

State of Illinois
Department of Revenue

Financial Audit
For the Year Ended June 30, 2023

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, 2023

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**State of Illinois
Department of Revenue**

Financial Audit

For the Year Ended June 30, 2023

Agency Officials

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

Chicago, Illinois

555 West Monroe Street, Suite 1100
Chicago, Illinois 60661

Des Plaines, Illinois

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

Fairview Heights, Illinois

15 Executive Drive, Suite 2
Fairview Heights, Illinois 62208

Marion, Illinois

2309 West Main Street, Suite 114
Marion, Illinois 62959

Rockford, Illinois

200 South Wyman Street
Rockford, Illinois 61101

**State of Illinois
Department of Revenue**

Financial Audit

For the Year Ended June 30, 2023

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

Number of	<u>Current Report</u>	<u>Prior Report</u>
Findings	1	3
Repeated Findings	1	-
Prior Recommendations Implemented or Not Repeated	2	1

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings – Government Auditing Standards				
2023-001	68	2022	Inadequate Control over Service Providers	Significant Deficiency
Prior Findings Not Repeated				
A	70	2022	Weaknesses in Internal Controls over Reporting Federal Operating Grants	
B	70	2022	Inadequate Internal Control over GenTax	

EXIT CONFERENCE

The Department waived an exit conference in a correspondence from David Harris, Director, on June 10, 2024. The response to the recommendation were provided by Nikki Lanier, Chief Internal Auditor, in a correspondence dated June 20, 2024.

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, 2023, 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, 2023, 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, 2023, 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 24, 2024 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 24, 2024

State of Illinois
Department of Revenue
Statement of Net Position
June 30, 2023 (Expressed in Thousands)

	Governmental Activities
ASSETS	
Unexpended appropriations	\$ 3,800
Cash equity in State Treasury	3,630,660
Cash and cash equivalents	4
Securities lending collateral equity with State Treasurer	86,260
Taxes receivable, net	2,556,593
Intergovernmental receivables	7
Other receivables, net of allowance of \$1,361	28,739
Due from other State funds	7,934
Loans and notes receivable, long-term	32,922
Due from State of Illinois component units	467,216
Inventories	391
Prepaid expenses	392,231
Capital assets being depreciated/amortized, net	27,572
Right to use leased assets being amortized, net	512
Subscription-based IT arrangements being amortized, net	3,249
Total assets	<u>7,238,090</u>
Deferred outflows of resources - pension	183,830
Deferred outflows of resources - OPEB	106,933
Total assets and deferred outflows of resources	<u>7,528,853</u>
LIABILITIES	
Accounts payable and accrued liabilities	465,597
Income tax refunds payable	2,553,390
Tax rebates payable	706
Intergovernmental payables	1,823,641
Obligations under securities lending of State Treasurer	86,260
Due to Department fiduciary funds	48,789
Due to other State fiduciary funds	1,488
Due to other State funds	458,960
Due to State of Illinois component units	32,566
Unearned revenue	1,301,311
Long-term obligations:	
Portion due or payable within one year	2,990
Portion due or payable after one year	1,327,541
Total liabilities	<u>8,103,239</u>
Deferred inflows of resources - pension	207,906
Deferred inflows of resources - OPEB	486,120
Total liabilities and deferred inflows of resources	<u>8,797,265</u>
NET POSITION (DEFICIT)	
Net investment in capital assets	31,333
Restricted - other	148,081
Unrestricted	(1,447,826)
Total net position (deficit)	<u>\$ (1,268,412)</u>

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, 2023 (Expressed in Thousands)

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Grants and Contributions	
Governmental Activities				Governmental Activities
General government	\$ 683,126	\$ 110,733	\$ 227,998	\$ (344,395)
Health and social services	66,714	-	-	(66,714)
Education	1,622	-	-	(1,622)
Employment and economic development	5,000	-	-	(5,000)
Public protection and justice	2,324	-	-	(2,324)
Intergovernmental-revenue sharing	10,484,424	-	-	(10,484,424)
Total governmental activities	\$ 11,243,210	\$ 110,733	\$ 227,998	\$ (10,904,479)
General revenues				
Taxes:				
Income taxes				\$ 36,862,609
Sales taxes				15,129,163
Motor fuel taxes				1,201,225
Public utility taxes				1,149,974
Other taxes				1,621,220
Operating grants and contributions				70,789
Interest and investment income (loss)				19,651
Other revenues (expenses)				64,921
Appropriations from State resources				437,809
Lapsed appropriations				(49,319)
Receipts collected and transmitted to State Treasury				(42,270,539)
Amount of SAMS transfers-in				(4,255,866)
Amount of SAMS transfers-out				749,824
Transfers				(302,128)
Total general revenues and transfers				10,429,333
Change in net position				(475,146)
Net position (deficit) July 1, 2022				(793,266)
Net position (deficit) June 30, 2023				<u>\$ (1,268,412)</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, 2023 (Expressed in Thousands)

	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Eliminations</u>	<u>Total Governmental Funds</u>
ASSETS				
Unexpended appropriations	\$ 1,965	\$ 1,835	\$ -	\$ 3,800
Cash equity in State Treasury	1,643,020	1,987,640	-	3,630,660
Cash and cash equivalents	-	4	-	4
Securities lending collateral equity with State Treasurer	-	86,260	-	86,260
Taxes receivables, net	2,014,978	541,615	-	2,556,593
Intergovernmental receivables	-	7	-	7
Other receivables, net of allowance of \$1,361	-	28,739	-	28,739
Due from other Department funds	83,701	169,653	(253,354)	-
Due from other State funds	7,822	112	-	7,934
Loans and notes receivable, long-term	-	32,922	-	32,922
Due from State of Illinois component units	285	466,931	-	467,216
Inventories	-	391	-	391
Total assets	<u>\$ 3,751,771</u>	<u>\$ 3,316,109</u>	<u>\$ (253,354)</u>	<u>\$ 6,814,526</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 398,679	\$ 66,918	\$ -	\$ 465,597
Income tax refunds payable	2,553,390	-	-	2,553,390
Tax rebates payable	706	-	-	706
Intergovernmental payables	13,347	1,810,294	-	1,823,641
Obligations under securities lending of State Treasurer	-	86,260	-	86,260
Due to other Department fiduciary funds	-	48,789	-	48,789
Due to other State fiduciary funds	-	1,488	-	1,488
Due to other Department funds	169,653	83,701	(253,354)	-
Due to other State funds	138,289	320,671	-	458,960
Due to State of Illinois component units	-	32,566	-	32,566
Unearned revenue	966,728	334,583	-	1,301,311
Total liabilities	<u>4,240,792</u>	<u>2,785,270</u>	<u>(253,354)</u>	<u>6,772,708</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	347,307	37,366	-	384,673
Total deferred inflows of resources	<u>347,307</u>	<u>37,366</u>	<u>-</u>	<u>384,673</u>
Total liabilities and deferred inflows of resources	<u>4,588,099</u>	<u>2,822,636</u>	<u>(253,354)</u>	<u>7,157,381</u>
FUND BALANCES (DEFICITS)				
Nonspendable (Inventories)	-	391	-	391
Restricted	148,077	4	-	148,081
Committed	401,236	549,980	-	951,216
Unassigned	(1,385,641)	(56,902)	-	(1,442,543)
Total fund balances (deficits)	<u>(836,328)</u>	<u>493,473</u>	<u>-</u>	<u>(342,855)</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 3,751,771</u>	<u>\$ 3,316,109</u>	<u>\$ (253,354)</u>	<u>\$ 6,814,526</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, 2023
(Expressed in Thousands)

Total fund balances-governmental funds	\$	(342,855)
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		392,231
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		27,572
Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds.		512
Subscription-based IT arrangements used in governmental activities are not financial resources and therefore are not reported in the funds.		3,249
Revenues in the Statement of Activities that do not provide current financial resources are deferred in the funds.		384,673
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		183,830
Deferred outflows of resources related to OPEB		106,933
Deferred inflows of resources related to pensions		(207,906)
Deferred inflows of resources related to OPEB		(486,120)
Some liabilities reported in the Statement of Net Position do not require the user of current financial resources and therefore are not reported as liabilities in governmental funds. These activities consist of:		
Lease liability		(530)
SBITA liability		(3,179)
Compensated absences		(9,270)
Net pension liability		(1,009,297)
Net OPEB liability		(308,255)
		(1,268,412)
Net position (deficit) of governmental activities	\$	(1,268,412)

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, 2023 (Expressed in Thousands)

	General Fund	Nonmajor Funds	Eliminations	Total Governmental Funds
REVENUES				
Federal operating grants	\$ 70,789	\$ 227,998	\$ -	\$ 298,787
Income taxes	30,561,991	6,296,792	-	36,858,783
Sales taxes	10,562,716	4,566,447	-	15,129,163
Motor fuel taxes	-	1,201,251	-	1,201,251
Public utility taxes	773,419	376,546	-	1,149,965
Other taxes	918,161	701,919	-	1,620,080
Licenses and fees	249	110,073	-	110,322
Other charges for services	-	109	-	109
Interest and other investment income	-	19,483	-	19,483
Other	368	64,553	-	64,921
Total revenues	<u>42,887,693</u>	<u>13,565,171</u>	<u>-</u>	<u>56,452,864</u>
EXPENDITURES				
General government	225,633	740,129	-	965,762
Health and social services	-	66,714	-	66,714
Education	-	1,622	-	1,622
Employment and economic development	5,000	-	-	5,000
Public protection and justice	-	2,324	-	2,324
Intergovernmental	-	10,484,424	-	10,484,424
Debt service:				
Principal	-	2,188	-	2,188
Interest	-	20	-	20
Capital outlay	-	5,166	-	5,166
Capital lease and installment purchases	-	(1,354)	-	(1,354)
Total expenditures	<u>230,633</u>	<u>11,301,233</u>	<u>-</u>	<u>11,531,866</u>
Excess of revenues over expenditures	<u>42,657,060</u>	<u>2,263,938</u>	<u>-</u>	<u>44,920,998</u>
OTHER SOURCES (USES) OF FINANCIAL RESOURCES				
Appropriations from State resources	235,193	202,616	-	437,809
Lapsed appropriations	(9,670)	(39,649)	-	(49,319)
Receipts collected and transmitted to State Treasury	(39,207,281)	(3,063,258)	-	(42,270,539)
Amount of SAMS transfers-in	(4,218,066)	(37,800)	-	(4,255,866)
Amount of SAMS transfers-out	343,566	406,258	-	749,824
Transfers-in	98,694	355,231	(453,925)	-
Transfers-out	(363,635)	(392,418)	453,925	(302,128)
Net other sources (uses) of financial resources	<u>(43,121,199)</u>	<u>(2,569,020)</u>	<u>-</u>	<u>(45,690,219)</u>
Net change in fund balances	(464,139)	(305,082)	-	(769,221)
Fund balances (deficits), July 1, 2022	(372,189)	798,555	-	426,366
FUND BALANCES (DEFICITS), JUNE 30, 2023	<u>\$ (836,328)</u>	<u>\$ 493,473</u>	<u>\$ -</u>	<u>\$ (342,855)</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, 2023
(Expressed in Thousands)

