

STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES

FINANCIAL AUDIT

For the Year Ended June 30, 2006

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

STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES

FINANCIAL AUDIT

For the Year Ended June 30, 2006

TABLE OF CONTENTS

	<u>Page</u>
AGENCY OFFICIALS .....	1
FINANCIAL STATEMENT REPORT	
Summary .....	3
Independent Auditors' Report .....	5
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	7
Schedule of Findings and Questioned Costs Current Findings – Government Auditing Standards .....	9
Basic Financial Statements	
Statement of Net Assets and Governmental Funds Balance Sheet .....	13
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Assets.....	14
Statement of Activities and Governmental Revenues, Expenditures, and Changes in Fund Balances.....	15
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to Statement of Activities .....	16
Statement of Fiduciary Net Assets .....	17
Statement of Changes in Fiduciary Net Assets .....	18
Notes to Financial Statements .....	19

STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES

FINANCIAL AUDIT

For the Year Ended June 30, 2006

TABLE OF CONTENTS - Continued

SUPPLEMENTARY INFORMATION

Combining Schedule of Accounts – General Fund .....	40
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund .....	41
Combining Balance Sheet – Non-major Governmental Funds .....	42
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Non-major Governmental Funds.....	49
Combining Statement of Fiduciary Net Assets – Agency Funds .....	56
Combining Statement of Changes in Assets and Liabilities – Agency Funds .....	57

STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES

AGENCY OFFICIALS

Secretary	Carol L. Adams, Ph.D.
Assistant Secretary	Francisco DuPrey
Assistant Secretary	Grace Hou
Budget Director	Robert Brock
Business Services Manager	Steven Richie
Chief of Staff	Teyonda Wertz
Chief Financial Officer	Robert Stanek
Chief Operational Officer	Jerome Butler
Contract Administration Manager	David Hanbury (Through 12/31/05) Sally Hardwick (Acting, Effective 12/22/05)
State Purchasing Officer	Dina Arrigo (Through 1/31/06) Curtis Thompson (Acting, Effective 2/1/06)
Fiscal Services Director	Solomon Oriakhi
Human Resources Manager	Elizabeth Gil
Management Information Services Chief	Gerry Mitchell (Acting, Through 5/31/06) Robert Daniel (Effective 6/1/06)
Office of Community Relations Director	Tracey Scruggs
Chief Legislative Liaison	LaToya Price-Childs
Assistant for Compliance Access and Workplace Safety	Audrey McCrimon
Hispanic/Latino Affairs Director	Mireya Hurtado
General Counsel	Lauretta Higgins-Wolfson
Inspector General	Sydney Roberts (Through 7/29/05) Bill Davis (Effective 2/21/06)

STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES

AGENCY OFFICIALS - Continued

Special Projects	Carolyn Cochran-Kopel
Office of Strategic Planning and Performance Management Director	Ronald Carter
Office of Alcoholism and Substance Abuse Director	Theodora Binion-Taylor
Office of Rehabilitation Services Associate Director	Rob Kilbury
Office of Community Health and Prevention Director	Steve Guerra
Office of Developmental Disabilities Director	Jeri Johnson
Office of Mental Health Director	Lorrie Rickman-Jones, Ph.D.
Office of Clinical, Administrative and Program Support Manager	Jim Hobbs
Office of Human Capital Development Director	Marva Arnold
Grant Administration Director	Sharon Zahorodnyj

Agency main offices are located at:

100 South Grand Avenue, East  
Springfield, Illinois 62762

401 South Clinton Street  
Chicago, Illinois 60607

STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES

FINANCIAL STATEMENT REPORT

SUMMARY

The audit of the accompanying basic financial statements of the State of Illinois, Department of Human Services was performed by Sikich LLP as special assistants for the Auditor General.

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

SUMMARY OF FINDINGS

The auditors identified matters involving the internal control over financial reporting that they considered to be reportable conditions. The reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs on pages 9-12 of this report, as finding 06-1, Failure to Bill Resident Accounts in a Timely Manner, and finding 06-2, Inadequate Controls Over Commodities. The auditors also considered finding 06-1 to be a material weakness.

