the State abated income taxes totaling \$165.819 million and \$8.207 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 reduced the amount shared by \$9.566 million. Taxes abated under the Angel Investment Credit Program reduced the amount shared by \$0.453 million.

**STATE OF ILLINOIS  
DEPARTMENT OF REVENUE**

Notes to Financial Statements

June 30, 2022

**13. Fund Balance (Deficit)**

**a. Fund Balances (Deficits)**

At June 30, 2022, the Department's fund balance (deficit) restrictions (amounts expressed in thousands) were for the following purposes:

	General Fund	Nonmajor Special Revenue Funds	Total
Restricted purpose:			
General government	\$ -	\$ 4	\$ 4
Committed purpose:			
General government	325,000	216,656	541,656
Health and social services	18,785	444,005	462,790
Employment and economic development	-	1,981	1,981
Environment and business regulation	-	8,687	8,687
Education	206,251	-	206,251
Capital outlay	25,661	158,611	184,272
Total committed	<u>575,697</u>	<u>829,940</u>	<u>1,405,637</u>
Total unassigned	<u>(947,886)</u>	<u>(31,389)</u>	<u>(979,275)</u>
Total fund balances (deficit)	<u>\$ (372,189)</u>	<u>\$ 798,555</u>	<u>\$ 426,366</u>

**b. Fund Deficits**

The following subaccounts of the General Fund of the Department had deficit balances; the Income Tax Refund Fund (\$2.614) billion, the School Infrastructure Fund (\$1.042) million, the State Coronavirus Urgent Remediation Emergency (\$49.429) million and the following nonmajor governmental funds had fund deficits at June 30, 2022, as noted: Road Fund (\$10.978) million, Illinois Gaming Law Enforcement Fund (\$299) thousand, and Local Government Distributive Fund (\$20.112) million. The fund deficits will be managed through future revenues earned and other sources of financial resources.

**14. 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, 2022.

**STATE OF ILLINOIS  
DEPARTMENT OF REVENUE**

Notes to Financial Statements

June 30, 2022

**15. Commitments and Contingencies**

**a. Lease Commitments**

The Department leases certain office and computer equipment necessary for operations which require the Department to make monthly lease payments. Information regarding the right to use assets and related lease liabilities are included in Note 8.

**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.

**16. Illinois Family Relief Plan**

The State passed legislation to provide tax relief to Illinoisans. Public Act (Act) 102-0700 directs the Department to issue one-time income and residential real estate tax rebates to eligible taxpayers. The payments will be made in state fiscal year 2023. The Department recognized a \$1,205,000 liability in the General Fund at June 30, 2022.

The Act also provides grocery tax relief. The State imposes a sales tax on grocery items. A portion of the tax is passed onto Illinois local governments in the form of shared revenue payments. The tax is suspended for sales made during fiscal year 2023. The Department is required during fiscal year 2023 to pay to those local governments the revenue they would receive if the tax was not suspended. The Grocery Tax Replacement Fund was created for this purpose and is a subaccount of the General Fund. \$325,000,000 was transferred to the fund during fiscal year 2022. The Department reported the fund balance as committed at June 30, 2022.

State of Illinois  
Department of Revenue

Combining Schedule of Accounts  
General Fund

June 30, 2022 (Expressed in Thousands)

	General Revenue Account 0001	Common School Special 0005	Education Assistance 0007	Illinois Sports Facility 0225	Income Tax Refund 0278	State Coronavirus Urgent Remediation Emergency 0324	Common School 0412	School Infrastructure 0568	Fund for the Advancement of Education 0640	Commitment to Human Services 0644	Grocery Tax Replacement 0683	Capital Projects 0694	Eliminations	Total
<b>ASSETS</b>														
Unexpended appropriations	\$ 2,044	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,044
Cash equity in State Treasury	372,266	110,641	21,527	13,949	2,671,210	-	1,180	446	9,221	9,221	325,000	3,675	-	3,538,336
Taxes receivable, net	1,248,104	131,732	74,326	4,267	135,369	-	1,694	331	27,715	27,715	-	22,251	-	1,673,504
Due from other Department funds	1,519,216	10,559	-	-	-	-	-	-	-	-	-	-	(1,480,895)	48,880
Due from other State funds	-	-	-	-	1,676	-	-	-	-	-	-	-	-	1,676
Due from State of Illinois component units	-	-	-	-	-	300	-	-	-	-	-	-	-	300
<b>Total assets</b>	<b>\$ 3,141,630</b>	<b>\$ 252,932</b>	<b>\$ 95,853</b>	<b>\$ 18,216</b>	<b>\$ 2,808,255</b>	<b>\$ 300</b>	<b>\$ 2,874</b>	<b>\$ 777</b>	<b>\$ 36,936</b>	<b>\$ 36,936</b>	<b>\$ 325,000</b>	<b>\$ 25,926</b>	<b>\$ (1,480,895)</b>	<b>\$ 5,264,740</b>
<b>LIABILITIES</b>														
Accounts payable and accrued liabilities	\$ 251,128	\$ 75,990	\$ 722	\$ -	\$ 1,008	\$ -	\$ 1,839	\$ 1,819	\$ 330	\$ 330	\$ -	\$ 265	\$ -	\$ 333,431
Income tax refunds payable	-	-	-	-	2,160,000	-	-	-	-	-	-	-	-	2,160,000
Tax rebates payable	-	-	-	-	1,205,000	-	-	-	-	-	-	-	-	1,205,000
Intergovernmental payables	136	-	-	9,357	-	-	-	-	-	-	-	-	-	9,493
Due to other Department funds	-	-	-	-	1,839,280	-	-	-	-	-	-	-	(1,480,895)	358,385
Due to other State funds	197,926	-	-	8,859	1,155	-	-	-	-	-	-	-	-	207,940
Unearned revenue	711,672	-	61,479	-	183,741	49,729	-	-	6,434	6,434	-	-	-	1,019,489
<b>Total liabilities</b>	<b>1,160,862</b>	<b>75,990</b>	<b>62,201</b>	<b>18,216</b>	<b>5,390,184</b>	<b>49,729</b>	<b>1,839</b>	<b>1,819</b>	<b>6,764</b>	<b>6,764</b>	<b>-</b>	<b>265</b>	<b>(1,480,895)</b>	<b>5,293,738</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>														
Unavailable revenue	264,239	-	24,163	-	32,015	-	-	-	11,387	11,387	-	-	-	343,191
<b>Total deferred inflows of resources</b>	<b>264,239</b>	<b>-</b>	<b>24,163</b>	<b>-</b>	<b>32,015</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,387</b>	<b>11,387</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>343,191</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>1,425,101</b>	<b>75,990</b>	<b>86,364</b>	<b>18,216</b>	<b>5,422,199</b>	<b>49,729</b>	<b>1,839</b>	<b>1,819</b>	<b>18,151</b>	<b>18,151</b>	<b>-</b>	<b>265</b>	<b>(1,480,895)</b>	<b>5,636,929</b>
<b>FUND BALANCES (DEFICITS)</b>														
Restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Committed	-	176,942	9,489	-	-	-	1,035	-	18,785	18,785	325,000	25,661	-	575,697
Unassigned	1,716,529	-	-	-	(2,613,944)	(49,429)	-	(1,042)	-	-	-	-	-	(947,886)
Total fund balances (deficits)	1,716,529	176,942	9,489	-	(2,613,944)	(49,429)	1,035	(1,042)	18,785	18,785	325,000	25,661	-	(372,189)
<b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b>	<b>\$ 3,141,630</b>	<b>\$ 252,932</b>	<b>\$ 95,853</b>	<b>\$ 18,216</b>	<b>\$ 2,808,255</b>	<b>\$ 300</b>	<b>\$ 2,874</b>	<b>\$ 777</b>	<b>\$ 36,936</b>	<b>\$ 36,936</b>	<b>\$ 325,000</b>	<b>\$ 25,926</b>	<b>\$ (1,480,895)</b>	<b>\$ 5,264,740</b>