Net change in fund balances	\$ (769,221)
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.	135,044
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 depreciation in the current period exceeded capital outlays.	(2,060)
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.	474
Governmental funds report subscription-based IT arrangement 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 SBITA outlays in the current period exceeded amortization.	3,249
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.	5,419
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	(491)
Increase in SBITA liability	(3,179)
Decrease in compensated absences obligation	515
Decrease in net pension liability	61,837
Decrease in OPEB liability	296,953
Decrease in deferred outflows of resources related to pensions	(70,272)
Increase in deferred outflows of resources related to OPEB	15,532
Decrease in deferred inflows of resources related to pensions	45,699
Increase in deferred inflows of resources related to OPEB	(194,645)
	(194,645)
Change in net position of governmental activities	\$ (475,146)

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

State of Illinois
Department of Revenue

Statement of Fiduciary Net Position

June 30, 2023 (Expressed in Thousands)

	Custodial Funds
ASSETS	
Cash equity in State Treasury	\$ 928,214
Cash and cash equivalents	164
Securities lending collateral equity with State Treasurer	107,523
Taxes receivable, net	199,841
Other receivables, net	2,239
Due from other Department funds	48,789
Total assets	1,286,770
LIABILITIES	
Intergovernmental payables	1,172,743
Obligations under securities lending of State Treasurer	107,523
Other liabilities	6,340
Total liabilities	1,286,606
NET POSITION	
Net position restricted for expendable purposes	\$ 164

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

State of Illinois
Department of Revenue

Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2023 (Expressed in Thousands)

	<u>Custodial Funds</u>
ADDITIONS	
Sales tax collections for other governments	\$ 3,395,237
Motor fuel tax collections for other governments	84,950
Public utility tax collections for other governments	116,152
Other tax collections for other governments	1,939,588
Fees collected for other governments	3,253
Interest and other investment income	17,699
Collateral deposits received	6
Other	397
Total additions	<u>5,557,282</u>
DEDUCTIONS	
Payment of sales tax to other governments	3,403,488
Payment of motor fuel tax to other governments	85,303
Payment of public utility tax to other governments	116,152
Payment of other tax to other governments	1,948,634
Payment of fees to other governments	3,302
Collateral deposits returned	7
Other	397
Total deductions	<u>5,557,283</u>
Change in net position	(1)
Net position, July 1, 2022	<u>165</u>
NET POSITION, JUNE 30, 2023	<u>\$ 164</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, 2023

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).

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, 2023, 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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June 30, 2023

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, State Coronavirus Urgent Remediation Emergency, Common School, School Infrastructure, Advancement of Education, Commitment to Human Services, Grocery Tax Replacement 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, leases, subscription-based IT arrangements (SBITAs) 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.

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Receipts Collected and Transmitted to State Treasury

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

Amount of SAMS Transfers-In

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

Amount of SAMS Transfers-Out

This “other financing source” account represents cash transfers made by the Office of the Comptroller in accordance with statutory 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.

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h. Interfund Transactions

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

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

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

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

i. Capital and Intangible Assets

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

j. Compensated Absences

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

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

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

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k. Fund Balances

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

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

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

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

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

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

l. Net Position

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

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".

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m. Use of Estimates

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

n. Pensions and Other Postemployment Benefits

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

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

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

o. New Accounting Pronouncements

Effective for the year ending June 30, 2023, the Department adopted 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. The implementation of this Statement had no impact on the Department's financial statements.

Effective for the year ending June 30, 2023, the Department adopted 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). The implementation of this Statement had no impact on the Department's financial statements.

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Effective for the year ending June 30, 2023, the Department adopted 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. The implementation of this Statement impacted the Department's government-wide financial statements and footnote disclosures with recognition of a subscription liability and an intangible right to use subscription asset.

Effective for the year ending June 30, 2023, the Department adopted GASB Statement No. 99, *Omnibus 2022*, which enhances 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 financial reporting for financial guarantees. The implementation of this Statement had no impact on the Department's financial statements.

p. Future Adoption of GASB Statements

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. Management has not yet determined the impact this Statement 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. 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, 2025, 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.

Effective for the year ending June 30, 2025, the Department will adopt GASB Statement No. 102, *Certain Risk Disclosures*, which provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. 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.

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Notes to Financial Statements

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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 years 2023, Deutsche Bank AG lent U.S. Agency securities and U.S. Treasury securities and received as collateral U.S. dollar denominated cash. Borrowers were required to deliver collateral for each loan equal to at least 100% of the aggregate fair value of the loaned securities. Loans are marked to market daily. If the fair value of collateral falls below 100%, the borrower must provide additional collateral to raise the fair value to 100%.

The State Treasurer did not impose any restrictions during fiscal year 2023 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 2023 resulting from a default of the borrowers or Deutsche Bank AG.

During fiscal year 2023, 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, 2023, arising from securities lending agreements to the various funds of the State. The total allocated to the Department was \$193.783 million at June 30, 2023, including \$107.523 million allocated to custodial funds administered by the Department.

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Notes to Financial Statements

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4. Taxes Receivable

Taxes receivable (amounts expressed in thousands) at June 30, 2023, are as follows:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds	Fiduciary Funds
Taxes receivable:				
Income	\$ 1,859,072	\$ 283,320	\$ 2,142,392	\$ -
Sales	633,049	171,425	804,474	149,621
Motor fuel	-	113,649	113,649	7,610
Public utility	4,962	10,114	15,076	3,614
Other	57,831	43,585	101,416	74,092
Total taxes receivable	<u>2,554,914</u>	<u>622,093</u>	<u>3,177,007</u>	<u>234,937</u>
Less: allowance for uncollectible taxes	<u>539,936</u>	<u>80,478</u>	<u>620,414</u>	<u>35,096</u>
Taxes receivable, net	<u>\$ 2,014,978</u>	<u>\$ 541,615</u>	<u>\$ 2,556,593</u>	<u>\$ 199,841</u>

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, 2023, are as follows:

	<u>Governmental Activities</u>
Senior Citizens Real Estate Deferred Tax	<u>\$ 32,922</u>

**STATE OF ILLINOIS
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June 30, 2023

6. Interfund Balances and Activity

a. Balances Due from/to Other Funds

The following balances (amounts expressed in thousands) at June 30, 2023, represent amounts due from other funds for statutory tax allocations, excess federal grant deposits, and administrative cost reimbursements.

Fund	Due From	
	Other Department Funds	Other State Funds
General fund	\$ 83,701	\$ 7,822
Nonmajor governmental funds	169,653	112
Fiduciary funds	48,789	-
	<u>\$ 302,143</u>	<u>\$ 7,934</u>

The following (amounts expressed in thousands) at June 30, 2023, represent amounts due to other funds for statutory tax 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	\$ 169,653	\$ 138,289	\$ -	\$ -
Nonmajor governmental funds	83,701	320,671	48,789	1,488
	<u>\$ 253,354</u>	<u>\$ 458,960</u>	<u>\$ 48,789</u>	<u>\$ 1,488</u>

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b. Transfers from/to Other Funds

Interfund transfers in (amounts expressed in thousands) for the year ended June 30, 2023, consisted of the following for statutory tax allocations and administrative cost reimbursements.

Fund	Transfers in from Other Department Funds
General fund	\$ 98,694
Nonmajor governmental funds	355,231
	\$ 453,925

Interfund transfers out (amounts expressed in thousands) for the year ended June 30, 2023, consisted of the following for statutory tax allocations and administrative cost reimbursements.

Fund	Transfers Out		
	Other Department Funds	Other State Funds	Total
General fund	\$ 355,229	\$ 8,406	\$ 363,635
Nonmajor governmental funds	98,696	293,722	392,418
	\$ 453,925	\$ 302,128	\$ 756,053

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

The Illinois Housing Development Authority owed the Department's governmental funds \$467.216 million at June 30, 2023, for advances on loan programs. The Department's governmental funds owed \$32.566 million at June 30, 2023, to State of Illinois Component Units for reimbursements for expenses incurred.

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Notes to Financial Statements

June 30, 2023

7. Capital Assets

Capital asset activity (amounts expressed in thousands) for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Deletions	Net Transfers	Ending Balance
Governmental activities:					
Capital assets being depreciated/amortized:					
Equipment	\$ 3,094	\$ 427	\$ (517)	\$ -	\$ 3,004
Internally generated software	77,495	3,385	-	-	80,880
	<u>80,589</u>	<u>3,812</u>	<u>(517)</u>	<u>-</u>	<u>83,884</u>
Less accumulated depreciation/amortization:					
Equipment	2,556	324	(517)	-	2,363
Internally generated software	48,401	5,548	-	-	53,949
	<u>50,957</u>	<u>5,872</u>	<u>(517)</u>	<u>-</u>	<u>56,312</u>
Governmental activities capital assets, net	<u>\$ 29,632</u>	<u>\$ (2,060)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,572</u>

Depreciation/amortization expense for governmental activities of \$5,872 (amounts expressed in thousands) for the year ended June 30, 2023, was charged to the general government function.

8. Leases

The Department has entered into various leases for office and computer equipment with remaining lease terms ranging from three to four years. The leases require the Department to make monthly lease payments with a weighted-average discount rate of 5.07%. The leases do not contain variable payment components.

Right to use lease activity (amounts expressed in thousands) for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Deletions	Net Transfers	Ending Balance
Governmental activities:					
Right to use leased assets being amortized:					
Equipment	\$ 114	\$ 614	\$ (114)	\$ -	\$ 614
Less accumulated amortization:					
Equipment	76	140	(114)	-	102
Governmental activities capital assets, net	<u>\$ 38</u>	<u>\$ 474</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 512</u>

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Amortization expense for governmental activities of \$140 (amounts expressed in thousands) for the year ended June 30, 2023, was charged to the general government function.