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Department personnel at an exit conference on January 8, 2007. Attending were:

Department of Human Services

Robert Stanek	Chief Financial Officer
Solomon Oriakhi	Director – Office of Fiscal Services
Jerri Vogel	Bureau Chief – Bureau of General Accounting/Fiscal Services
Mary Fritz	Audit Liaison – Office of Fiscal Services
Albert Okwuegbunam	Audit Liaison – Office of Fiscal Services
Jamie Nardulli	Audit Liaison – Office of Fiscal Services
Reta Hoskin	Acting Director – Division of Developmental Disabilities
Dale Brooks	Commodities Liaison – Business Services
Drew Kerr	Bureau Chief – Capital Programs/Business Services
Carolyn Cochran-Kopel	Special Assistant – Secretary's Office

Chicago Attendees:

Fred Nirde	Hospital Administrator – Madden Mental Health Center
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EXIT CONFERENCE – Continued

Office of the Auditor General

Paul Usherwood

Audit Manager

Sikich LLP – Special Assistant Auditors

Nick Appelbaum

Partner

Andy Lascody

Partner

Amber Sharp

Senior

The responses to the recommendations were provided by Jamie Nardulli, Audit Liaison, in a letter dated January 12, 2007.



INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the State of Illinois, Department of Human Services (the Department), as of and for the year ended June 30, 2006, which collectively comprise the Department's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Department's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the financial statements of the Department are intended to present the financial position and changes in financial position of only that portion of the governmental activities, the major fund, and the aggregate remaining fund information of the State that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the State of Illinois as of June 30, 2006, and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Department, as of June 30, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.



In accordance with *Government Auditing Standards*, we have also issued a report dated December 14, 2006 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Department has not presented a management's discussion and analysis and budgetary comparison information for any of its funds that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department's basic financial statements. The combining General Fund, nonmajor fund and fiduciary fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining General Fund, nonmajor fund and fiduciary fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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.

*Achik LLP*

Springfield, Illinois  
December 14, 2006



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

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the State of Illinois, Department of Human Services (the Department), as of and for the year ended June 30, 2006, which collectively comprise the Department's basic financial statements and have issued our report thereon dated December 14, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Department's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Department's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 06-1 and 06-2.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 06-1 to be a material weaknesses.

### Compliance and Other Matters

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

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

*Schick LLP*

Springfield, Illinois  
December 14, 2006

**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**June 30, 2006**

**FINDINGS (GOVERNMENT AUDITING STANDARDS)**

**06-1 FINDING:** (Failure to bill resident accounts in a timely manner)

The Department did not determine billing eligibility for resident accounts in State mental health facilities in a timely manner, resulting in delayed and potentially lost revenue to the State and inaccurate Department account receivable balances.

Ten of the 17 facilities operated by the Department that provide services to mental health residents were noted as having problems billing residents. The Recipient Resource Unit (RRU) at each facility is responsible for determining resident billing information, including ability to pay, any private sources that may be billed (insurance or other responsible parties) or eligible federal government reimbursements (Medicare or Medicaid). Services are then billed and appropriate accounts receivable are established.

During our testing of accounts receivable, we noted that Elgin Mental Health Center and John J. Madden Mental Health Center were approximately three fiscal years delinquent in their eligibility determinations, and thus their billings. Three additional facilities were also delinquent to a lesser extent in completing determinations and billings.

During the previous engagement, the Department estimated a range from \$3 million to \$9 million in unbilled services. During the current engagement, Department personnel estimated they have not determined billing eligibility for approximately 204,000 patient days, representing unbilled services approximating \$19 million for fiscal years 2004, 2005, and 2006. Factoring in potential uncollectible amounts, Department personnel estimated this could result in delayed or potential lost revenue to the State of up to \$6 million.