State of Illinois  
Department of Revenue

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

For the Year Ended June 30, 2022 (Expressed in Thousands)

	General Revenue Account 0001	Common School Special 0005	Education Assistance 0007	Illinois Sports Facility 0225	Income Tax Refund 0278	State Coronavirus Urgent Remediation Emergency 0324	Common School 0412	School Infrastructure 0568	Fund for the Advancement of Education 0640	Commitment to Human Services 0644	Grocery Tax Replacement 0683	Capital Projects 0694	Eliminations	Total
<b>REVENUES</b>														
Federal operating grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,577	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,577
Income taxes	26,076,729	-	2,351,128	-	236,940	-	-	-	889,036	889,036	-	-	-	30,442,869
Sales taxes	7,586,856	2,704,829	-	-	-	-	-	-	-	-	-	64,281	-	10,355,966
Public utility taxes	713,251	-	-	-	-	-	49,573	37,573	-	-	-	-	-	800,397
Other taxes	470,031	-	-	8,858	-	-	58,975	-	-	-	-	432,100	-	969,964
Licenses and fees	101	-	-	-	-	-	137	-	-	-	-	-	-	238
Other	503	-	-	-	-	-	-	-	-	-	-	-	-	503
<b>Total revenues</b>	<b>34,847,471</b>	<b>2,704,829</b>	<b>2,351,128</b>	<b>8,858</b>	<b>236,940</b>	<b>23,577</b>	<b>108,685</b>	<b>37,573</b>	<b>889,036</b>	<b>889,036</b>	<b>-</b>	<b>496,381</b>	<b>-</b>	<b>42,593,514</b>
<b>EXPENDITURES</b>														
General government	77,308	-	-	-	53	73,306	-	-	-	-	-	-	-	150,667
Employment and economic development	-	-	-	5,000	-	-	-	-	-	-	-	-	-	5,000
<b>Total expenditures</b>	<b>77,308</b>	<b>-</b>	<b>-</b>	<b>5,000</b>	<b>53</b>	<b>73,306</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>155,667</b>
<b>Excess of revenues over expenditures</b>	<b>34,770,163</b>	<b>2,704,829</b>	<b>2,351,128</b>	<b>3,858</b>	<b>236,887</b>	<b>(49,729)</b>	<b>108,685</b>	<b>37,573</b>	<b>889,036</b>	<b>889,036</b>	<b>-</b>	<b>496,381</b>	<b>-</b>	<b>42,437,847</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>														
Appropriations from State resources	78,578	-	-	-	-	923,000	-	-	-	-	-	-	-	1,001,578
Lapsed appropriations	(1,200)	-	-	-	-	(849,394)	-	-	-	-	-	-	-	(850,594)
Receipts collected and transmitted to State Treasury	(34,827,391)	-	(2,354,049)	-	-	(73,306)	(105,864)	(35,010)	(891,103)	(891,103)	-	(494,906)	-	(39,672,732)
Amount of SAMS transfers in	(339,203)	-	-	-	-	-	(2,613,621)	-	-	-	-	-	-	(2,952,824)
Amount of SAMS transfers out	1,609,283	-	-	-	-	-	-	-	-	-	-	-	-	1,609,283
Transfers in	1,578,127	-	-	5,000	1,155,000	-	2,613,621	-	-	-	325,000	-	(5,574,516)	102,232
Transfers out	(1,480,000)	(2,613,621)	-	(8,858)	(1,994,952)	-	-	-	-	-	-	-	5,574,516	(522,915)
<b>Net other sources (uses) of financial resources</b>	<b>(33,381,806)</b>	<b>(2,613,621)</b>	<b>(2,354,049)</b>	<b>(3,858)</b>	<b>(839,952)</b>	<b>300</b>	<b>(105,864)</b>	<b>(35,010)</b>	<b>(891,103)</b>	<b>(891,103)</b>	<b>325,000</b>	<b>(494,906)</b>	<b>-</b>	<b>(41,285,972)</b>
<b>Net change in fund balances</b>	<b>1,388,357</b>	<b>91,208</b>	<b>(2,921)</b>	<b>-</b>	<b>(603,065)</b>	<b>(49,429)</b>	<b>2,821</b>	<b>2,563</b>	<b>(2,067)</b>	<b>(2,067)</b>	<b>325,000</b>	<b>1,475</b>	<b>-</b>	<b>1,151,875</b>
Fund balances (deficits), July 1, 2021	328,172	85,734	12,410	-	(2,010,879)	-	(1,786)	(3,605)	20,852	20,852	-	24,186	-	(1,524,064)
<b>FUND BALANCES (DEFICITS), JUNE 30, 2022</b>	<b>\$ 1,716,529</b>	<b>\$ 176,942</b>	<b>\$ 9,489</b>	<b>\$ -</b>	<b>\$ (2,613,944)</b>	<b>\$ (49,429)</b>	<b>\$ 1,035</b>	<b>\$ (1,042)</b>	<b>\$ 18,785</b>	<b>\$ 18,785</b>	<b>\$ 325,000</b>	<b>\$ 25,661</b>	<b>\$ -</b>	<b>\$ (372,189)</b>

**State of Illinois**  
**Department of Revenue**  
**Combining Balance Sheet -**  
**Nonmajor Governmental Funds**

June 30, 2022 (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
<b>ASSETS</b>									
Unexpended appropriations	\$ -	\$ 3,880	\$ -	\$ 79	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity in State Treasury	-	256	65	-	335	24	17,915	153,623	-
Cash and cash equivalents	-	-	-	-	-	-	-	-	-
Securities lending collateral equity with State Treasurer	-	-	-	-	-	-	-	-	-
Taxes receivable, net	32,394	104,959	2	26	1,544	264	1	33,388	-
Intergovernmental receivables	-	-	-	-	-	-	-	-	-
Other receivables, net	-	-	-	-	-	1	-	-	-
Due from other Department funds	-	-	-	-	-	-	-	-	8,768
Due from other State funds	-	-	-	-	-	-	-	-	-
Loans and notes receivable, long-term	-	-	-	-	-	-	-	-	-
Due from State of Illinois component units	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 32,394</b>	<b>\$ 109,095</b>	<b>\$ 67</b>	<b>\$ 105</b>	<b>\$ 1,879</b>	<b>\$ 289</b>	<b>\$ 17,916</b>	<b>\$ 187,011</b>	<b>\$ 8,768</b>
<b>LIABILITIES</b>									
Accounts payable and accrued liabilities	\$ -	\$ 2,565	\$ 19	\$ 42	\$ 1,665	\$ 23	\$ 13	\$ -	\$ -
Intergovernmental payables	-	57	-	3	-	564	-	29,737	8,768
Obligations under securities lending of State Treasurer	-	-	-	-	-	-	-	-	-
Due to other Department fiduciary funds	-	-	-	-	-	-	-	-	-
Due to other State fiduciary funds	-	483	-	24	-	-	-	-	-
Due to other Department funds	-	-	-	-	-	-	-	157,274	-
Due to other State funds	43,372	2,436	-	10	-	-	-	-	-
Due to State of Illinois component units	-	-	-	-	-	-	17,843	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>43,372</b>	<b>5,541</b>	<b>19</b>	<b>79</b>	<b>1,665</b>	<b>587</b>	<b>17,856</b>	<b>187,011</b>	<b>8,768</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Unavailable revenue	-	-	1	26	-	1	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>26</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>43,372</b>	<b>5,541</b>	<b>20</b>	<b>105</b>	<b>1,665</b>	<b>588</b>	<b>17,856</b>	<b>187,011</b>	<b>8,768</b>
<b>FUND BALANCES (DEFICITS)</b>									
Restricted	-	-	-	-	-	-	-	-	-
Committed	-	103,554	47	-	214	-	60	-	-
Unassigned	(10,978)	-	-	-	-	(299)	-	-	-
Total fund balances (deficits)	(10,978)	103,554	47	-	214	(299)	60	-	-
<b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b>	<b>\$ 32,394</b>	<b>\$ 109,095</b>	<b>\$ 67</b>	<b>\$ 105</b>	<b>\$ 1,879</b>	<b>\$ 289</b>	<b>\$ 17,916</b>	<b>\$ 187,011</b>	<b>\$ 8,768</b>