Future minimum commitments for non-cancelable leases (amounts expressed in thousands) as of June 30, 2023, are as follows:

Year ended June 30,	Principal Payments	Interest Payments	Total
2024	\$ 166	\$ 23	\$ 189
2025	175	14	189
2026	135	6	141
2027	54	1	55
Total minimum lease payments	<u>\$ 530</u>	<u>\$ 44</u>	<u>\$ 574</u>

9. Subscription-Based Information Technology Arrangements (SBITAs)

The Department has entered into various subscription-based IT arrangements with remaining contract terms ranging from less than one year to three years. The SBITAs require the Department to make monthly payments with a weighted-average discount rate of 4.56%. The SBITAs do not contain variable payment components.

SBITA activity (amounts expressed in thousands) for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Deletions	Net Transfers	Ending Balance
Governmental activities:					
Subscription-based IT arrangements being amortized:					
IT software	\$ -	\$ 5,244	\$ -	\$ -	\$ 5,244
Less accumulated amortization:					
IT software	-	1,995	-	-	1,995
Governmental activities leased assets, net	<u>\$ -</u>	<u>\$ 3,249</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,249</u>

Amortization expense for governmental activities of \$1,995 (amounts expressed in thousands) for the year ended June 30, 2023, was charged to the general government function.

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Future minimum commitments for non-cancelable SBITAs (amounts expressed in thousands) as of June 30, 2023, are as follows:

Year ended June 30,	Principal Payments	Interest Payments	Total
2024	\$ 1,985	\$ 145	\$ 2,130
2025	1,022	54	1,076
2026	172	8	180
Total minimum SBITA payments	\$ 3,179	\$ 207	\$ 3,386

10. Long-Term Obligations

Changes in long-term obligations (amounts expressed in thousands) for the year ended June 30, 2023, were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Lease liability	\$ 39	\$ 614	\$ (123)	\$ 530	\$ 166
SBITA liability	-	5,244	(2,065)	3,179	1,985
Compensated absences	9,785	13,340	(13,855)	9,270	839
Net pension liability	1,071,134	-	(61,837)	1,009,297	-
OPEB liability	605,208	-	(296,953)	308,255	-
Total governmental activities	\$ 1,686,166	\$ 19,198	\$ (374,833)	\$ 1,330,531	\$ 2,990

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.

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11. 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 or that may be obtained by writing to the SERS, 2101 South Veterans Parkway, PO Box 19255, Springfield, Illinois, 62794-9255.

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

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

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Regular Formula Tier 1	Regular Formula Tier 2
<p>A member must have a minimum of 8 years of service credit and may retire at:</p> <ul style="list-style-type: none"> • Age 60, with 8 years of service credit. • Any age, when the member's age (years & whole months) plus years of service credit (years & whole months) equal 85 years (1,020 months) (Rule of 85) with eight years of credited service. • Between ages 55-60 with 25-30 years of service credit (reduced 1/2 of 1% for each month under age 60). <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"> • Age 67, with 10 years of credited service. • Between ages 62-67 with 10 years of credited service (reduced 1/2 of 1% for each month under age 67). <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 2022 rate is \$119,982</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>

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

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

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

Contributions. Contribution requirements of active employees and the State are established in accordance with Chapter 40, section 5/14-133 of the Illinois Compiled Statutes (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 2023, this amount was \$123,489.

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 2023, 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 2023, the employer contribution rate was 53.258%. The Department's contribution amount for fiscal year 2023 was \$58.123 million. In addition, the Department recorded \$23.197 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.

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Pension liability, deferred outflows of resources, deferred inflows of resources and expense related to pensions. At June 30, 2023, the Department reported a liability of \$1.009 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, 2022 (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, 2022. As of the current year measurement date of June 30, 2022, the Department's proportion was 3.1212%, which was a decrease of 0.1148% from its proportion measured as of the prior year measurement date (3.2360%).

For the year ended June 30, 2023, the Department recognized pension expense of \$43.941 million which is reported in the General government function of the Statement of Activities. The Department recognized revenue for a portion of this amount (\$23.197 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, 2023, 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	\$ 11,366	\$ 111
Changes of assumptions	26,193	86,435
Net difference between projected and actual investment earnings on pension plan investments	19,392	-
Changes in proportion	45,559	121,360
Department contributions subsequent to the measurement date	81,320	-
Total	\$ 183,830	\$ 207,906

\$81.320 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, 2024. 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):

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Year ended June 30,	Amount
2024	\$ (40,472)
2025	(33,602)
2026	(34,431)
2027	<u>3,109</u>
Total	<u>\$ (105,396)</u>

Actuarial Methods and Assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.25%

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

Projected salary increases: 2.50% – 7.41% 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, 2022, actuarial valuation pursuant to an experience study of the period July 1, 2018, to June 30, 2021.

Mortality: Pub-2010 General and Public Safety Healthy Retiree mortality tables, sex distinct, with rates projected to 2021 generational mortality improvement factors were updated to projection scale MP-2021.

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

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

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.

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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, 2022, 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%	4.60%
Developed Foreign Equity	13%	4.90%
Emerging Market Equity	8%	5.90%
Private Equity	9%	6.90%
Intermediate Investment Grade Bonds	15%	-0.50%
Long-term Government Bonds	5%	0.30%
TIPS	3%	-0.50%
High Yield and Bank Loans	2%	1.90%
Opportunistic Debt	9%	4.40%
Real Estate	10%	3.30%
Infrastructure	3%	6.80%
Total	100%	

Discount Rate. A discount rate of 6.58% was used to measure the total pension liability as of the measurement date of June 30, 2022, as compared to a discount rate of 6.20% used to measure the total liability as of the prior year measurement date. The June 30, 2022, single blended discount rate was based on the expected rate of return on pension plan investments of 6.75% and a municipal bond rate of 3.69%, 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.

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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 (5.58%)	Discount Rate (6.58%)	1% Increase (7.58%)
Department's proportionate share of the net pension liability	\$ 1,228,002	\$ 1,009,297	\$ 828,428

Payables to the pension plan. At June 30, 2023, the Department reported a payable of \$2.628 million to SERS for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

12. Other Postemployment Benefit Plan

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

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

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

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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 2023, the annual cost of the basic program of group health, dental, and vision benefits before the State's contribution was \$12,635.52 (\$6,989.76 if Medicare eligible) if the annuitant chose benefits provided by a health maintenance organization and \$14,646.00 (\$5,882.40 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, 2023, was measured as of June 30, 2022 (measurement date), based on an actuarial valuation as of June 30, 2021. Update procedures were used to roll forward the total OPEB liability to the measurement date. At June 30, 2023, the Department recorded a liability of \$308.255 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, 2022. As of the current year measurement date, the Department's proportion was 1.8047%, which was an increase of 0.0712% from its proportion measured as of the prior year measurement date (1.7335%).

The Department recognized OPEB expense for the year ended June 30, 2023, of (\$96.576) million. In addition, the Department recorded \$4.063 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, 2023, the Department reported deferred outflows and deferred inflows of resources, as of the measurement date of June 30, 2022, from the following sources (amounts expressed in thousands):

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,154	\$ 84,292
Changes of assumptions	7,609	301,941
Changes in proportion and differences between employer contributions and proportionate share of contributions	82,142	99,887
Department contributions subsequent to the measurement date	14,028	-
Total	\$ 106,933	\$ 486,120

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, 2024. 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
2024	\$ (108,637)
2025	(119,122)
2026	(88,831)
2027	(61,194)
2028	(15,431)
	(393,215)
Total	\$ (393,215)

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, 2021, for eligible SEGIP employees, and SEGIP retiree data as of June 30, 2021.

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Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.25%
Projected Salary Increases *	2.50% - 12.75%
Healthcare Cost Trend Rate:	
Medical and Rx	
Pre-Medicare - QCHP	Trend rates start at 8.00% in 2024, decreasing by 0.25% per year to an ultimate trend rate of 4.25% in year 2039.
Post-Medicare - MAPD	Trend rates are 0.00% in years 2024 to 2028, 19.42% from 2029 to 2033, then 5.77% in 20234 decreasing ratably to an ultimate trend rate of 4.25% in 2039.
Retirees' Share of Benefit-Related Costs	Healthcare premium rates for members depend on the date of retirement and the years of service earned at retirement. Members who retired before January 1, 1998, are eligible for single coverage at no cost to the member. Members who retire after January 1, 1998, are eligible for single coverage provided they pay a portion of the premium equal to 5 percent for each year of service under 20 years. Eligible dependents receive coverage provided they pay 100 percent of the required dependent premium. Premiums for plan year 2022 and 2023 are based on actual premiums. Premiums after 2023 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)	1.8% grading up 6.20% in the first year to 8.00%, then grading down 0.25% per year to an ultimate trend of 4.25% in year 2038. There is no additional trend rate adjustment due to the repeal of the Excise Tax.
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Medical and Rx (Post-Medicare)	-7.56% grading up 15.56% in the first year to 8.00%, then grading down 0.25% per year to an ultimate trend of 4.25% in year 2038.
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Dental and Vision	3.75% grading up 0.25% in the first year to 4.00% through 2038.
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*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, 2021, valuations for GARS, JRS, SERS, TRS, and SURS as follows:

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	Retirement age experience study[^]	Mortality^{^^}
GARS	July 2018 – June 2021	Pub-2010 Above-Median Income General Healthy Retiree Mortality tables, sex distinct, scaling factors of 99% for males and females, and the MP-2018 two-dimensional generational mortality improvement scales
JRS	July 2018 – June 2021	Pub-2010 Above-Median Income General Healthy Retiree Mortality tables, sex distinct, scaling factors of 102% for males and 98% for females, and the MP-2018 two-dimensional generational mortality improvement scales
SERS	July 2018 – June 2021	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
TRS	July 2017 – June 2020	Pub-2010 adjusted for TRS experience for future mortality improvements on a fully generational basis using projection table MP-2020
SURS	July 2017 – June 2020	Rates based on Pub-2010 Healthy Retiree Mortality tables and the most recent MP-2020 projection scale. Teachers table was used for Academic members and General Employees table was used for Non-Academic members
<p>[^] The actuarial assumptions used in the respective actuarial valuations are based on the results of actuarial experience studies for the periods defined.</p> <p>^{^^} Mortality rates are based on mortality tables published by the Society of Actuaries' Retirement Plans Experience Committee.</p>		

Demographic assumptions used in OPEB valuation are identical to those used in the June 30, 2021, valuations for Pensions. Thus, for all five plans, the 2021 valuation information for pension is presented in the FY2022 ACFR in FN 16. For TRS and SURS, the total pension liability presented in the June 30, 2021, actuarial valuation is based on census data as of June 30, 2020, rolled-forward to the measurement date of June 30, 2021.