Total accounts receivable ending balances from residents (not including unbilled services to residents) were \$15.397 million, \$12.188 million, and \$11.957 million at June 30, 2004, 2005, and 2006, respectively. The decline in accounts receivable balances is primarily a result of resident accounts not being determined or billed. These totals also do not include Medicare and Medicaid eligible costs.

Failure to record receivables as services are provided is poor internal control and is ineffective cash management. The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) states, "All State agencies shall establish and maintain a system, or systems, of internal fiscal and administrative controls, which provide assurance that...(4) revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports..."

In addition, good business practice dictates that services be billed and receivables be recorded in accordance with appropriate financial accounting standards and that balances be followed up on at regular frequent intervals. The uncollectible portion of the patient receivables based on historical experience is very high, approximately 87%. This underscores the importance of recording these receivables when the Department has a rightful claim. The longer a receivable is outstanding, the less likely any balance will be collected. Additionally, Medicare eligible cost reimbursements are no longer collectible once 27 months passes after the end of the fiscal year. Waiting indefinite periods of time to record a receivable will only impede collection efforts.

In response to the previous finding, the Department stated that they would allocate resources to this function, hire centralized or facility staff, and contract consultants/contractors to take over some other billing systems of the Recipient Resource Units at the facilities so that the Recipient Resource Unit staff can work on billing residents. Currently, Department personnel stated they have contracted consultants to follow up on the Medicare and Medicaid billings, and are taking measures to expedite resident billings.

Department personnel further stated billings are delinquent because staff resources allocated to the RRU at certain facilities have been cut back due to budgetary constraints. (Finding Code No. 06-1, 05-1)

**RECOMMENDATION:**

We recommend the Department allocate sufficient staff resources to the RRU of each facility to process all delinquent determinations and billings and process all future billings in a timely manner.

**DEPARTMENT RESPONSE:**

Agree. A Reimbursement Officer was hired at Madden Mental Health Center on April 1, 2006 and an Assistant Reimbursement Officer was temporarily assigned to the Reimbursement Officer position at Elgin Mental Health Center on May 22, 2006 and became permanent in January 2007. Both positions were staffed as resources for processing current and delinquent determinations and billings.

Consultants have been contracted to complete outstanding Medicaid and Medicare billings using DHS patient data in our billing system. They have submitted Medicare claims due by December 31, 2006 for all mental health facilities for a total of approximately \$2.6 million and Medicaid claims for Elgin and Madden Mental Health Center. Medicare claiming for subsequent periods and Medicaid for all other mental health facilities will be completed in the next phase.

Once claiming for these prior time periods is secure, the consultants shall develop standard procedures and advise the department on processes, efficiencies and resource needs to help ensure future determinations and billings are processed in a timely manner.

**06-2 FINDING:** (Inadequate controls over commodities)

The Department does not maintain a centralized oversight function over commodities, resulting in inadequate controls. Inventory control includes responsibilities at individual facilities, multiple warehouses, and Central Office locations.

We noted several exceptions and weaknesses over commodities inventories. We performed tests of various locations including warehouses, facilities, schools, and centers, noting the following inventory problems during our testing:

- Discrepancies and/or weaknesses were noted at twenty-four locations.
- Manual adjustments were made for financial statement purposes for 10 facilities. The ending inventory balances for four other locations should have been adjusted but were not. One facility required an inventory reduction adjustment of \$331,831 after the year-end reports were printed.
- During the engagement period, it was noted 17 facilities failed to perform a complete year-end physical inventory count or the count was not conducted in close proximity to the end of the fiscal year.
- Tests also revealed problems related to lack of or inadequate written inventory procedures, inadequate segregation of duties, failure to make timely adjustments to inventory records, counts that could not be reconciled, and areas being disorganized.
- Six facilities operated independent systems, one of which was a duplication of effort.
- We also noted the Bureau of Disability Determination Services maintained commodities inventories of \$173,939 as of June 30, 2006, even though the Department maintains a centralized warehouse in Springfield for supplies.