(Continued)

**State of Illinois**  
**Department of Revenue**  
**Combining Balance Sheet -**  
**Nonmajor Governmental Funds**

June 30, 2022 (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
<b>ASSETS</b>									
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity in State Treasury	109,654	460,098	2	182,456	7	30	70	31,936	220,545
Cash and cash equivalents	-	-	-	-	-	-	-	-	-
Securities lending collateral equity with State Treasurer	-	-	-	30,822	-	-	-	4,650	-
Taxes receivable, net	20,226	110,816	-	11	-	3	8	950	63,863
Intergovernmental receivables	-	-	-	-	-	-	-	-	-
Other receivables, net	-	-	891	179	3,386	-	-	6,130	-
Due from other Department funds	-	-	-	-	-	-	-	-	95,817
Due from other State funds	-	-	-	-	-	-	-	131	-
Loans and notes receivable, long-term	-	-	-	-	-	-	-	-	-
Due from State of Illinois component units	-	-	-	422,830	-	-	-	-	-
<b>Total assets</b>	<b>\$ 129,880</b>	<b>\$ 570,914</b>	<b>\$ 893</b>	<b>\$ 636,298</b>	<b>\$ 3,393</b>	<b>\$ 33</b>	<b>\$ 78</b>	<b>\$ 43,797</b>	<b>\$ 380,225</b>
<b>LIABILITIES</b>									
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 60	\$ 1,957	\$ 228	\$ 26	\$ 60	\$ 3,274	\$ 609
Intergovernmental payables	81,389	570,914	-	-	-	-	-	69	323,451
Obligations under securities lending of State Treasurer	-	-	-	30,822	-	-	-	4,650	-
Due to other Department fiduciary funds	48,491	-	-	-	-	-	-	-	-
Due to other State fiduciary funds	-	-	-	-	-	-	-	472	-
Due to other Department funds	-	-	-	-	182	-	-	-	-
Due to other State funds	-	-	-	-	-	-	-	2,923	-
Due to State of Illinois component units	-	-	-	23,990	-	-	-	55	-
Unearned revenue	-	-	-	204,700	-	-	-	-	56,165
<b>Total liabilities</b>	<b>129,880</b>	<b>570,914</b>	<b>60</b>	<b>261,469</b>	<b>410</b>	<b>26</b>	<b>60</b>	<b>11,443</b>	<b>380,225</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Unavailable revenue	-	-	-	-	-	-	-	-	20,112
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,112</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>129,880</b>	<b>570,914</b>	<b>60</b>	<b>261,469</b>	<b>410</b>	<b>26</b>	<b>60</b>	<b>11,443</b>	<b>400,337</b>
<b>FUND BALANCES (DEFICITS)</b>									
Restricted	-	-	-	-	-	-	-	-	-
Committed	-	-	833	374,829	2,983	7	18	32,354	-
Unassigned	-	-	-	-	-	-	-	-	(20,112)
Total fund balances (deficits)	-	-	833	374,829	2,983	7	18	32,354	(20,112)
<b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b>	<b>\$ 129,880</b>	<b>\$ 570,914</b>	<b>\$ 893</b>	<b>\$ 636,298</b>	<b>\$ 3,393</b>	<b>\$ 33</b>	<b>\$ 78</b>	<b>\$ 43,797</b>	<b>\$ 380,225</b>

(Continued)

**State of Illinois**  
**Department of Revenue**  
**Combining Balance Sheet -**  
**Nonmajor Governmental Funds**

June 30, 2022 (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
<b>ASSETS</b>									
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity in State Treasury	1	-	-	-	1	767,865	11,595	219	1,767
Cash and cash equivalents	-	-	-	-	-	-	-	-	-
Securities lending collateral equity with State Treasurer	-	-	-	-	-	51,337	-	-	-
Taxes receivable, net	18	8,313	-	497	-	109,380	10,835	-	-
Intergovernmental receivables	-	-	-	-	-	-	-	2	3
Other receivables, net	-	-	470	-	-	298	-	-	-
Due from other Department funds	-	-	-	-	-	358,385	-	-	-
Due from other State funds	-	-	-	-	-	-	-	-	-
Loans and notes receivable, long-term	-	-	-	-	-	-	-	-	-
Due from State of Illinois component units	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 19</b>	<b>\$ 8,313</b>	<b>\$ 470</b>	<b>\$ 497</b>	<b>\$ 1</b>	<b>\$ 1,287,265</b>	<b>\$ 22,430</b>	<b>\$ 221</b>	<b>\$ 1,770</b>
<b>LIABILITIES</b>									
Accounts payable and accrued liabilities	\$ 2	\$ 39	\$ 2	\$ 30	\$ -	23,019	\$ -	\$ -	\$ -
Intergovernmental payables	-	-	-	-	-	747,057	22,430	-	-
Obligations under securities lending of State Treasurer	-	-	-	-	-	51,337	-	-	-
Due to other Department fiduciary funds	-	-	-	-	-	-	-	-	-
Due to other State fiduciary funds	-	-	-	-	-	1,021	-	-	-
Due to other Department funds	-	-	-	-	1	-	-	-	-
Due to other State funds	-	-	-	-	-	284	-	-	-
Due to State of Illinois component units	-	-	-	-	-	-	-	-	53
Unearned revenue	-	-	-	-	-	280,545	-	-	-
<b>Total liabilities</b>	<b>2</b>	<b>39</b>	<b>2</b>	<b>30</b>	<b>1</b>	<b>1,103,263</b>	<b>22,430</b>	<b>-</b>	<b>53</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Unavailable revenue	-	-	-	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>2</b>	<b>39</b>	<b>2</b>	<b>30</b>	<b>1</b>	<b>1,103,263</b>	<b>22,430</b>	<b>-</b>	<b>53</b>
<b>FUND BALANCES (DEFICITS)</b>									
Restricted	-	-	-	-	-	-	-	-	-
Committed	17	8,274	468	467	-	184,002	-	221	1,717
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances (deficits)	17	8,274	468	467	-	184,002	-	221	1,717
<b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b>	<b>\$ 19</b>	<b>\$ 8,313</b>	<b>\$ 470</b>	<b>\$ 497</b>	<b>\$ 1</b>	<b>\$ 1,287,265</b>	<b>\$ 22,430</b>	<b>\$ 221</b>	<b>\$ 1,770</b>

(Continued)

**State of Illinois**  
**Department of Revenue**  
**Combining Balance Sheet -**  
**Nonmajor Governmental Funds**

June 30, 2022 (Expressed in Thousands)