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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 1.92% at June 30, 2021, and 3.69% at June 30, 2022, was used to measure the total OPEB liability.

Sensitivity of total OPEB liability to changes in the single discount rate. The following presents the plan's total OPEB liability, calculated using a Single Discount Rate of 3.69%, as well as what the plan's total OPEB liability would be if it were calculated using a Single Discount rate that is one percentage point higher (4.69%) or lower (2.69%) than the current rate (amounts expressed in thousands):

	1% Decrease (2.69%)	Current Single Discount Rate Assumption (3.69%)	1% Increase (4.69%)
Department's proportionate share of total OPEB liability	\$ 340,096	\$ 308,255	\$ 273,795

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 2024 decreasing to an ultimate trend of 4.25% in 2039.

	1% Decrease	Current Healthcare Cost Trend Rates Assumption	1% Increase
Department's proportionate share of total OPEB liability	\$ 266,887	\$ 308,255	\$ 350,181

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13. 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, 2023, the State abated income taxes totaling \$187.740 million and \$8.666 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 \$10.907 million. Taxes abated under the Angel Investment Credit Program reduced the amount shared by \$0.486 million.

**STATE OF ILLINOIS
DEPARTMENT OF REVENUE**

Notes to Financial Statements

June 30, 2023

14. Fund Balance (Deficit)

a. Fund Balances (Deficits)

At June 30, 2023, the Department's fund balance restrictions (amounts expressed in thousands) were for the following purposes:

	General Fund	Nonmajor Special Revenue Funds	Total
Restricted purpose:			
Nonspendable inventory	\$ -	\$ 391	\$ 391
General government	148,077	4	148,081
Total restricted	148,077	395	148,472
Committed purpose:			
General government	-	49,423	49,423
Health and social services	24,429	320,046	344,475
Employment and economic development	-	3,832	3,832
Environment and business regulation	-	12,387	12,387
Education	354,169	-	354,169
Capital outlay	22,638	164,292	186,930
Total committed	401,236	549,980	951,216
Total unassigned	(1,385,641)	(56,902)	(1,442,543)
Total fund balances (deficit)	\$ (836,328)	\$ 493,473	\$ (342,855)

b. Fund Deficits

The following subaccounts of the General Fund of the Department had deficit balances; the Income Tax Refund Fund (\$2.530) billion, the State Coronavirus Urgent Remediation Emergency Fund (\$129.994) million, the School Infrastructure Fund (\$888) thousand, and the following nonmajor governmental funds had fund deficits at June 30, 2023, as noted: the Public Utility Fund (\$37) thousand, the Illinois Gaming Law Enforcement Fund (\$319) thousand, the Rental Housing Support Program Fund (\$369) thousand, the Local Government Distributive Fund (\$20.960) million, the Personal Property Tax Replacement Fund (\$21.411) million, and the Cannabis Regulation Fund (\$13.806) million. The fund deficits will be managed through future revenues earned and other sources of financial resources.

**STATE OF ILLINOIS
DEPARTMENT OF REVENUE**

Notes to Financial Statements

June 30, 2023

15. 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, 2023.

16. 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. Subscription-Based IT Arrangements

The Department maintains subscriptions for certain IT software necessary for operations which require the Department to make monthly subscription payments. Information regarding the right to use subscription assets and related subscription liabilities are included in Note 9.

c. 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.

17. Illinois Family Relief Plan

The State passed legislation in state fiscal year 2022 to provide tax relief to Illinoisans. Public Act (Act) 102-0700 directed the Department to issue one-time income and residential real estate tax rebates to eligible taxpayers. The Department issued \$1.094 billion in rebates for the year ended June 30, 2023.

The Act also provided for 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 was suspended for sales made during fiscal year 2023. The Department was required to pay those local governments the revenue they would have received if the tax was not suspended. The Department issued \$184.877 million in grocery tax relief shared revenue payments for the year ended June 30, 2023.

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

June 30, 2023 (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
ASSETS									
Unexpended appropriations	\$ 1,962	\$ -	\$ -	\$ -	\$ -	\$ 3	\$ -	\$ -	\$ -
Cash equity in State Treasury	428,134	230,384	23,945	14,255	707,120	-	851	479	10,260
Securities lending collateral equity with State Treasurer	-	-	-	-	-	-	-	-	-
Taxes receivable, net	1,508,305	136,842	95,819	6,862	176,897	-	1,356	48	33,213
Other receivables, net	-	-	-	-	-	-	-	-	-
Due from other Department fiduciary funds	-	-	-	-	-	-	-	-	-
Due from other State fiduciary funds	-	-	-	-	-	-	-	-	-
Due from other Department funds	619,397	19,100	-	-	-	-	-	-	-
Due from other State funds	-	-	-	-	7,822	-	-	-	-
Due from State of Illinois component units	-	-	-	-	-	285	-	-	-
Inventories	-	-	-	-	-	-	-	-	-
Total assets	\$ 2,557,798	\$ 386,326	\$ 119,764	\$ 21,117	\$ 891,839	\$ 288	\$ 2,207	\$ 527	\$ 43,473
LIABILITIES									
Accounts payable and accrued liabilities	\$ 300,729	\$ 89,865	\$ 970	\$ -	\$ 1,338	\$ 3	\$ 1,479	\$ 1,415	\$ 443
Income tax refunds payable	-	-	-	-	2,553,390	-	-	-	-
Tax rebates payable	-	-	-	-	706	-	-	-	-
Intergovernmental payables	129	-	-	13,218	-	-	-	-	-
Obligations under securities lending of State Treasurer	-	-	-	-	-	-	-	-	-
Due to other Department fiduciary funds	-	-	-	-	-	-	-	-	-
Due to other State fiduciary funds	-	-	-	-	-	-	-	-	-
Due to other Department funds	-	-	-	-	657,403	-	-	-	-
Due to other State funds	111	-	-	7,899	-	130,279	-	-	-
Due to State of Illinois component units	-	-	-	-	-	-	-	-	-
Unearned revenue	714,237	-	61,855	-	175,920	-	-	-	7,358
Total liabilities	1,015,206	89,865	62,825	21,117	3,388,757	130,282	1,479	1,415	7,801
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue	267,682	-	24,388	-	32,751	-	-	-	11,243
Total deferred inflows of resources	267,682	-	24,388	-	32,751	-	-	-	11,243
Total liabilities and deferred inflows of resources	1,282,888	89,865	87,213	21,117	3,421,508	130,282	1,479	1,415	19,044
FUND BALANCES (DEFICITS)									
Nonspendable - Inventory	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-
Committed	-	296,461	32,551	-	-	-	728	-	24,429
Unassigned	1,274,910	-	-	-	(2,529,669)	(129,994)	-	(888)	-
Total fund balances (deficits)	1,274,910	296,461	32,551	-	(2,529,669)	(129,994)	728	(888)	24,429
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 2,557,798	\$ 386,326	\$ 119,764	\$ 21,117	\$ 891,839	\$ 288	\$ 2,207	\$ 527	\$ 43,473

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

June 30, 2023 (Expressed in Thousands)

	Commitment to Human Services 0644	Grocery Tax Replacement 0683	Capital Projects 0694	Eliminations	Total
ASSETS					
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ 1,965
Cash equity in State Treasury	10,260	215,123	2,209	-	1,643,020
Securities lending collateral equity with State Treasurer	-	-	-	-	-
Taxes receivable, net	33,213	-	22,423	-	2,014,978
Other receivables, net	-	-	-	-	-
Due from other Department fiduciary funds	-	-	-	-	-
Due from other State fiduciary funds	-	-	-	-	-
Due from other Department funds	-	-	-	(554,796)	83,701
Due from other State funds	-	-	-	-	7,822
Due from State of Illinois component units	-	-	-	-	285
Inventories	-	-	-	-	-
Total assets	\$ 43,473	\$ 215,123	\$ 24,632	\$ (554,796)	\$ 3,751,771
LIABILITIES					
Accounts payable and accrued liabilities	\$ 443	\$ -	\$ 1,994	\$ -	\$ 398,679
Income tax refunds payable	-	-	-	-	2,553,390
Tax rebates payable	-	-	-	-	706
Intergovernmental payables	-	-	-	-	13,347
Obligations under securities lending of State Treasurer	-	-	-	-	-
Due to other Department fiduciary funds	-	-	-	-	-
Due to other State fiduciary funds	-	-	-	-	-
Due to other Department funds	-	67,046	-	(554,796)	169,653
Due to other State funds	-	-	-	-	138,289
Due to State of Illinois component units	-	-	-	-	-
Unearned revenue	7,358	-	-	-	966,728
Total liabilities	7,801	67,046	1,994	(554,796)	4,240,792
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	11,243	-	-	-	347,307
Total deferred inflows of resources	11,243	-	-	-	347,307
Total liabilities and deferred inflows of resources	19,044	67,046	1,994	(554,796)	4,588,099
FUND BALANCES (DEFICITS)					
Nonspendable - Inventory	-	-	-	-	-
Restricted	-	148,077	-	-	148,077
Committed	24,429	-	22,638	-	401,236
Unassigned	-	-	-	-	(1,385,641)
Total fund balances (deficits)	24,429	148,077	22,638	-	(836,328)
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 43,473	\$ 215,123	\$ 24,632	\$ (554,796)	\$ 3,751,771

State of Illinois
Department of Revenue
Combining Schedule of Revenues,
Expenditures and Changes in Fund
Fund Balance - General Fund