The Warehouse Control System (WCS) is the computer system used to track and value inventory at the Springfield and Chicago warehouses, which had a reported value of \$1,927,602 at June 30, 2006. During our testing, we noted problems with 6 of 65 (9.2%) items selected from WCS for testing. Similar problems were noted with the WCS during the previous four engagements. Although the Department has initiated procedures to review and monitor commodity costs, several errors or omissions were noted. Items transferred into the Department from a legacy agency remain on WCS although the items are obsolete and have no cost history.

Good business practice would require the Department to maintain a centralized oversight function for commodities. In addition, generally accepted accounting principles require the proper valuation, reduction of overstocking, and control over annual physical inventory processes to ensure complete and accurate inventories for financial reporting purposes. A centralized function would allow Department personnel an individual person to contact with questions related to commodities and inventory processes.

Department officials stated they have begun the process of centralizing certain functions related to pharmaceutical commodities. However, controls over commodities are still decentralized based upon job duties of legacy agencies and budgetary constraints. By failing to maintain centralized oversight over commodities, multiple problems have occurred.

Strong internal controls would require a centralized oversight function related to commodities. This is important considering the Department made commodities expenditures of \$41.519 million during fiscal year 2006. In addition, the Department recorded ending commodities inventories of \$10.417 million at June 30, 2006. (Finding Code No. 06-2, 05-2, 03-15, 03-17, 01-9 and 99-14)

**RECOMMENDATION:**

We recommend the Department to continue establishing a centralized oversight function related to commodities to allow for strengthened controls.

**DEPARTMENT RESPONSE:**

Agree. The department is currently standardizing the commodity inventory numbers that are used by all areas using the Commodity Control System (CCS). A feasibility study has been conducted to determine the resources required to move the commodities in CCS to WCS. Research is still being conducted to determine whether an alternative software package should be purchased instead. A central oversight function will be implemented along with detailed procedures and monitoring tools in order to strengthen commodity controls.

**State of Illinois**  
**Department of Human Services**

**Statement of Net Assets and Governmental Funds Balance Sheet**

June 30, 2006 (Expressed in Thousands)

	General Fund	Other Non-major Funds	Total Governmental Funds	Adjustments	Statement of Net Assets
<b>ASSETS</b>					
Unexpended appropriations	\$ 206,943	\$ 2,963	\$ 209,906	\$ -	\$ 209,906
Cash equity with State Treasurer	10,794	62,765	73,559	-	73,559
Cash and cash equivalents	210	3,627	3,837	-	3,837
Investments	-	2,308	2,308	-	2,308
Due from other government - federal	142,958	62,761	205,719	-	205,719
Due from other government - local	5,600	412	6,012	-	6,012
Taxes receivable, net	-	319	319	-	319
Other receivables, net	25,912	13,883	39,795	-	39,795
Loans and notes receivable, net	-	456	456	-	456
Due from other Department funds	5	164	169	(169)	-
Due from other State funds	2,976	312	3,288	-	3,288
Inventories	10,243	174	10,417	-	10,417
Prepaid expenses	-	-	-	1,871	1,871
Other assets	-	185	185	-	185
Capital assets not being depreciated	-	-	-	3,248	3,248
Capital assets being depreciated, net	-	-	-	294,853	294,853
<b>Total assets</b>	<b>\$ 405,641</b>	<b>\$ 150,329</b>	<b>\$ 555,970</b>	<b>299,803</b>	<b>\$ 855,773</b>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 276,885	\$ 63,512	\$ 360,497	-	\$ 360,497
Due to other government - federal	3,779	163	3,942	-	3,942
Due to other government - local	12,904	4,691	17,595	-	17,595
Due to other Department fiduciary funds	1	-	1	-	1
Due to other State fiduciary funds	2,184	188	2,372	-	2,372
Due to other Department funds	15	154	169	(169)	-
Due to other State funds	17,604	9,961	27,565	-	27,565
Due to State of Illinois component units	3,356	5,042	8,398	-	8,398
Unavailable revenue	106,593	7,586	114,179	(114,179)	-
Deferred revenue	24,466	17,068	41,534	-	41,534
Long-term obligations:					
Due within one year	-	-	-	3,198	3,198
Due subsequent to one year	-	-	-	69,260	69,260
<b>Total liabilities</b>	<b>447,887</b>	<b>128,365</b>	<b>576,252</b>	<b>(41,850)</b>	<b>534,362</b>
<b>FUND BALANCES/NET ASSETS</b>					
Reserved for:					
Encumbrances	1,078	133	1,211	(1,211)	-
Long-term portion of loans and notes receivable	-	396	396	(396)	-
Inventories	10,243	174	10,417	(10,417)	-
Other	-	1,117	1,117	(1,117)	-
Unreserved:					
General funds	(53,567)	-	(53,567)	53,567	-
Special revenue funds	-	20,077	20,077	(20,077)	-
Permanent funds	-	67	67	(67)	-
Invested in capital assets, net of related debt	-	-	-	297,437	297,437
Restricted net assets:					
Restricted for health and social service programs	-	-	-	1,670	1,670
Funds held as permanent investments:					
Nonexpendable purposes	-	-	-	1,117	1,117
Expendable purposes	-	-	-	67	67
Unrestricted net assets	(42,246)	21,964	(20,282)	21,120	21,120
<b>Total fund balances/net assets</b>	<b>\$ 405,641</b>	<b>\$ 150,329</b>	<b>\$ 555,970</b>	<b>\$ 341,693</b>	<b>\$ 321,410</b>
<b>Total liabilities and fund balances</b>	<b>\$ 447,887</b>	<b>\$ 128,365</b>	<b>\$ 576,252</b>	<b>(41,850)</b>	<b>\$ 534,362</b>