	Special Revenue							Total
	Senior Citizen							
	Cannabis Regulation 0912	Real Estate Deferred Tax 0930	Build Illinois 0960	Local Tourism 0969	Build Illinois Bond 0971	Evidence 1369	Eliminations	
<b>ASSETS</b>								
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,959
Cash equity in State Treasury	2,746	26,491	11,377	-	-	-	-	1,999,078
Cash and cash equivalents	-	-	-	-	-	4	-	4
Securities lending collateral equity with State Treasurer	-	-	-	-	-	-	-	86,809
Taxes receivable, net	20,905	-	50,354	1,612	-	-	-	570,369
Intergovernmental receivables	-	-	-	-	-	-	-	5
Other receivables, net	-	15,923	-	-	-	-	-	27,278
Due from other Department funds	-	-	11,932	-	-	-	(116,517)	358,385
Due from other State funds	-	-	-	-	-	-	-	131
Loans and notes receivable, long-term	-	33,597	-	-	-	-	-	33,597
Due from State of Illinois component units	-	-	-	-	-	-	-	422,830
<b>Total assets</b>	<b>\$ 23,651</b>	<b>\$ 76,011</b>	<b>\$ 73,663</b>	<b>\$ 1,612</b>	<b>\$ -</b>	<b>\$ 4</b>	<b>\$ (116,517)</b>	<b>\$ 3,502,445</b>
<b>LIABILITIES</b>								
Accounts payable and accrued liabilities	\$ 1,735	\$ -	\$ 18,606	\$ 98	\$ -	\$ -	\$ -	\$ 54,072
Intergovernmental payables	-	-	-	-	-	-	-	1,784,439
Obligations under securities lending of State Treasurer	-	-	-	-	-	-	-	86,809
Due to other Department fiduciary funds	-	-	-	-	-	-	-	48,491
Due to other State fiduciary funds	-	-	-	-	-	-	-	2,000
Due to other Department funds	7,940	-	-	-	-	-	(116,517)	48,880
Due to other State funds	10,760	-	-	-	-	-	-	59,785
Due to State of Illinois component units	-	-	-	-	-	-	-	41,941
Unearned revenue	-	-	-	-	-	-	-	541,410
<b>Total liabilities</b>	<b>20,435</b>	<b>-</b>	<b>18,606</b>	<b>98</b>	<b>-</b>	<b>-</b>	<b>(116,517)</b>	<b>2,667,827</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue	-	15,923	-	-	-	-	-	36,063
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>15,923</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,063</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>20,435</b>	<b>15,923</b>	<b>18,606</b>	<b>98</b>	<b>-</b>	<b>-</b>	<b>(116,517)</b>	<b>2,703,890</b>
<b>FUND BALANCES (DEFICITS)</b>								
Restricted	-	-	-	-	-	4	-	4
Committed	3,216	60,088	55,057	1,514	-	-	-	829,940
Unassigned	-	-	-	-	-	-	-	(31,389)
Total fund balances (deficits)	3,216	60,088	55,057	1,514	-	4	-	798,555
<b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b>	<b>\$ 23,651</b>	<b>\$ 76,011</b>	<b>\$ 73,663</b>	<b>\$ 1,612</b>	<b>\$ -</b>	<b>\$ 4</b>	<b>\$ (116,517)</b>	<b>\$ 3,502,445</b>

(Concluded)

State of Illinois  
Department of Revenue

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

For the Year Ended June 30, 2022 (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	County & Mass Transit 0188
<b>REVENUES</b>										
Federal operating grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Income taxes	-	-	-	-	-	-	-	-	-	-
Sales taxes	157,281	-	-	-	20,273	-	-	163,566	62,131	483,335
Motor fuel taxes	-	1,214,612	-	62,194	-	-	-	-	-	-
Public utility taxes	-	-	6,650	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	1,475	16,570	-	-	-
Licenses and fees	-	1,235	3	-	-	211	-	-	-	-
Other charges for services	-	-	-	-	-	-	-	-	-	-
Interest and other investment income	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>157,281</b>	<b>1,215,847</b>	<b>6,653</b>	<b>62,194</b>	<b>20,273</b>	<b>1,686</b>	<b>16,570</b>	<b>163,566</b>	<b>62,131</b>	<b>483,335</b>
<b>EXPENDITURES</b>										
General government	-	48,152	-	2,214	-	-	19,494	-	-	-
Health and social services	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-
Public protection and justice	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	563	-	125,766	62,131	483,335
Debt service - principal	-	75	-	-	-	-	-	-	-	-
Debt service - interest	-	2	-	-	-	-	-	-	-	-
Capital outlay	-	120	-	-	-	-	-	-	-	-
Capital lease and installment purchases	-	(114)	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>48,235</b>	<b>-</b>	<b>2,214</b>	<b>-</b>	<b>563</b>	<b>19,494</b>	<b>125,766</b>	<b>62,131</b>	<b>483,335</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>157,281</b>	<b>1,167,612</b>	<b>6,653</b>	<b>59,980</b>	<b>20,273</b>	<b>1,123</b>	<b>(2,924)</b>	<b>37,800</b>	<b>-</b>	<b>-</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>										
Appropriations from State resources	-	128,105	-	2,241	-	1,401	-	-	-	-
Lapsed appropriations	-	(45,847)	-	(27)	-	(1,014)	-	-	-	-
Receipts collected and transmitted to State Treasury	(132,404)	(1,252,227)	(6,647)	(67,659)	(20,867)	(1,693)	-	-	-	-
Amount of SAMS transfers in	-	-	-	-	-	-	-	-	-	-
Amount of SAMS transfers out	150,000	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	(154,016)	-	-	-	-	-	-	(37,800)	-	-
<b>Net other sources (uses) of financial resources</b>	<b>(136,420)</b>	<b>(1,169,969)</b>	<b>(6,647)</b>	<b>(65,445)</b>	<b>(20,867)</b>	<b>(1,306)</b>	<b>-</b>	<b>(37,800)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>20,861</b>	<b>(2,357)</b>	<b>6</b>	<b>(5,465)</b>	<b>(594)</b>	<b>(183)</b>	<b>(2,924)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances (deficits), July 1, 2021	(31,839)	105,911	41	5,465	808	(116)	2,984	-	-	-
<b>FUND BALANCES (DEFICITS), JUNE 30, 2022</b>	<b>\$ (10,978)</b>	<b>\$ 103,554</b>	<b>\$ 47</b>	<b>\$ -</b>	<b>\$ 214</b>	<b>\$ (299)</b>	<b>\$ 60</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

(Continued)

State of Illinois  
Department of Revenue

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

For the Year Ended June 30, 2022 (Expressed in Thousands)

	Special Revenue								
	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	Drycleaner Environmental Response 0548
<b>REVENUES</b>									
Federal operating grants	\$ -	\$ -	\$ 380,694	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Income taxes	-	-	-	-	-	-	3,094	1,998,618	-
Sales taxes	2,358,553	-	-	-	-	-	2,240	395,789	-
Motor fuel taxes	-	-	-	-	-	-	-	-	-
Public utility taxes	-	-	-	-	-	-	10	-	-
Other taxes	-	-	60,848	-	18,252	42,592	855	-	142
Licenses and fees	-	3,895	-	14,904	-	-	78,960	-	830
Other charges for services	-	-	-	-	-	-	147	-	-
Interest and other investment income	-	-	(110)	-	-	-	223	-	-
Other	-	-	28,625	-	-	-	-	-	-
<b>Total revenues</b>	<b>2,358,553</b>	<b>3,895</b>	<b>470,057</b>	<b>14,904</b>	<b>18,252</b>	<b>42,592</b>	<b>85,529</b>	<b>2,394,407</b>	<b>972</b>
<b>EXPENDITURES</b>									
General government	-	-	518,593	-	-	-	68,599	-	-
Health and social services	-	-	17,951	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-
Public protection and justice	-	-	-	-	-	-	-	-	-
Intergovernmental	2,358,553	-	-	-	-	-	-	2,414,596	-
Debt service - principal	-	-	-	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	4,066	-	-
Capital lease and installment purchases	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>2,358,553</b>	<b>-</b>	<b>536,544</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>72,665</b>	<b>2,414,596</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>-</b>	<b>3,895</b>	<b>(66,487)</b>	<b>14,904</b>	<b>18,252</b>	<b>42,592</b>	<b>12,864</b>	<b>(20,189)</b>	<b>972</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>									
Appropriations from State resources	-	-	-	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	(3,938)	-	(15,069)	(18,280)	(42,654)	-	-	(982)
Amount of SAMS transfers in	-	-	-	-	-	-	-	-	-
Amount of SAMS transfers out	-	-	-	7,726	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	20,474	-
Transfers out	-	-	-	(7,655)	-	-	-	(5,000)	-
<b>Net other sources (uses) of financial resources</b>	<b>-</b>	<b>(3,938)</b>	<b>-</b>	<b>(14,998)</b>	<b>(18,280)</b>	<b>(42,654)</b>	<b>-</b>	<b>15,474</b>	<b>(982)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>(43)</b>	<b>(66,487)</b>	<b>(94)</b>	<b>(28)</b>	<b>(62)</b>	<b>12,864</b>	<b>(4,715)</b>	<b>(10)</b>
Fund balances (deficits), July 1, 2021	-	876	441,316	3,077	35	80	19,490	(15,397)	27
<b>FUND BALANCES (DEFICITS), JUNE 30, 2022</b>	<b>\$ -</b>	<b>\$ 833</b>	<b>\$ 374,829</b>	<b>\$ 2,983</b>	<b>\$ 7</b>	<b>\$ 18</b>	<b>\$ 32,354</b>	<b>\$ (20,112)</b>	<b>\$ 17</b>