For the Year Ended June 30, 2023 (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
REVENUES									
Federal operating grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,789	\$ -	\$ -	\$ -
Income taxes	25,817,029	-	2,327,446	-	693,124	-	-	-	862,196
Sales taxes	7,731,189	2,763,652	-	-	-	-	-	-	-
Public utility taxes	692,459	-	-	-	-	-	46,480	34,480	-
Other taxes	444,288	-	-	7,899	-	-	53,935	-	-
Licenses and fees	101	-	-	-	-	-	148	-	-
Other charges for services	-	-	-	-	-	-	-	-	-
Other	368	-	-	-	-	-	-	-	-
Total revenues	34,685,434	2,763,652	2,327,446	7,899	693,124	70,789	100,563	34,480	862,196
EXPENDITURES									
General government	74,036	-	-	-	240	151,357	-	-	-
Employment and economic development	-	-	-	5,000	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Total expenditures	74,036	-	-	5,000	240	151,357	-	-	-
Excess (deficiency) of revenues over (under) expenditures	34,611,398	2,763,652	2,327,446	2,899	692,884	(80,568)	100,563	34,480	862,196
OTHER SOURCES (USES) OF FINANCIAL RESOURCES									
Appropriations from State resources	83,799	-	-	-	-	151,394	-	-	-
Lapsed appropriations	(9,618)	-	-	-	-	(52)	-	-	-
Receipts collected and transmitted to State Treasury	(34,420,321)	-	(2,304,384)	-	-	(151,339)	(100,870)	(34,326)	(856,552)
Amount of SAMS transfers-in	(1,573,933)	-	-	-	-	-	(2,644,133)	-	-
Amount of SAMS transfers-out	343,566	-	-	-	-	-	-	-	-
Transfers-in	648,490	-	-	5,000	50,000	-	2,644,133	-	-
Transfers-out	(125,000)	(2,644,133)	-	(7,899)	(658,609)	-	-	-	-
Net other sources (uses) of financial resources	(35,053,017)	(2,644,133)	(2,304,384)	(2,899)	(608,609)	3	(100,870)	(34,326)	(856,552)
Net change in fund balances	(441,619)	119,519	23,062	-	84,275	(80,565)	(307)	154	5,644
Fund balances (deficits), July 1, 2022	1,716,529	176,942	9,489	-	(2,613,944)	(49,429)	1,035	(1,042)	18,785
FUND BALANCES (DEFICITS), JUNE 30, 2023	\$ 1,274,910	\$ 296,461	\$ 32,551	\$ -	\$ (2,529,669)	\$ (129,994)	\$ 728	\$ (888)	\$ 24,429

State of Illinois
Department of Revenue
Combining Schedule of Revenues,
Expenditures and Changes in Fund
Fund Balance - General Fund

For the Year Ended June 30, 2023 (Expressed in Thousands)

	Commitment to Human Services 0644	Grocery Tax Replacement 0683	Capital Projects 0694	Eliminations	Total
REVENUES					
Federal operating grants	\$ -	\$ -	\$ -	\$ -	\$ 70,789
Income taxes	862,196	-	-	-	30,561,991
Sales taxes	-	-	67,875	-	10,562,716
Public utility taxes	-	-	-	-	773,419
Other taxes	-	-	412,039	-	918,161
Licenses and fees	-	-	-	-	249
Other charges for services	-	-	-	-	-
Other	-	-	-	-	368
Total revenues	862,196	-	479,914	-	42,887,693
EXPENDITURES					
General government	-	-	-	-	225,633
Employment and economic development	-	-	-	-	5,000
Capital outlay	-	-	-	-	-
Total expenditures	-	-	-	-	230,633
Excess (deficiency) of revenues over (under) expenditures	862,196	-	479,914	-	42,657,060
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
Appropriations from State resources	-	-	-	-	235,193
Lapsed appropriations	-	-	-	-	(9,670)
Receipts collected and transmitted to State Treasury	(856,552)	-	(482,937)	-	(39,207,281)
Amount of SAMS transfers-in	-	-	-	-	(4,218,066)
Amount of SAMS transfers-out	-	-	-	-	343,566
Transfers-in	-	75,000	-	(3,323,929)	98,694
Transfers-out	-	(251,923)	-	3,323,929	(363,635)
Net other sources (uses) of financial resources	(856,552)	(176,923)	(482,937)	-	(43,121,199)
Net change in fund balances	5,644	(176,923)	(3,023)	-	(464,139)
Fund balances (deficits), July 1, 2022	18,785	325,000	25,661	-	(372,189)
FUND BALANCES (DEFICITS), JUNE 30, 2023	\$ 24,429	\$ 148,077	\$ 22,638	\$ -	\$ (836,328)

State of Illinois
Department of Revenue
Combining Balance Sheet -
Nonmajor Governmental Funds
June 30, 2023 (Expressed in Thousands)

	Road 0011	Motor Fuel Tax 0012	Public Utility 0059	Underground Storage Tank 0072	Compassionate Use of Medical Cannabis 0075	Illinois Gaming Law Enforcement 0085	Rental Housing Support Program 0150	State & Local Sales Tax Reform 0186	RTA Occupation and Use Tax Replacement 0187
ASSETS									
Unexpended appropriations	\$ -	\$ 1,755	\$ -	\$ 80	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity in State Treasury	-	373	-	10	260	27	9,130	166,672	-
Cash and cash equivalents	-	-	-	-	-	-	-	-	-
Securities lending collateral equity with State Treasurer	-	-	-	-	-	-	-	-	-
Taxes receivable, net	44,055	104,525	-	6,454	2,037	218	2	6,692	-
Intergovernmental receivables	-	-	-	-	-	-	-	-	-
Other receivables, net	-	-	-	-	-	-	-	-	-
Due from other Department fiduciary funds	-	-	-	-	-	-	-	-	-
Due from other State fiduciary funds	-	-	-	-	-	-	-	-	-
Due from other Department funds	-	-	-	-	-	-	-	1,818	9,775
Due from other State funds	-	-	-	-	-	-	-	-	-
Loans and notes receivables, long-term	-	-	-	-	-	-	-	-	-
Due from State of Illinois component units	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-
Total assets	\$ 44,055	\$ 106,653	\$ -	\$ 6,544	\$ 2,297	\$ 245	\$ 9,132	\$ 175,182	\$ 9,775
LIABILITIES									
Accounts payable and accrued liabilities	\$ -	\$ 2,810	\$ 37	\$ 306	\$ 1,159	\$ 26	\$ -	\$ -	\$ -
Intergovernmental payables	-	59	-	3	-	538	-	27,777	9,775
Obligations under securities lending of State Treasurer	-	-	-	-	-	-	-	-	-
Due to other Department fiduciary funds	-	-	-	-	-	-	-	-	-
Due to other State fiduciary funds	-	471	-	23	-	-	-	-	-
Due to other Department funds	-	-	-	-	-	-	-	147,405	-
Due to other State funds	42,565	293	-	11	-	-	-	-	-
Due to State of Illinois component units	-	-	-	-	-	-	9,499	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-
Total liabilities	42,565	3,633	37	343	1,159	564	9,499	175,182	9,775
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue	-	-	-	-	-	-	2	-	-
Total deferred inflows of resources	-	-	-	-	-	-	2	-	-
Total liabilities and deferred inflows of resources	42,565	3,633	37	343	1,159	564	9,501	175,182	9,775
FUND BALANCES (DEFICITS)									
Nonspendable - Inventory	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-
Committed	1,490	103,020	-	6,201	1,138	-	-	-	-
Unassigned	-	-	(37)	-	-	(319)	(369)	-	-
Total fund balances (deficits)	1,490	103,020	(37)	6,201	1,138	(319)	(369)	-	-
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 44,055	\$ 106,653	\$ -	\$ 6,544	\$ 2,297	\$ 245	\$ 9,132	\$ 175,182	\$ 9,775

State of Illinois
Department of Revenue
Combining Balance Sheet -
Nonmajor Governmental Funds
June 30, 2023 (Expressed in Thousands)

	County & Mass Transit 0188	Local Govt Tax 0189	Emergency Public Health 0240	Illinois Affordable Housing Trust 0286	Used Tire Management 0294	Natural Areas Acquisition 0298	Open Space Lands Acquisition & Development 0299	Tax Compliance and Administration 0384	Local Government Distributive 0515
ASSETS									
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity in State Treasury	120,406	512,470	3	76,309	10	39	90	47,575	214,846
Cash and cash equivalents	-	-	-	-	-	-	-	-	-
Securities lending collateral equity with State Treasurer	-	-	-	14,036	-	-	-	8,099	-
Taxes receivable, net	10,513	45,039	-	6	-	1	3	1,108	85,457
Intergovernmental receivables	-	-	-	-	-	-	-	-	-
Other receivables, net	-	-	826	281	3,141	-	-	6,671	-
Due from other Department fiduciary funds	-	-	-	-	-	-	-	-	-
Due from other State fiduciary funds	-	-	-	-	-	-	-	-	-
Due from other Department funds	-	65,228	-	-	-	-	-	-	85,754
Due from other State funds	-	-	-	-	-	-	-	112	-
Loans and notes receivables, long-term	-	-	-	-	-	-	-	-	-
Due from State of Illinois component units	-	-	-	466,931	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	391	-
Total assets	\$ 130,919	\$ 622,737	\$ 829	\$ 557,563	\$ 3,151	\$ 40	\$ 93	\$ 63,956	\$ 386,057
LIABILITIES									
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 61	\$ 6,904	\$ 232	\$ 22	\$ 52	\$ 3,294	\$ 859
Intergovernmental payables	82,130	585,900	-	3,205	-	-	-	111	328,679
Obligations under securities lending of State Treasurer	-	-	-	14,036	-	-	-	8,099	-
Due to other Department fiduciary funds	48,789	-	-	-	-	-	-	-	-
Due to other State fiduciary funds	-	-	-	-	-	-	-	569	-
Due to other Department funds	-	36,837	-	-	195	-	-	-	-
Due to other State funds	-	-	-	260,964	-	-	-	3,222	-
Due to State of Illinois component units	-	-	-	23,030	-	-	-	37	-
Unearned revenue	-	-	-	-	-	-	-	-	56,519
Total liabilities	130,919	622,737	61	308,139	427	22	52	15,332	386,057
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue	-	-	-	-	3	-	-	300	20,960
Total deferred inflows of resources	-	-	-	-	3	-	-	300	20,960
Total liabilities and deferred inflows of resources	130,919	622,737	61	308,139	430	22	52	15,632	407,017
FUND BALANCES (DEFICITS)									
Nonspendable - Inventory	-	-	-	-	-	-	-	391	-
Restricted	-	-	-	-	-	-	-	-	-
Committed	-	-	768	249,424	2,721	18	41	47,933	-
Unassigned	-	-	-	-	-	-	-	-	(20,960)
Total fund balances (deficits)	-	-	768	249,424	2,721	18	41	48,324	(20,960)
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 130,919	\$ 622,737	\$ 829	\$ 557,563	\$ 3,151	\$ 40	\$ 93	\$ 63,956	\$ 386,057

State of Illinois
Department of Revenue
Combining Balance Sheet -
Nonmajor Governmental Funds
June 30, 2023 (Expressed in Thousands)