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



**State of Illinois**  
**Department of Human Services**  
**Reconciliation of Governmental Funds Balance Sheet**  
**to Statement of Net Assets**  
**June 30, 2006**  
**(Expressed in Thousands)**

<b>Total fund balances-governmental funds</b>	<b>\$</b>	<b>(20,282)</b>
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		298,101
Prepaid expenses for governmental activities are current uses of financial resources for funds.		1,871
Revenues in the Statement of Activities that do not provide current financial resources are deferred in the funds.		114,179
Some liabilities reported in the Statement of Net Assets do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds. These liabilities consist of:		
Capital lease obligations	(346)	
Installment purchase obligations	(318)	
Compensated absences	(71,794)	
	(71,794)	(72,458)
<b>Net assets of governmental activities</b>	<b>\$</b>	<b><u>321,411</u></b>

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

**State of Illinois**  
**Department of Human Services**

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

For the Year Ended June 30, 2006 (Expressed in Thousands)

	General Fund	Other Non-major Funds	Total Governmental Funds	Adjustments	Statement of Activities
<b>Expenditures/expenses:</b>					
Health and social services	\$ 3,860,048	\$ 2,360,378	\$ 6,220,426	\$ 24,717	\$ 6,245,143
Debt service - principal	328	8	336	(336)	-
Debt service - interest	81	-	81	-	81
Capital outlays	1,292	417	1,709	(1,709)	-
<b>Total expenditures/expenses</b>	<b>3,861,749</b>	<b>2,360,803</b>	<b>6,222,552</b>	<b>22,672</b>	<b>6,245,224</b>
<b>Program revenues:</b>					
Charges for services:					
Licenses and fees	91	5,126	5,217	(29)	5,188
Other	221	27,564	27,785	756	28,541
Total charges for services	312	32,690	33,002	727	33,729
Operating grant revenue:					
Federal	788,892	2,239,721	3,028,613	38,379	3,066,992
Other	8,321	14	8,335	2,858	11,193
Total operating grant revenue	797,213	2,239,735	3,036,948	41,237	3,078,185
<b>Net program revenues</b>	<b>(3,064,224)</b>	<b>(86,378)</b>	<b>(3,152,602)</b>	<b>19,292</b>	<b>(3,133,310)</b>
<b>General revenues:</b>					
Other taxes	-	1,642	1,642	(10)	1,632
Interest and investment income	754	503	1,257	-	1,257
Other	(202)	8,086	7,884	1,482	9,366
<b>Total general revenues</b>	<b>552</b>	<b>10,231</b>	<b>10,783</b>	<b>1,472</b>	<b>12,255</b>
<b>Other sources (uses):</b>					
Appropriations from State resources	3,883,611	32,035	3,915,646	-	3,915,646
Lapsed appropriations	(27,168)	(8,821)	(35,989)	-	(35,989)
Receipts collected and transmitted to State Treasury	(638,510)	(21,851)	(660,361)	-	(660,361)
Capital transfers from other State agencies	-	-	-	4,952	4,952
Amount of SAMS transfers-in	(84,148)	-	(84,148)	-	(84,148)
Amount of SAMS transfers-out	4,315	-	4,315	-	4,315
Other financing sources	100	1,200	1,300	(1,200)	100
Transfers-in	14	64,156	64,170	(62,586)	1,584
Transfers-out	(88,781)	(2,744)	(91,525)	62,586	(28,939)
Capital lease and installment purchase financing	727	-	727	(727)	-
<b>Total other sources (uses)</b>	<b>3,050,160</b>	<b>63,975</b>	<b>3,114,135</b>	<b>3,025</b>	<b>3,117,160</b>