(Continued)

State of Illinois  
Department of Revenue

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

For the Year Ended June 30, 2022 (Expressed in Thousands)

	Special Revenue								
	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	Cannabis Regulation 0912
<b>REVENUES</b>									
Federal operating grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Income taxes	-	-	-	-	4,072,651	-	-	-	-
Sales taxes	-	-	-	-	-	-	-	-	-
Motor fuel taxes	-	-	-	-	-	-	-	-	-
Public utility taxes	98,124	-	-	-	287,897	-	-	-	-
Other taxes	-	-	2,171	-	-	131,616	-	-	264,627
Licenses and fees	-	5,453	-	-	-	-	-	137	-
Other charges for services	-	-	-	-	-	-	53	-	-
Interest and other investment income	-	-	-	-	(2,808)	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>98,124</b>	<b>5,453</b>	<b>2,171</b>	<b>-</b>	<b>4,357,740</b>	<b>131,616</b>	<b>53</b>	<b>137</b>	<b>264,627</b>
<b>EXPENDITURES</b>									
General government	-	-	-	-	127,338	-	59	194	1,500
Health and social services	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	1,513	-	-	-	-
Public protection and justice	-	-	-	-	2,310	-	-	-	-
Intergovernmental	-	-	-	-	4,521,856	131,616	-	-	-
Debt service - principal	-	-	-	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Capital lease and installment purchases	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,653,017</b>	<b>131,616</b>	<b>59</b>	<b>194</b>	<b>1,500</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>98,124</b>	<b>5,453</b>	<b>2,171</b>	<b>-</b>	<b>(295,277)</b>	<b>-</b>	<b>(6)</b>	<b>(57)</b>	<b>263,127</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>									
Appropriations from State resources	-	-	-	-	-	-	-	-	1,500
Lapsed appropriations	-	-	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	(97,908)	(5,458)	(1,704)	-	-	-	-	-	(262,907)
Amount of SAMS transfers in	-	-	-	-	-	-	-	-	-
Amount of SAMS transfers out	-	-	-	-	-	-	-	-	259,164
Transfers in	-	-	-	-	512,406	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	(258,749)
<b>Net other sources (uses) of financial resources</b>	<b>(97,908)</b>	<b>(5,458)</b>	<b>(1,704)</b>	<b>-</b>	<b>512,406</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(260,992)</b>
<b>Net change in fund balances</b>	<b>216</b>	<b>(5)</b>	<b>467</b>	<b>-</b>	<b>217,129</b>	<b>-</b>	<b>(6)</b>	<b>(57)</b>	<b>2,135</b>
Fund balances (deficits), July 1, 2021	8,058	473	-	-	(33,127)	-	227	1,774	1,081
<b>FUND BALANCES (DEFICITS), JUNE 30, 2022</b>	<b>\$ 8,274</b>	<b>\$ 468</b>	<b>\$ 467</b>	<b>\$ -</b>	<b>\$ 184,002</b>	<b>\$ -</b>	<b>\$ 221</b>	<b>\$ 1,717</b>	<b>\$ 3,216</b>

(Continued)

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

For the Year Ended June 30, 2022 (Expressed in Thousands)

	Special Revenue						Total
	Senior Citizen Real Estate Deferred Tax 0930	Build Illinois 0960	Local Tourism 0969	Build Illinois Bond 0971	Evidence 1369	Eliminations	
<b>REVENUES</b>							
Federal operating grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 380,694
Income taxes	-	-	-	-	-	-	6,074,363
Sales taxes	-	647,071	-	-	-	-	4,290,239
Motor fuel taxes	-	-	-	-	-	-	1,276,806
Public utility taxes	-	-	-	-	-	-	392,681
Other taxes	-	147,290	7,034	-	-	-	693,472
Licenses and fees	-	-	-	-	-	-	105,628
Other charges for services	-	-	-	-	-	-	200
Interest and other investment income	2,131	-	-	-	-	-	(564)
Other	-	-	-	-	3	-	28,628
<b>Total revenues</b>	<b>2,131</b>	<b>794,361</b>	<b>7,034</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>13,242,147</b>
<b>EXPENDITURES</b>							
General government	-	-	-	3,986	4	-	790,133
Health and social services	-	-	-	-	-	-	17,951
Education	-	-	-	-	-	-	1,513
Public protection and justice	-	-	-	-	-	-	2,310
Intergovernmental	-	-	-	-	-	-	10,098,416
Debt service - principal	-	-	-	-	-	-	75
Debt service - interest	-	-	-	-	-	-	2
Capital outlay	-	-	-	-	-	-	4,186
Capital lease and installment purchases	-	-	-	-	-	-	(114)
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,986</b>	<b>4</b>	<b>-</b>	<b>10,914,472</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>2,131</b>	<b>794,361</b>	<b>7,034</b>	<b>(3,986)</b>	<b>(1)</b>	<b>-</b>	<b>2,327,675</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>							
Appropriations from State resources	-	-	-	66,000	-	-	199,247
Lapsed appropriations	-	-	-	(62,014)	-	-	(108,902)
Receipts collected and transmitted to State Treasury	-	(780,122)	(5,520)	-	-	-	(2,716,039)
Amount of SAMS transfers in	-	(37,800)	-	-	-	-	(37,800)
Amount of SAMS transfers out	-	-	-	-	-	-	416,890
Transfers in	-	37,800	-	-	-	(58,274)	512,406
Transfers out	-	-	-	-	-	58,274	(404,946)
<b>Net other sources (uses) of financial resources</b>	<b>-</b>	<b>(780,122)</b>	<b>(5,520)</b>	<b>3,986</b>	<b>-</b>	<b>-</b>	<b>(2,139,144)</b>
<b>Net change in fund balances</b>	<b>2,131</b>	<b>14,239</b>	<b>1,514</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>188,531</b>
Fund balances (deficits), July 1, 2021	57,957	40,818	-	-	5	-	610,024
<b>FUND BALANCES (DEFICITS), JUNE 30, 2022</b>	<b>\$ 60,088</b>	<b>\$ 55,057</b>	<b>\$ 1,514</b>	<b>\$ -</b>	<b>\$ 4</b>	<b>\$ -</b>	<b>\$ 798,555</b>

(Concluded)

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

**Combining Statement of Fiduciary Net Position -  
Custodial Funds**

June 30, 2022 (Expressed in Thousands)

	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
<b>ASSETS</b>							
Cash equity in State Treasury	\$ 1	\$ 46,904	\$ 2,220	\$ 1,399	\$ 223,437	\$ 151,467	\$ 11,748
Cash and cash equivalents	-	-	-	-	-	-	-
Securities lending collateral equity with State Treasurer	-	5,866	-	-	27,080	18,286	-
Taxes receivable, net	-	10,258	1,137	-	78,401	58,035	2,773
Other receivables, net	-	34	-	35	157	106	-
Due from other Department funds	-	-	-	-	-	-	-
<b>Total assets</b>	<b>1</b>	<b>63,062</b>	<b>3,357</b>	<b>1,434</b>	<b>329,075</b>	<b>227,894</b>	<b>14,521</b>
<b>LIABILITIES</b>							
Intergovernmental payables	1	57,196	3,357	1,434	301,995	209,608	14,521
Obligations under securities lending of State Treasurer	-	5,866	-	-	27,080	18,286	-
Other liabilities	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>1</b>	<b>63,062</b>	<b>3,357</b>	<b>1,434</b>	<b>329,075</b>	<b>227,894</b>	<b>14,521</b>
<b>NET POSITION</b>							
Net position restricted for expendable purposes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