	Drycleaner Environmental Response 0548	Supplemental Low Income Energy Assistance 0550	Renewable Energy Resource 0564	International Tourism 0621	Rental Purchase Agreement Tax Refund 0671	Personal Property Tax Replacement 0802	Local Government Video Gaming 0842	Foreclosure Prevention 0891	Abandoned Residential Property Municipality Relief 0892
ASSETS									
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity in State Treasury	1	1	-	-	-	778,292	12,135	243	1,794
Cash and cash equivalents	-	-	-	-	-	-	-	-	-
Securities lending collateral equity with State Treasurer	-	-	-	-	-	64,125	-	-	-
Taxes receivable, net	25	7,856	-	1,020	-	151,543	11,600	-	-
Intergovernmental receivables	-	-	-	-	-	-	-	-	7
Other receivables, net	-	-	444	-	-	1,285	-	-	-
Due from other Department fiduciary funds	-	-	-	-	-	-	-	-	-
Due from other State fiduciary funds	-	-	-	-	-	-	-	-	-
Due from other Department funds	-	-	-	-	-	102,607	-	-	-
Due from other State funds	-	-	-	-	-	-	-	-	-
Loans and notes receivables, long-term	-	-	-	-	-	-	-	-	-
Due from State of Illinois component units	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-
Total assets	\$ 26	\$ 7,857	\$ 444	\$ 1,020	\$ -	\$ 1,097,852	\$ 23,735	\$ 243	\$ 1,801
LIABILITIES									
Accounts payable and accrued liabilities	\$ 1	\$ 40	\$ 2	\$ 117	\$ -	\$ 26,452	\$ -	\$ -	\$ -
Intergovernmental payables	-	-	-	-	-	748,382	23,735	-	-
Obligations under securities lending of State Treasurer	-	-	-	-	-	64,125	-	-	-
Due to other Department fiduciary funds	-	-	-	-	-	-	-	-	-
Due to other State fiduciary funds	-	-	-	-	-	425	-	-	-
Due to other Department funds	-	-	-	-	-	-	-	-	-
Due to other State funds	-	-	-	-	-	1,805	-	-	-
Due to State of Illinois component units	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	278,064	-	-	-
Total liabilities	1	40	2	117	-	1,119,253	23,735	-	-
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue	-	-	-	-	-	10	-	-	-
Total deferred inflows of resources	-	-	-	-	-	10	-	-	-
Total liabilities and deferred inflows of resources	1	40	2	117	-	1,119,263	23,735	-	-
FUND BALANCES (DEFICITS)									
Nonspendable - Inventory	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-
Committed	25	7,817	442	903	-	-	-	243	1,801
Unassigned	-	-	-	-	-	(21,411)	-	-	-
Total fund balances (deficits)	25	7,817	442	903	-	(21,411)	-	243	1,801
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 26	\$ 7,857	\$ 444	\$ 1,020	\$ -	\$ 1,097,852	\$ 23,735	\$ 243	\$ 1,801

State of Illinois
Department of Revenue
Combining Balance Sheet -
Nonmajor Governmental Funds
June 30, 2023 (Expressed in Thousands)

	Cannabis Regulation 0912	Senior Citizen Real Estate Deferred Tax 0930	Build Illinois 0960	Local Tourism 0969	Build Illinois Bond 0971	Evidence 1369	Eliminations	Total
ASSETS								
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,835
Cash equity in State Treasury	3,025	28,872	15,057	-	-	-	-	1,987,640
Cash and cash equivalents	-	-	-	-	-	4	-	4
Securities lending collateral equity with State Treasurer	-	-	-	-	-	-	-	86,260
Taxes receivable, net	6,039	-	54,116	3,306	-	-	-	541,615
Intergovernmental receivables	-	-	-	-	-	-	-	7
Other receivables, net	-	16,091	-	-	-	-	-	28,739
Due from other Department fiduciary funds	-	-	-	-	-	-	-	-
Due from other State fiduciary funds	-	-	-	-	-	-	-	-
Due from other Department funds	-	-	13,940	-	-	-	(109,469)	169,653
Due from other State funds	-	-	-	-	-	-	-	112
Loans and notes receivables, long-term	-	32,922	-	-	-	-	-	32,922
Due from State of Illinois component units	-	-	-	-	-	-	-	466,931
Inventories	-	-	-	-	-	-	-	391
Total assets	\$ 9,064	\$ 77,885	\$ 83,113	\$ 3,306	\$ -	\$ 4	\$ (109,469)	\$ 3,316,109
LIABILITIES								
Accounts payable and accrued liabilities	\$ 2,326	\$ -	\$ 21,841	\$ 377	\$ -	\$ -	\$ -	\$ 66,918
Intergovernmental payables	-	-	-	-	-	-	-	1,810,294
Obligations under securities lending of State Treasurer	-	-	-	-	-	-	-	86,260
Due to other Department fiduciary funds	-	-	-	-	-	-	-	48,789
Due to other State fiduciary funds	-	-	-	-	-	-	-	1,488
Due to other Department funds	8,733	-	-	-	-	-	(109,469)	83,701
Due to other State funds	11,811	-	-	-	-	-	-	320,671
Due to State of Illinois component units	-	-	-	-	-	-	-	32,566
Unearned revenue	-	-	-	-	-	-	-	334,583
Total liabilities	22,870	-	21,841	377	-	-	(109,469)	2,785,270
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	16,091	-	-	-	-	-	37,366
Total deferred inflows of resources	-	16,091	-	-	-	-	-	37,366
Total liabilities and deferred inflows of resources	22,870	16,091	21,841	377	-	-	(109,469)	2,822,636
FUND BALANCES (DEFICITS)								
Nonspendable - Inventory	-	-	-	-	-	-	-	391
Restricted	-	-	-	-	-	4	-	4
Committed	-	61,794	61,272	2,929	-	-	-	549,980
Unassigned	(13,806)	-	-	-	-	-	-	(56,902)
Total fund balances (deficits)	(13,806)	61,794	61,272	2,929	-	4	-	493,473
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 9,064	\$ 77,885	\$ 83,113	\$ 3,306	\$ -	\$ 4	\$ (109,469)	\$ 3,316,109

State of Illinois
Department of Revenue

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

For the Year Ended June 30, 2023 (Expressed in Thousands)

	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
REVENUES										
Federal operating grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Income taxes	-	-	-	-	-	-	-	-	-	-
Sales taxes	495,905	-	-	-	24,801	-	-	164,379	65,982	503,627
Motor fuel taxes	-	1,195,050	-	6,201	-	-	-	-	-	-
Public utility taxes	-	-	6,392	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	1,353	10,793	-	-	-
Licenses and fees	-	1,375	2	-	-	216	-	-	-	-
Other charges for services	-	-	-	-	-	-	-	-	-	-
Interest and other investment income	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total revenues	495,905	1,196,425	6,394	6,201	24,801	1,569	10,793	164,379	65,982	503,627
EXPENDITURES										
General government	-	50,931	-	2,246	-	-	11,222	-	-	-
Health and social services	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-
Public protection and justice	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	538	-	131,792	65,982	503,627
Debt service - principal	-	78	-	-	-	-	-	-	-	-
Debt service - interest	-	10	-	-	-	-	-	-	-	-
Capital outlay	-	367	-	-	-	-	-	-	-	-
Capital lease and installment purchases	-	(367)	-	-	-	-	-	-	-	-
Total expenditures	-	51,019	-	2,246	-	538	11,222	131,792	65,982	503,627
Excess (deficiency) of revenues over (under) expenditures	495,905	1,145,406	6,394	3,955	24,801	1,031	(429)	32,587	-	-
OTHER SOURCES (USES) OF FINANCIAL RESOURCES										
Appropriations from State resources	-	128,940	-	2,278	-	1,398	-	-	-	-
Lapsed appropriations	-	(38,208)	-	(32)	-	(834)	-	-	-	-
Receipts collected and transmitted to State Treasury	(484,244)	(1,236,672)	(6,478)	-	(23,877)	(1,615)	-	-	-	-
Amount of SAMS transfers-in	-	-	-	-	-	-	-	-	-	-
Amount of SAMS transfers-out	150,000	-	-	-	-	-	-	-	-	-
Transfers-in	-	-	-	-	-	-	-	5,213	-	-
Transfers-out	(149,193)	-	-	-	-	-	-	(37,800)	-	-
Net other sources (uses) of financial resources	(483,437)	(1,145,940)	(6,478)	2,246	(23,877)	(1,051)	-	(32,587)	-	-
Net change in fund balances	12,468	(534)	(84)	6,201	924	(20)	(429)	-	-	-
Fund balances (deficits), July 1, 2022	(10,978)	103,554	47	-	214	(299)	60	-	-	-
FUND BALANCES (DEFICITS), JUNE 30, 2023	\$ 1,490	\$ 103,020	\$ (37)	\$ 6,201	\$ 1,138	\$ (319)	\$ (369)	\$ -	\$ -	\$ -

State of Illinois
Department of Revenue

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

For the Year Ended June 30, 2023 (Expressed in Thousands)