Change in fund balance/net assets	(13,512)	(14,172)	(27,684)	23,789	(3,895)
Fund balance/net assets, July 1, 2005	(27,544)	36,188	8,644	316,662	325,306
Decrease for changes in inventories	(1,190)	(52)	(1,242)	1,242	-
<b>Fund balance/net assets, June 30, 2006</b>	<b>(42,246)</b>	<b>21,964</b>	<b>(20,282)</b>	<b>341,693</b>	<b>321,411</b>

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

**State of Illinois**  
**Department of Human Services**  
**Reconciliation of Statement of Revenues, Expenditures and Changes in**  
**Fund Balances of Governmental Funds to Statement of Activities**  
**For the Year Ended June 30, 2006**  
**(Expressed in Thousands)**

<b>Net change in fund balances</b>	\$	(27,684)
Change in inventories		(1,242)
		(28,926)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation 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.</p>		
		(20,060)
<p>Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.</p>		
		336
<p>Some capital additions were financed through installment purchases. In governmental funds, installment purchases are considered a source of financing, but in the Statement of Net Assets the installment purchase obligation is reported as a liability.</p>		
		(249)
<p>Some capital additions were financed through capital lease agreements. In governmental funds, capital lease agreements are considered a source of financing, but in the Statement of Net Assets the capital lease agreement obligation is reported as a liability.</p>		
		(478)
<p>Some capital assets were transferred in from other State agencies and therefore, were received at no cost.</p>		
		4,952
<p>Proceeds from sales of capital assets are reported in the governmental funds. However, in the Statement of Activities, the book value of capital assets which are sold or scrapped are also reported. This is the book value of capital assets which were sold or scrapped.</p>		
		(410)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		43,436
<p>Prepaid expenses in the Statement of Activities are reported as expenses in governmental funds.</p>		
		(57)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Below are such activities.</p>		
Increase in compensated absences obligation		(2,439)
		(2,439)
<b>Change in net assets of governmental activities</b>	<b>\$</b>	<b>(3,895)</b>

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

**State of Illinois**

**Department of Human Services**

**Statement of Fiduciary Net Assets**

June 30, 2006 (Expressed in Thousands)

	<u>Private-Purpose Trust</u> Hansen- Therkelsen Memorial Deaf Student College 0123	<u>Agency Funds</u>
<b>ASSETS</b>		
Cash equity with State Treasurer	\$ 835	\$ -
Cash and cash equivalents	-	1,085
Investments	-	1,204
Due from other government - federal	-	40
Other receivables, net	3	7
Due from other Department funds	-	1
Loans and notes receivable	77	-
<b>Total assets</b>	<u>915</u>	<u>\$ 2,337</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	-	\$ 2,337
<b>Total liabilities</b>	-	<u>\$ 2,337</u>
<b>NET ASSETS</b>		
Held in trust and other purposes	<u>\$ 915</u>	