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

**Combining Statement of Fiduciary Net Position -  
Custodial Funds**

June 30, 2022 (Expressed in Thousands)

	County Option Motor Fuel Tax 0190	County Public Safety ROT 0219	Private Vehicle Use Home Rule 0263	Metropolitan Pier & Expo. Auth. Trust 0337	Illinois Tourism Tax 0452	School Facility Occupation Tax 0498
<b>ASSETS</b>						
Cash equity in State Treasury	\$ 13,264	\$ 33,348	\$ 2,777	\$ 49,648	\$ 4,278	\$ 46,453
Cash and cash equivalents	-	-	-	-	-	-
Securities lending collateral equity with State Treasurer	1,479	-	-	7,404	-	-
Taxes receivable, net	6,524	5,269	804	15,213	2,368	11,150
Other receivables, net	9	-	-	43	-	-
Due from other Department funds	-	-	-	-	-	-
<b>Total assets</b>	<b>21,276</b>	<b>38,617</b>	<b>3,581</b>	<b>72,308</b>	<b>6,646</b>	<b>57,603</b>
<b>LIABILITIES</b>						
Intergovernmental payables	19,797	38,617	3,581	64,904	6,646	57,603
Obligations under securities lending of State Treasurer	1,479	-	-	7,404	-	-
Other liabilities	-	-	-	-	-	-
<b>Total liabilities</b>	<b>21,276</b>	<b>38,617</b>	<b>3,581</b>	<b>72,308</b>	<b>6,646</b>	<b>57,603</b>
<b>NET POSITION</b>						
Net position restricted for expendable purposes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

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

**Combining Statement of Fiduciary Net Position -  
Custodial Funds**

June 30, 2022 (Expressed in Thousands)

	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
<b>ASSETS</b>							
Cash equity in State Treasury	\$ 3,814	\$ 6,310	\$ 1,560	\$ 31,040	\$ 233,483	\$ 9,675	\$ -
Cash and cash equivalents	-	-	-	-	-	-	-
Securities lending collateral equity with State Treasurer	-	-	-	-	30,931	1,219	-
Taxes receivable, net	693	-	167	382	48,138	1,118	-
Other receivables, net	-	-	1	-	179	7	-
Due from other Department funds	-	-	-	-	48,491	-	-
<b>Total assets</b>	<b>4,507</b>	<b>6,310</b>	<b>1,728</b>	<b>31,422</b>	<b>361,222</b>	<b>12,019</b>	<b>-</b>
<b>LIABILITIES</b>							
Intergovernmental payables	4,507	-	1,728	31,422	330,291	10,800	-
Obligations under securities lending of State Treasurer	-	-	-	-	30,931	1,219	-
Other liabilities	-	6,310	-	-	-	-	-
<b>Total liabilities</b>	<b>4,507</b>	<b>6,310</b>	<b>1,728</b>	<b>31,422</b>	<b>361,222</b>	<b>12,019</b>	<b>-</b>
<b>NET POSITION</b>							
Net position restricted for expendable purposes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

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

**Combining Statement of Fiduciary Net Position -  
Custodial Funds**

June 30, 2022 (Expressed in Thousands)

	Municipal Automobile Renting Tax 0868	County Automobile Renting Tax 0869	Local Cannabis Consumer Excise Tax Trust 0919	Local Government Aviation Trust 0939	Municipal Motor Fuel Tax 0967	Surety Bond 1151	Total
<b>ASSETS</b>							
Cash equity in State Treasury	\$ 2,299	\$ 58	\$ 15,963	\$ 1,074	\$ 772	\$ -	\$ 892,992
Cash and cash equivalents	-	-	-	-	-	165	165
Securities lending collateral equity with State Treasurer	263	7	-	-	-	-	92,535
Taxes receivable, net	288	1	5,785	1,762	379	-	250,645
Other receivables, net	2	-	12	1	-	-	586
Due from other Department funds	-	-	-	-	-	-	48,491
<b>Total assets</b>	<b>2,852</b>	<b>66</b>	<b>21,760</b>	<b>2,837</b>	<b>1,151</b>	<b>165</b>	<b>1,285,414</b>
<b>LIABILITIES</b>							
Intergovernmental payables	2,589	59	21,760	2,837	1,151	-	1,186,404
Obligations under securities lending of State Treasurer	263	7	-	-	-	-	92,535
Other liabilities	-	-	-	-	-	-	6,310
<b>Total liabilities</b>	<b>2,852</b>	<b>66</b>	<b>21,760</b>	<b>2,837</b>	<b>1,151</b>	<b>-</b>	<b>1,285,249</b>
<b>NET POSITION</b>							
Net position restricted for expendable purposes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 165	\$ 165

(Concluded)

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

**Combining Statement of Changes in  
Fiduciary Net Position - Custodial Funds**

For the Year Ended June 30, 2022 (Expressed in Thousands)

	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
<b>ADDITIONS</b>							
Sales tax collections for other governments	\$ -	\$ 210,506	\$ 10,670	\$ -	\$ 1,391,929	\$ 1,044,332	\$ 50,817
Motor fuel tax collections for other governments	-	-	-	-	-	-	-
Public utility tax collections for other governments	-	-	-	-	-	-	-
Other tax collections for other governments	-	-	-	-	-	-	-
Fees collected for other governments	-	-	-	3,978	-	-	-
Interest and other investment income	-	141	-	3	(1,522)	(1,036)	-
Collateral deposits received	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total additions</b>	-	210,647	10,670	3,981	1,390,407	1,043,296	50,817
<b>DEDUCTIONS</b>							
Payment of sales tax to other governments	-	210,647	10,670	-	1,390,407	1,043,296	50,817
Payment of motor fuel tax to other governments	-	-	-	-	-	-	-
Payment of public utility tax to other governments	-	-	-	-	-	-	-
Payment of other tax to other governments	-	-	-	-	-	-	-
Payment of fees to other governments	-	-	-	3,981	-	-	-
Collateral deposits returned	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total deductions</b>	-	210,647	10,670	3,981	1,390,407	1,043,296	50,817
<b>Change in net position</b>	-	-	-	-	-	-	-
<b>NET POSITION, July 1, 2021</b>	-	-	-	-	-	-	-
<b>NET POSITION, JUNE 30, 2022</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

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

**Combining Statement of Changes in  
Fiduciary Net Position - Custodial Funds**

For the Year Ended June 30, 2022 (Expressed in Thousands)

	County Option Motor Fuel Tax 0190	County Public Safety ROT 0219	Private Vehicle Use Home Rule 0263	Metropolitan Pier & Expo. Auth. Trust 0337	Illinois Tourism Tax 0452	School Facility Occupation Tax 0498	Flood Prevention Occupation Tax 0558
<b>ADDITIONS</b>							
Sales tax collections for other governments	\$ -	\$ 160,796	\$ -	\$ 87,611	\$ -	\$ 212,412	\$ 16,602
Motor fuel tax collections for other governments	75,589	-	-	-	-	-	-
Public utility tax collections for other governments	-	-	-	-	-	-	-
Other tax collections for other governments	-	-	13,526	59,311	19,421	-	-
Fees collected for other governments	-	-	-	-	-	-	-
Interest and other investment income	37	-	-	89	-	-	-
Collateral deposits received	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total additions</b>	<b>75,626</b>	<b>160,796</b>	<b>13,526</b>	<b>147,011</b>	<b>19,421</b>	<b>212,412</b>	<b>16,602</b>
<b>DEDUCTIONS</b>							
Payment of sales tax to other governments	-	160,796	-	87,617	-	212,412	16,602
Payment of motor fuel tax to other governments	75,626	-	-	-	-	-	-
Payment of public utility tax to other governments	-	-	-	-	-	-	-
Payment of other tax to other governments	-	-	13,526	59,394	19,421	-	-
Payment of fees to other governments	-	-	-	-	-	-	-
Collateral deposits returned	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total deductions</b>	<b>75,626</b>	<b>160,796</b>	<b>13,526</b>	<b>147,011</b>	<b>19,421</b>	<b>212,412</b>	<b>16,602</b>
<b>Change in net position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION, July 1, 2021</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION, JUNE 30, 2022</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