	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	Supplemental Low Income Energy Assistance 0550
REVENUES										
Federal operating grants	\$ -	\$ -	\$ 227,998	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Income taxes	-	-	-	-	-	-	3,622	2,011,375	-	-
Sales taxes	2,224,309	-	-	-	-	-	3,264	402,557	-	-
Motor fuel taxes	-	-	-	-	-	-	-	-	-	-
Public utility taxes	-	-	-	-	-	-	75	-	-	94,253
Other taxes	-	-	46,773	-	14,032	32,740	815	-	112	-
Licenses and fees	-	4,009	-	15,305	-	-	82,906	-	774	-
Other charges for services	-	-	-	-	-	-	87	-	-	-
Interest and other investment income	-	-	9,207	-	-	-	1,241	-	-	-
Other	-	-	64,547	-	-	-	-	-	-	-
Total revenues	2,224,309	4,009	348,525	15,305	14,032	32,740	92,010	2,413,932	886	94,253
EXPENDITURES										
General government	-	-	407,216	-	-	-	70,130	-	-	-
Health and social services	-	-	66,714	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-
Public protection and justice	-	-	-	-	-	-	-	-	-	-
Intergovernmental	2,471,019	-	-	-	-	-	-	2,429,670	-	-
Debt service - principal	-	-	-	-	-	-	2,110	-	-	-
Debt service - interest	-	-	-	-	-	-	10	-	-	-
Capital outlay	-	-	-	-	-	-	4,777	-	-	-
Capital lease and installment purchases	-	-	-	-	-	-	(987)	-	-	-
Total expenditures	2,471,019	-	473,930	-	-	-	76,040	2,429,670	-	-
Excess (deficiency) of revenues over (under) expenditures	(246,710)	4,009	(125,405)	15,305	14,032	32,740	15,970	(15,738)	886	94,253
OTHER SOURCES (USES) OF FINANCIAL RESOURCES										
Appropriations from State resources	-	-	-	-	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	(4,074)	-	(15,554)	(14,021)	(32,717)	-	-	(878)	(94,710)
Amount of SAMS transfers-in	-	-	-	-	-	-	-	-	-	-
Amount of SAMS transfers-out	-	-	-	6,667	-	-	-	-	-	-
Transfers-in	246,710	-	-	-	-	-	-	19,890	-	-
Transfers-out	-	-	-	(6,680)	-	-	-	(5,000)	-	-
Net other sources (uses) of financial resources	246,710	(4,074)	-	(15,567)	(14,021)	(32,717)	-	14,890	(878)	(94,710)
Net change in fund balances	-	(65)	(125,405)	(262)	11	23	15,970	(848)	8	(457)
Fund balances (deficits), July 1, 2022	-	833	374,829	2,983	7	18	32,354	(20,112)	17	8,274
FUND BALANCES (DEFICITS), JUNE 30, 2023	\$ -	\$ 768	\$ 249,424	\$ 2,721	\$ 18	\$ 41	\$ 48,324	\$ (20,960)	\$ 25	\$ 7,817

State of Illinois
Department of Revenue

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

For the Year Ended June 30, 2023 (Expressed in Thousands)

	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	Senior Citizen Real Estate Deferred Tax 0930	Build Illinois 0960
REVENUES										
Federal operating grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Income taxes	-	-	-	4,281,795	-	-	-	-	-	-
Sales taxes	-	-	(1)	-	-	-	-	-	-	681,624
Motor fuel taxes	-	-	-	-	-	-	-	-	-	-
Public utility taxes	-	-	-	275,826	-	-	-	-	-	-
Other taxes	-	3,636	-	-	141,046	-	-	240,350	-	198,489
Licenses and fees	5,401	-	-	-	-	-	85	-	-	-
Other charges for services	-	-	-	-	-	22	-	-	-	-
Interest and other investment income	-	-	-	7,329	-	-	-	-	1,706	-
Other	-	-	-	1	-	-	-	-	-	-
Total revenues	5,401	3,636	(1)	4,564,951	141,046	22	85	240,350	1,706	880,113
EXPENDITURES										
General government	-	-	-	128,953	-	-	1	1,500	-	-
Health and social services	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	1,622	-	-	-	-	-	-
Public protection and justice	-	-	-	2,324	-	-	-	-	-	-
Intergovernmental	-	-	-	4,740,750	141,046	-	-	-	-	-
Debt service - principal	-	-	-	-	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	22	-	-	-	-	-	-
Capital lease and installment purchases	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	4,873,671	141,046	-	1	1,500	-	-
Excess (deficiency) of revenues over (under) expenditures	5,401	3,636	(1)	(308,720)	-	22	84	238,850	1,706	880,113
OTHER SOURCES (USES) OF FINANCIAL RESOURCES										
Appropriations from State resources	-	-	-	-	-	-	-	1,500	-	-
Lapsed appropriations	-	-	-	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	(5,427)	(3,200)	-	-	-	-	-	(255,528)	-	(873,898)
Amount of SAMS transfers-in	-	-	-	-	-	-	-	-	-	(37,800)
Amount of SAMS transfers-out	-	-	-	-	-	-	-	249,591	-	-
Transfers-in	-	-	1	103,307	-	-	-	-	-	37,800
Transfers-out	-	-	-	-	-	-	-	(251,435)	-	-
Net other sources (uses) of financial resources	(5,427)	(3,200)	1	103,307	-	-	-	(255,872)	-	(873,898)
Net change in fund balances	(26)	436	-	(205,413)	-	22	84	(17,022)	1,706	6,215
Fund balances (deficits), July 1, 2022	468	467	-	184,002	-	221	1,717	3,216	60,088	55,057
FUND BALANCES (DEFICITS), JUNE 30, 2023	\$ 442	\$ 903	\$ -	\$ (21,411)	\$ -	\$ 243	\$ 1,801	\$ (13,806)	\$ 61,794	\$ 61,272

State of Illinois
Department of Revenue

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

For the Year Ended June 30, 2023 (Expressed in Thousands)

	Local Tourism 0969	Build Illinois Bond 0971	Evidence 1369	Eliminations	Total
REVENUES					
Federal operating grants	\$ -	\$ -	\$ -	\$ -	\$ 227,998
Income taxes	-	-	-	-	6,296,792
Sales taxes	-	-	-	-	4,566,447
Motor fuel taxes	-	-	-	-	1,201,251
Public utility taxes	-	-	-	-	376,546
Other taxes	11,780	-	-	-	701,919
Licenses and fees	-	-	-	-	110,073
Other charges for services	-	-	-	-	109
Interest and other investment income	-	-	-	-	19,483
Other	-	-	5	-	64,553
Total revenues	11,780	-	5	-	13,565,171
EXPENDITURES					
General government	-	67,925	5	-	740,129
Health and social services	-	-	-	-	66,714
Education	-	-	-	-	1,622
Public protection and justice	-	-	-	-	2,324
Intergovernmental	-	-	-	-	10,484,424
Debt service - principal	-	-	-	-	2,188
Debt service - interest	-	-	-	-	20
Capital outlay	-	-	-	-	5,166
Capital lease and installment purchases	-	-	-	-	(1,354)
Total expenditures	-	67,925	5	-	11,301,233
Excess (deficiency) of revenues over (under) expenditures	11,780	(67,925)	-	-	2,263,938
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
Appropriations from State resources	-	68,500	-	-	202,616
Lapsed appropriations	-	(575)	-	-	(39,649)
Receipts collected and transmitted to State Treasury	(10,365)	-	-	-	(3,063,258)
Amount of SAMS transfers-in	-	-	-	-	(37,800)
Amount of SAMS transfers-out	-	-	-	-	406,258
Transfers-in	-	-	-	(57,690)	355,231
Transfers-out	-	-	-	57,690	(392,418)
Net other sources (uses) of financial resources	(10,365)	67,925	-	-	(2,569,020)
Net change in fund balances	1,415	-	-	-	(305,082)
Fund balances (deficits), July 1, 2022	1,514	-	4	-	798,555
FUND BALANCES (DEFICITS), JUNE 30, 2023	\$ 2,929	\$ -	\$ 4	\$ -	\$ 493,473

State of Illinois
Department of Revenue

Combining Statement of Fiduciary

Net Position - Custodial Funds

June 30, 2023 (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	County Option Motor Fuel Tax 0190
ASSETS								
Cash equity in State Treasury	\$ -	\$ 51,632	\$ 2,502	\$ 1,404	\$ 240,263	\$ 160,991	\$ 12,787	\$ 14,005
Cash and cash equivalents	-	-	-	-	-	-	-	-
Securities lending collateral equity with State Treasurer	-	7,448	-	-	31,420	19,719	-	1,825
Taxes receivable, net	-	5,578	1,217	-	58,562	38,540	3,826	6,409
Other receivables, net	-	149	-	11	630	395	-	37
Due from other Department funds	-	-	-	-	-	-	-	-
Total assets	-	64,807	3,719	1,415	330,875	219,645	16,613	22,276
LIABILITIES								
Intergovernmental payables	-	57,359	3,719	1,415	299,455	199,926	16,613	20,451
Obligations under securities lending of State Treasurer	-	7,448	-	-	31,420	19,719	-	1,825
Other liabilities	-	-	-	-	-	-	-	-
Total liabilities	-	64,807	3,719	1,415	330,875	219,645	16,613	22,276
NET POSITION								
Net position restricted for expendable purposes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

State of Illinois
Department of Revenue
Combining Statement of Fiduciary
Net Position - Custodial Funds
June 30, 2023 (Expressed in Thousands)

	County Public Safety ROT 0219	Sports Facility Tax Trust 0229	Private Vehicle Use Home Rule 0263	Metropolitan Pier & Expo. Auth. Trust 0337	Illinois Tourism Tax 0452	School Facility Occupation Tax 0498	Flood Prevention Occupation Tax 0558	Tax Suspense Trust 0583
ASSETS								
Cash equity in State Treasury	\$ 36,183	\$ -	\$ 3,223	\$ 45,188	\$ 6,023	\$ 51,175	\$ 4,176	\$ 6,340
Cash and cash equivalents	-	-	-	-	-	-	-	-
Securities lending collateral equity with State Treasurer	-	-	-	6,391	-	-	-	-
Taxes receivable, net	2,235	-	421	17,956	3,457	7,146	251	-
Other receivables, net	-	-	-	128	-	-	-	-
Due from other Department funds	-	-	-	-	-	-	-	-
Total assets	38,418	-	3,644	69,663	9,480	58,321	4,427	6,340
LIABILITIES								
Intergovernmental payables	38,418	-	3,644	63,272	9,480	58,321	4,427	-
Obligations under securities lending of State Treasurer	-	-	-	6,391	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	6,340
Total liabilities	38,418	-	3,644	69,663	9,480	58,321	4,427	6,340
NET POSITION								
Net position restricted for expendable purposes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

State of Illinois
Department of Revenue

Combining Statement of Fiduciary

Net Position - Custodial Funds

June 30, 2023 (Expressed in Thousands)

	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	County Automobile Renting Tax 0869	Local Cannabis Consumer Excise Tax Trust 0919
ASSETS								
Cash equity in State Treasury	\$ 1,703	\$ 24,294	\$ 234,332	\$ 10,598	\$ -	\$ 2,429	\$ 66	\$ 15,544
Cash and cash equivalents	-	-	-	-	-	-	-	-
Securities lending collateral equity with State Treasurer	-	-	38,824	1,542	-	344	10	-
Taxes receivable, net	20	3,062	47,449	108	-	811	1	2,336
Other receivables, net	6	-	778	31	-	7	-	54
Due from other Department funds	-	-	48,789	-	-	-	-	-
Total assets	1,729	27,356	370,172	12,279	-	3,591	77	17,934
LIABILITIES								
Intergovernmental payables	1,729	27,356	331,348	10,737	-	3,247	67	17,934
Obligations under securities lending of State Treasurer	-	-	38,824	1,542	-	344	10	-
Other liabilities	-	-	-	-	-	-	-	-
Total liabilities	1,729	27,356	370,172	12,279	-	3,591	77	17,934
NET POSITION								
Net position restricted for expendable purposes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