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

**State of Illinois**  
**Department of Human Services**

**Statement of Changes in Fiduciary Net Assets**

For the Year Ended June 30, 2006 (Expressed in Thousands)

	<u>Private-Purpose Trust</u> <u>Hansen-Therkelsen Memorial Deaf Student College 0123</u>
<b>Additions:</b>	
Investment earnings:	
Interest, dividends and other investment income	\$ 36
<b>Total investment earnings</b>	<u>36</u>
<b>Total additions</b>	<u>36</u>
Other deductions	<u>8</u>
<b>Total deductions</b>	<u>8</u>
<b>Change in net assets</b>	28
Net assets, July 1, 2005	<u>887</u>
<b>Net assets, JUNE 30, 2006</b>	<u>\$ 915</u>

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

**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

Notes to Financial Statements

June 30, 2006

**(1) Organization**

The Department of Human Services (the Department) is a part of the executive branch of government of the State of Illinois (State) and operates under the authority of and review by the Illinois General Assembly. The Department operates under a budget approved by the General Assembly in which resources primarily from the General 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, excluding all locally-held funds authorized by State law.

The Department is organized to assist Illinois residents to achieve self-sufficiency, independence and health to the maximum extent possible by providing integrated family-oriented services, promoting prevention and establishing measurable outcomes in partnership with communities.

**(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 on the primary government.

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

**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

Notes to Financial Statements

June 30, 2006

**(b) Basis of Presentation**

The financial statements of the State of Illinois, Department of Human Services, are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, each major 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, 2006 and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The financial activities of the Department, which consist only of governmental activities, are reported under the health and social services function in the State of Illinois' Comprehensive Annual Report. For reporting purposes, the Department has combined the fund and government-wide financial statements using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column. A brief description of the Department's government-wide and fund financial statements is as follows:

**Government-wide Statements:** The government-wide statement of net assets 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. The financial activities of the Department consist only of governmental activities, which are primarily supported by taxes and intergovernmental revenues.

The statement of net assets presents the assets and liabilities of the Department's governmental activities with the difference being reported as net assets. 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 the health and social services function of the Department's governmental activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular 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 the major governmental fund, which is 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)) of the State:

**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

Notes to Financial Statements

June 30, 2006

**General** – This is the State’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The services which are administered by the Department and accounted for in the General Fund include, among others, health and social services. Certain resources obtained from federal grants and used to support general governmental activities are accounted for in the General Fund consistent with applicable legal requirements. The Department’s portion of the General Fund is composed of a primary sub-account (General Revenue) and five secondary sub-accounts (Community DD Services Medicaid Trust, Community MH/DD Services Provider Participation Fee, Care Provider Fund for Persons with Developmental Disabilities, Community Mental Health Medicaid Trust, and DHS Recoveries Trust).

Additionally, the Department reports the following fund types:

**Governmental Fund Types:**

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

**Permanent** – These funds account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the government or its citizens.

**Fiduciary Fund Types:**

**Private Purpose** – These funds account for resources legally held in trust for use by individuals the Department serves. All resources of these funds, including any earnings on invested resources, may be used to support these individuals. There is no requirement that any portion of these resources be preserved as capital.