(Continued)

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

**Combining Statement of Changes in  
Fiduciary Net Position - Custodial Funds**

For the Year Ended June 30, 2022 (Expressed in Thousands)

	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	Municipal Automobile Renting Tax 0868
<b>ADDITIONS</b>							
Sales tax collections for other governments	\$ -	\$ 6,350	\$ -	\$ -	\$ -	\$ -	\$ 8,204
Motor fuel tax collections for other governments	-	-	-	-	-	-	-
Public utility tax collections for other governments	-	-	123,059	-	-	-	-
Other tax collections for other governments	-	-	-	1,636,442	40,542	-	-
Fees collected for other governments	-	-	-	-	-	-	-
Interest and other investment income	-	3	-	(1,739)	30	-	7
Collateral deposits received	-	-	-	-	-	-	-
Other	7,748	-	-	-	-	208	-
<b>Total additions</b>	<b>7,748</b>	<b>6,353</b>	<b>123,059</b>	<b>1,634,703</b>	<b>40,572</b>	<b>208</b>	<b>8,211</b>
<b>DEDUCTIONS</b>							
Payment of sales tax to other governments	-	6,353	-	-	-	-	8,211
Payment of motor fuel tax to other governments	-	-	-	-	-	-	-
Payment of public utility tax to other governments	-	-	123,059	-	-	-	-
Payment of other tax to other governments	-	-	-	1,634,703	40,572	-	-
Payment of fees to other governments	-	-	-	-	-	-	-
Collateral deposits returned	-	-	-	-	-	-	-
Other	7,748	-	-	-	-	208	-
<b>Total deductions</b>	<b>7,748</b>	<b>6,353</b>	<b>123,059</b>	<b>1,634,703</b>	<b>40,572</b>	<b>208</b>	<b>8,211</b>
<b>Change in net position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION, July 1, 2021</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION, JUNE 30, 2022</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

(Continued)

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

**Combining Statement of Changes in  
Fiduciary Net Position - Custodial Funds**

For the Year Ended June 30, 2022 (Expressed in Thousands)

	County Automobile Renting Tax 0869	Local Cannabis Consumer Excise Tax Trust 0919	Local Government Aviation Trust 0939	Municipal Motor Fuel Tax 0967	Surety Bond 1151	Total
<b>ADDITIONS</b>						
Sales tax collections for other governments	\$ 197	\$ -	\$ 9,020	\$ -	\$ -	\$ 3,209,446
Motor fuel tax collections for other governments	-	-	-	4,829	-	80,418
Public utility tax collections for other governments	-	-	-	-	-	123,059
Other tax collections for other governments	-	73,231	-	-	-	1,842,473
Fees collected for other governments	-	-	-	-	-	3,978
Interest and other investment income	-	32	2	1	-	(3,952)
Collateral deposits received	-	-	-	-	4	4
Other	-	-	-	-	-	7,956
<b>Total additions</b>	<b>197</b>	<b>73,263</b>	<b>9,022</b>	<b>4,830</b>	<b>4</b>	<b>5,263,382</b>
<b>DEDUCTIONS</b>						
Payment of sales tax to other governments	197	-	9,022	-	-	3,207,047
Payment of motor fuel tax to other governments	-	-	-	4,830	-	80,456
Payment of public utility tax to other governments	-	-	-	-	-	123,059
Payment of other tax to other governments	-	73,263	-	-	-	1,840,879
Payment of fees to other governments	-	-	-	-	-	3,981
Collateral deposits returned	-	-	-	-	14	14
Other	-	-	-	-	-	7,956
<b>Total deductions</b>	<b>197</b>	<b>73,263</b>	<b>9,022</b>	<b>4,830</b>	<b>14</b>	<b>5,263,392</b>
<b>Change in net position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(10)</b>	<b>(10)</b>
<b>NET POSITION, July 1, 2021</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>175</b>	<b>175</b>
<b>NET POSITION, JUNE 30, 2022</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 165</b>	<b>\$ 165</b>

(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, the major fund, and the aggregate remaining fund information of the Department of Revenue (Department) of the State of Illinois, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Department's financial statements and have issued our report thereon dated June 29, 2023. Our report included the following 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, 2022, 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 opinions are not modified with respect to this matter."

**Report on 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

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

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. We consider the deficiencies described in the accompanying Schedule of Findings as items 2022-001 and 2022-002 to be material weaknesses.

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. We consider the deficiency described in the accompanying Schedule of Findings as item 2022-003 to be a significant deficiency.

**Report on 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*.

**State of Illinois, Department of Revenue's Responses to the Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Department's responses to the findings identified in our audit and described in the accompanying Schedule of Findings. The Department's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

**Purpose of this Report**

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

**SIGNED ORIGINAL ON FILE**

Schaumburg, Illinois  
June 29, 2023

**State of Illinois  
Department of Revenue  
Schedule of Findings**

**Current Findings – Government Auditing Standards**

**Finding 2022-001      Weaknesses in Internal Controls over Reporting for Federal Operating Grants**

The Department of Revenue (Department) did not properly reflect the reporting for federal operating grant activity in the financial statements.

Historically, the Department has not been involved in the administration of federal grant programs impacting the State of Illinois (State). Based on new grant funding programs, largely associated with the COVID-19 pandemic, the Department has been asked to work with other State agencies in the processing of grant transactions and their associated reporting responsibilities. During our review of the Department's draft financial statements, audit adjustments were proposed for two of the Department's governmental funds; Fund 0286 (Illinois Affordable Housing Trust) and Fund 0324 (State Coronavirus Urgent Remediation Emergency) to properly reflect revenue and expenditure recognition requirements for federal operating grants that are being administered by the State and passed through to a component unit of the State. The proposed adjustments were recorded and reflected as follows:

- Fund 0286: An adjustment of \$204,700,000 to reduce federal operating grant revenue and increase unearned revenue due to revenue recognition requirements related to the fact that the ultimate grantee did not incur qualifying expenditures as of fiscal-year end.
- Fund 0324: Three adjustments as follows:
  - An adjustment of \$585,394,000 to remove the debit balance posted to the federal operating grants revenue account in error, the corresponding adjustment removed the same balance reported as a SAMS transfer out within other financing sources.
  - An adjustment of \$73,306,000 to record federal operating grant revenue associated with the grant program for amounts that passed through the Department to the ultimate grantee during the year.
  - An adjustment of \$49,729,000 to reduce federal operating grant revenue and increase unearned revenue due to revenue recognition requirements related to the fact that the ultimate grantee did not incur qualifying expenditures as of fiscal-year end.

Per GASB Codification N50 *Nonexchange Transactions*, Paragraph .128:

*Governmental entities often receive grants and other financial assistance to transfer to or spend on behalf of a secondary recipient. These amounts are referred to as pass-through grants. All cash pass-through grants received by a governmental entity (referred to as a recipient government) should be reported in its financial statements. As a general rule, cash pass-through grants should be recognized as revenue and expenditures or expenses in the funds of the primary government and in the government-wide financial statements. In those infrequent cases in which a recipient government serves only as a cash conduit, the grant should be reported in a custodial fund. A recipient government serves only as a cash conduit if it merely transmits grantor-supplied moneys without having administrative or direct financial involvement in the program. A recipient government has administrative involvement if, for example, it (a) monitors secondary recipients for compliance with program-specific requirements, (b) determines eligible secondary recipients or projects, even if using grantor-established criteria, or (c) has the ability to exercise discretion in how the funds are allocated. A recipient government has direct financial involvement if, for example, it finances some direct program costs because of a grantor-imposed matching requirement or is liable for disallowed costs. [GASBS 24, ¶14, as amended by GASBS 35, ¶15; GASBS 24, ¶15, as amended by GASBS 35, ¶15 and GASBS 84, ¶18; GASBS 34, ¶16 ]]*

**State of Illinois  
Department of Revenue**

**Schedule of Findings (Continued)**

**Current Findings – Government Auditing Standards**

**Finding 2022-001 Weaknesses in Internal Controls over Reporting for Federal Operating Grants (Continued)**

Per GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, Paragraph 21 for revenue recognition requirements:

*Providers should recognize liabilities (or a decrease in assets) and expenses from government-mandated or voluntary nonexchange transactions, and recipients should recognize receivables (or a decrease in liabilities) and revenues (net of estimated uncollectible amounts), when all applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met should be reported as advances by the provider and as deferred revenues by recipients, except as indicated in paragraph 22 for recipients of certain resources transmitted in advance.*

The Department indicated its financial statements present only its transactions and not the State in its entirety. The federal revenue was administered by the Illinois Emergency Management Agency (IEMA). The Illinois Office of the Comptroller directed IEMA, and not the Department, to report the revenue.