State of Illinois
Department of Revenue

Combining Statement of Fiduciary

Net Position - Custodial Funds

June 30, 2023 (Expressed in Thousands)

	Local Government Aviation Trust 0939	Municipal Motor Fuel Tax 0967	Surety Bond 1151	Total
ASSETS				
Cash equity in State Treasury	\$ 2,585	\$ 771	\$ -	\$ 928,214
Cash and cash equivalents	-	-	164	164
Securities lending collateral equity with State Treasurer	-	-	-	107,523
Taxes receivable, net	6	450	-	199,841
Other receivables, net	10	3	-	2,239
Due from other Department funds	-	-	-	48,789
Total assets	2,601	1,224	164	1,286,770
LIABILITIES				
Intergovernmental payables	2,601	1,224	-	1,172,743
Obligations under securities lending of State Treasurer	-	-	-	107,523
Other liabilities	-	-	-	6,340
Total liabilities	2,601	1,224	-	1,286,606
NET POSITION				
Net position restricted for expendable purposes	\$ -	\$ -	\$ 164	\$ 164

State of Illinois
Department of Revenue
Combining Statement of Changes in
Fiduciary Net Position -
Custodial Funds

For the Year Ended June 30, 2023 (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	County Option Motor Fuel Tax 0190
ADDITIONS								
Sales tax collections for other governments	\$ -	\$ 218,161	\$ 12,278	\$ -	\$ 1,466,780	\$ 1,098,257	\$ 62,785	\$ -
Motor fuel tax collections for other governments	-	-	-	-	-	-	-	80,425
Public utility tax collections for other governments	-	-	-	-	-	-	-	-
Other tax collections for other governments	-	-	-	-	-	-	-	-
Fees collected for other governments	-	-	-	3,253	-	-	-	-
Interest and other investment income	-	1,273	-	49	4,335	4,964	-	331
Collateral deposits received	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total additions	-	219,434	12,278	3,302	1,471,115	1,103,221	62,785	80,756
DEDUCTIONS								
Payment of sales tax to other governments	-	219,434	12,278	-	1,471,115	1,103,221	62,785	-
Payment of motor fuel tax to other governments	-	-	-	-	-	-	-	80,756
Payment of public utility tax to other governments	-	-	-	-	-	-	-	-
Payment of other tax to other governments	-	-	-	-	-	-	-	-
Payment of fees to other governments	-	-	-	3,302	-	-	-	-
Collateral deposits returned	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total deductions	-	219,434	12,278	3,302	1,471,115	1,103,221	62,785	80,756
Change in net position	-	-	-	-	-	-	-	-
Net position, July 1, 2022	-	-	-	-	-	-	-	-
NET POSITION, JUNE 30, 2023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

State of Illinois
Department of Revenue
Combining Statement of Changes in
Fiduciary Net Position -
Custodial Funds

For the Year Ended June 30, 2023 (Expressed in Thousands)

	County Public Safety ROT 0219	Sports Facility Tax Trust 0229	Private Vehicle Use Home Rule 0263	Metropolitan Pier & Expo. Auth. Trust 0337	Illinois Tourism Tax 0452	School Facility Occupation Tax 0498	Flood Prevention Occupation Tax 0558	Tax Suspense Trust 0583
ADDITIONS								
Sales tax collections for other governments	\$ 168,049	\$ -	\$ -	\$ 100,981	\$ -	\$ 223,948	\$ 17,074	\$ -
Motor fuel tax collections for other governments	-	-	-	-	-	-	-	-
Public utility tax collections for other governments	-	-	-	-	-	-	-	-
Other tax collections for other governments	-	2,155	10,885	75,222	29,735	-	-	-
Fees collected for other governments	-	-	-	-	-	-	-	-
Interest and other investment income	-	-	-	646	-	-	-	-
Collateral deposits received	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	155
Total additions	168,049	2,155	10,885	176,849	29,735	223,948	17,074	155
DEDUCTIONS								
Payment of sales tax to other governments	168,049	-	-	98,468	-	223,948	17,074	-
Payment of motor fuel tax to other governments	-	-	-	-	-	-	-	-
Payment of public utility tax to other governments	-	-	-	-	-	-	-	-
Payment of other tax to other governments	-	2,155	10,885	78,381	29,735	-	-	-
Payment of fees to other governments	-	-	-	-	-	-	-	-
Collateral deposits returned	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	155
Total deductions	168,049	2,155	10,885	176,849	29,735	223,948	17,074	155
Change in net position	-	-	-	-	-	-	-	-
Net position, July 1, 2022	-	-	-	-	-	-	-	-
NET POSITION, JUNE 30, 2023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

State of Illinois
Department of Revenue
Combining Statement of Changes in
Fiduciary Net Position -
Custodial Funds

For the Year Ended June 30, 2023 (Expressed in Thousands)

	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	County Automobile Renting Tax 0869	Local Cannabis Consumer Excise Tax Trust 0919
ADDITIONS								
Sales tax collections for other governments	\$ 6,545	\$ -	\$ -	\$ -	\$ -	\$ 9,442	\$ 218	\$ -
Motor fuel tax collections for other governments	-	-	-	-	-	-	-	-
Public utility tax collections for other governments	-	116,152	-	-	-	-	-	-
Other tax collections for other governments	-	-	1,710,092	41,639	-	-	-	69,860
Fees collected for other governments	-	-	-	-	-	-	-	-
Interest and other investment income	52	-	5,126	267	-	58	1	494
Collateral deposits received	-	-	-	-	-	-	-	-
Other	-	-	-	-	242	-	-	-
Total additions	6,597	116,152	1,715,218	41,906	242	9,500	219	70,354
DEDUCTIONS								
Payment of sales tax to other governments	6,597	-	-	-	-	9,500	219	-
Payment of motor fuel tax to other governments	-	-	-	-	-	-	-	-
Payment of public utility tax to other governments	-	116,152	-	-	-	-	-	-
Payment of other tax to other governments	-	-	1,715,218	41,906	-	-	-	70,354
Payment of fees to other governments	-	-	-	-	-	-	-	-
Collateral deposits returned	-	-	-	-	-	-	-	-
Other	-	-	-	-	242	-	-	-
Total deductions	6,597	116,152	1,715,218	41,906	242	9,500	219	70,354
Change in net position	-	-	-	-	-	-	-	-
Net position, July 1, 2022	-	-	-	-	-	-	-	-
NET POSITION, JUNE 30, 2023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

State of Illinois
Department of Revenue
Combining Statement of Changes in
Fiduciary Net Position -
Custodial Funds

For the Year Ended June 30, 2023 (Expressed in Thousands)

	Local Government Aviation Trust 0939	Municipal Motor Fuel Tax 0967	Surety Bond 1151	Total
ADDITIONS				
Sales tax collections for other governments	\$ 10,719	\$ -	\$ -	\$ 3,395,237
Motor fuel tax collections for other governments	-	4,525	-	84,950
Public utility tax collections for other governments	-	-	-	116,152
Other tax collections for other governments	-	-	-	1,939,588
Fees collected for other governments	-	-	-	3,253
Interest and other investment income	81	22	-	17,699
Collateral deposits received	-	-	6	6
Other	-	-	-	397
Total additions	10,800	4,547	6	5,557,282
DEDUCTIONS				
Payment of sales tax to other governments	10,800	-	-	3,403,488
Payment of motor fuel tax to other governments	-	4,547	-	85,303
Payment of public utility tax to other governments	-	-	-	116,152
Payment of other tax to other governments	-	-	-	1,948,634
Payment of fees to other governments	-	-	-	3,302
Collateral deposits returned	-	-	7	7
Other	-	-	-	397
Total deductions	10,800	4,547	7	5,557,283
Change in net position	-	-	(1)	(1)
Net position, July 1, 2022	-	-	165	165
NET POSITION, JUNE 30, 2023	\$ -	\$ -	\$ 164	\$ 164

**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***

Independent Auditor's Report

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, 2023, and the related notes to the financial statements, which collectively comprise the Department's financial statements and have issued our report thereon dated June 24, 2024. 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 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, 2023, the changes in its financial position, or where applicable, its cash flows 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2023-001 that we consider 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 24, 2024

**State of Illinois
Department of Revenue**

**Schedule of Findings
For the Year Ended June 30, 2023**

Current Findings – Government Auditing Standards

Finding 2023-001 Inadequate Control over Service Providers

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

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:

- Performed adequate independent reviews for two of four (50%) service providers.
- Conducted an analysis to determine the impact of noted deviations within the SOC reports for one of four (25%) service providers.
- Monitored and documented the operation of the Complementary User Entity Controls (CUECs) related to the Department's operations for two of four (50%) 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 that they have established certain processes related to the identification of service providers. However, due to timeliness of reporting, the Department has not had time to finalize and implement the formal procedures established to ensure all service providers were properly assessed during the period.

Without reviewing SOC reports, the Department does not have assurance the service providers' internal controls are adequate and operating effectively. (Finding Code No. 2023-001, 2022-003)

**State of Illinois
Department of Revenue**

**Schedule of Findings (Continued)
For the Year Ended June 30, 2023**

Finding 2023-001 Inadequate Control over Service Providers (Continued)

Recommendation

We recommend the Department continue to strengthen its controls in assessing and monitoring all service providers. Further, we recommend the Department:

- Review SOC reports (or perform independent reviews) of internal controls associated with outsourced functions 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.
- Ensure no significant changes to the service providers internal control when bridge letters are obtained for extended periods.

Department Response

Accepted. The Department implemented procedures to ensure there are controls in place to assess and monitor service providers.

**State of Illinois
Department of Revenue**

**Schedule of Findings (Continued)
For the Year Ended June 30, 2023**

Prior Finding Not Repeated

A. Weaknesses in Internal Controls over Reporting Federal Operating Grants

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

During the current engagement, we noted the Department was able to work with the Illinois State Comptroller to properly reflect the reporting for federal operating grant activity in the financial statements. As a result, this finding is not repeated. (Finding Code No. 2022-001)

B. Inadequate Internal Control over GenTax

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

During the current engagement, our sample testing did not contain significant errors that would affect the financial statements. As a result, this finding is not repeated. (Finding Code No. 2022-002)