In addition, during our review of the Department's draft financial statements, we noted Fund 0324 was misclassified as a Special Revenue Fund instead of as a General Fund. Accordingly, the Department subsequently reclassified Fund 0324 from a Special Revenue Fund to the General Fund to be consistent with the rest of the State of Illinois which reports Fund 0324.

Per the Statewide Accounting Management System (SAMS) Manual Exhibit 27.50.10-A, Fund 0324 State Coronavirus Urgent Remediation Emergency was determined by the State to be reported as a sub-account of the General Fund.

Department management indicated the misclassification of Fund 0324 was due to oversight.

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

Failure to ensure the proper classification of funds and the reporting of federal operating grants could materially misstate the Department's financial statements and potentially impact the State's Annual Comprehensive Financial Report. (Finding Code No. 2022-001)

**Recommendation**

We recommend the Department reinforce their understanding of the requirements for classifying of funds and for grant reporting and the related impacts they have on the financial statements in order to strengthen the internal controls in place related to the administration and reporting of federal grant programs.

**State of Illinois  
Department of Revenue**

**Schedule of Findings (Continued)**

**Current Findings – *Government Auditing Standards***

**Finding 2022-001      Weaknesses in Internal Controls over Reporting for Federal Operating Grants (Continued)**

**Department Response**

The Department has accepted the recommendation.

**State of Illinois  
Department of Revenue**

**Schedule of Findings (Continued)**

**Current Findings – Government Auditing Standards**

**Finding 2022-002      Inadequate Internal Controls over Access to GenTax**

The Department of Revenue (Department) did not have adequate internal controls over access to the enterprise tax system (GenTax).

During our testing, we requested the Department provide the populations of individuals hired and terminated from employment during the audit period. In response to our request, the Department provided the populations; however, we noted the populations were not timely updated to reflect the changes in the activity for new hires and terminations in Fiscal Year 2022. Therefore, we were unable to conclude whether the populations were complete and accurate under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AU-C § 500.08 and AT-C § 205.36).

Even given the population limitations noted above, we performed testing over the security controls of GenTax noting:

- 2 of 23 (9%) individuals' GenTax access were activated six and eight days before the employment start date.
- 4 of 14 (29%) individuals' GenTax access were not terminated upon separation, and we were unable to determine when those separated employees' access were terminated.
- 1 of 14 (7%) individual's GenTax access was not terminated timely upon separation. The access was terminated five days after separation.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology (NIST), Access Control section, requires entities to timely grant individuals' access to the applications, and to terminate access upon separation. In addition, the *Guide to Computer Security Log Management* (Special Publication 800-92) published by the NIST sets forth internal controls over computer security.

In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to ensure State resources are used efficiently and effectively, and funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.

Further, the Department's Access Control Procedures require the Department to remove GenTax access of separated employees immediately after separation.

Department management indicated the incomplete populations were due to the manual nature of the Department's personnel tracking system and the other exceptions noted were due to a 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. In addition, failure to document the timely granting and termination of users' access puts the Department at risk of unauthorized access to GenTax. (Finding Code No. 2022-002)

**State of Illinois  
Department of Revenue**

**Schedule of Findings (Continued)**

**Current Findings – *Government Auditing Standards***

**Finding 2022-002      Inadequate Internal Controls over Access to GenTax (Continued)**

**Recommendation**

We recommend the Department strengthen its internal controls over the records maintained related to hiring and terminations. We further recommend the Department strengthen its internal controls to ensure users' access are immediately terminated in accordance with Department policy and new hires are not granted access prior to their start dates.

**Department Response**

The Department has accepted the recommendation.

**State of Illinois  
Department of Revenue**

**Schedule of Findings (Continued)**

**Current Findings – Government Auditing Standards**

**Finding 2022-003      Inadequate Internal Controls over Service Providers**

The Illinois Department of Revenue (Department) had not implemented adequate internal controls over its service providers.

We requested the Department provide the population of service providers utilized during the audit period to determine if the Department had reviewed the internal controls over its service providers. In response to our request, the Department provided a listing; however, the Department did not provide documentation demonstrating the listing was complete and accurate.

Due to these conditions, we were unable to conclude the Department's population records were sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AU-C §550.08 and AT-C § 205.36). Even given the population limitations noted above, we performed testing of four service providers identified by the Department. The Department utilized service providers for mail processing, lock box services, data entry and credit card payment processing.

Our testing noted the Department had not:

- Obtained System and Organization Controls (SOC) reports or performed adequate independent reviews for two out of four (50%) service providers.
- Conducted an analysis to determine the impact of noted deviations within the SOC reports for one out of four (25%) service provider.
- Monitored and documented the operation of the Complementary User Entity Controls (CUECs) related to the Department's operations for two out of four (50%) service providers.
- Developed or implemented formalized written procedures for the monitoring service providers.

In addition, the Department obtained a bridge letter for one (25%) service provider; however, the Department did not address the risk of relying on the bridge letter which covered nine months of the fiscal year.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and maintain accountability over the State's resources.

*The Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology (NIST), Maintenance and System and Services Acquisition sections, requires entities outsourcing their information technology environment or operations to obtain assurance over the entities' internal controls related to the services provided. Such assurance may be obtained via System and Organization Controls reports or independent reviews.

Department management indicated they did not formalize procedures to ensure all service providers were identified, assessed, and monitored due to oversight.

Without obtaining and reviewing SOC reports or another form of independent internal control review, the Department does not have assurance the service providers' internal controls are adequate and operating effectively. (Finding Code No. 2022-003)

**State of Illinois  
Department of Revenue**

**Schedule of Findings (Continued)**

**Current Findings – *Government Auditing Standards***

**Finding 2022-003      Inadequate Internal Controls over Service Providers (Continued)**

**Recommendation**

We recommend the Department strengthen its controls in identifying and documenting all service providers. Further, we recommend the Department:

- Obtain and review SOC reports (or perform independent reviews) of internal controls associated with outsources systems at least annually.
- Conduct an analysis to determine the impact of the noted deviations within the SOC reports.
- Monitor and document the operation of the CUECs related to the Department's operations.
- Develop or implement procedures for monitoring service providers.
- Ensure no significant changes to the service providers internal control when bridge letters are obtained for extended periods.

**Department Response**

The Department has accepted the recommendation.

**State of Illinois  
Department of Revenue**

**Schedule of Findings (Continued)**

**Prior Finding Not Repeated**

**A. Weaknesses in Internal Controls over Census Data**

During the prior engagement, the Department of Revenue (Department) did not fully implement a reconciliation process to provide assurance census data submitted to its pension and other postemployment benefits (OPEB) plans was complete and accurate.

During the current engagement, we noted the Department was able to work with the State Employees Retirement System (SERS) to complete the first full reconciliation as well as the follow-up reconciliation and has established a process to continue an annual reconciliation process covering the Department's active membership information to the census data utilized by the pension plan administered by SERS and the State Employees Group Insurance Program (SEGIP) OPEB plan administered by the Department of Central Management Services (CMS). As a result, this finding is not repeated. (Finding Code No. 2021-001, 2020-002)