**Agency** – These funds account for receipts from individuals or groups of individuals at the Department’s mental health and developmental centers, and schools, as well as electronic benefit transfers, and receipts from the Federal Government for transfer to other funds for social service programs. These funds are collected 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



**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

Notes to Financial Statements

June 30, 2006

intergovernmental grants. 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. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, 1) principal and interest on formal debt issues, such as bonds and capital leases, are recorded only when payment is due, and 2) compensated absences and claims and judgments are recorded when they are expected to be liquidated with expendable available financial resources. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Significant revenue sources which are susceptible to accrual include intergovernmental grants, charges for services, and interest and other investment income. All other revenue sources including fines and other miscellaneous revenues are considered to be measurable and available only when cash is received.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

**(d) Shared Fund Presentation**

The financial statement presentation for the General Revenue and Care Provider Fund for Persons with Developmental Disabilities subaccounts of the General Fund and the Tobacco Settlement Recovery Fund, Maternal and Child Health Services Block Grant Fund, and Preventive Health and Health Services Block Grant Fund, nonmajor governmental funds, represents only the portion of the shared fund that can be directly attributed to the operations of the Department. Financial statements for total fund operations of the shared State funds are presented in the State of Illinois' Comprehensive Annual Financial Report.

In presenting these financial statements, certain unique accounts are used for the presentation of shared funds. The following accounts are used in these financial statements to present the Department's portion of shared funds:

Unexpended Appropriations

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

**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

Notes to Financial Statements

June 30, 2006

Appropriations from State Resources

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

Lapsed Appropriations

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

Receipts Collected and Transmitted to State Treasury

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

Amount of SAMS Transfers-In

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

Amount of SAMS Transfers-Out

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

**(e) Eliminations**

Eliminations have been made in the government-wide statement of net assets 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 assets. 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 assets 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 the time of purchase. Cash and cash equivalents include cash on hand, cash in banks, certificates of deposit, and money market accounts for locally held funds.

**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

Notes to Financial Statements

June 30, 2006

**(g) Investments**

Investments are reported at fair value. The Department holds investments pursuant to statutory authority for locally held funds.

**(h) Inventories**

Inventories, consisting primarily of food and drugs, maintained at the mental health and developmental centers, are valued at weighted average cost. The remaining inventories are valued at replacement cost. The cost of inventories is recognized as expenditures when purchased. Significant inventories balances in governmental funds are reported on the balance sheet.

**(i) 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 sheets or the government-wide statements of net assets.

***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.

The Department also has activity with various component units of the State of Illinois for professional services received and payments for State and Federal programs.

**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

Notes to Financial Statements

June 30, 2006

**(j) Capital Assets**

Capital assets, which include property, plant, and equipment, are reported at cost or estimated historical cost based on appraisals. Contributed assets are reported at estimated fair value at the time received. Capital assets are depreciated using the straight-line method.

Capitalization thresholds and the estimated useful lives are as follows:

Capital Asset Category	Capitalization Threshold	Estimated Useful Life (in Years)
Land	\$100,000	N/A
Land Improvements	25,000	N/A
Site Improvements	25,000	3-50
Buildings	100,000	10-60
Building Improvements	25,000	10-45
Equipment	5,000	3-25

**(k) Compensated Absences**

The liability for compensated absences reported in the government-wide statement of net assets 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 taxes).

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 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.

**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

Notes to Financial Statements

June 30, 2006

**(l) Fund Balances**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for specific purpose. Designations of fund balances represent tentative State plans that are subject to change.

**(m) Net Assets**

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

***Invested in Capital Assets, Net of Related Debt*** – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

***Restricted*** – This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. The Department's restricted net assets are all restricted by 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 net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**(n) Use of Estimates**

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

**(o) New Accounting Pronouncements**

Effective for the year ended June 30, 2006 the State adopted GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, which established accounting and financial reporting standards for the impairment of capital assets. There was no significant impact on the Department's financial statements as a result of adopting this statement.

Effective for the year ended June 30, 2006 the State adopted GASB Statement No. 47, *Accounting for Termination Benefits*, which established accounting and financial reporting

**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

Notes to Financial Statements

June 30, 2006

standards for termination benefits. There was no significant impact on the Department's financial statements as a result of adopting this statement.

**(3) Deposits and Investments**

**(a) Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Department is required by the State Officers and Employees Money Disposition Act (30 ILCS 230/2c) to obtain a bond, pledged securities, or other eligible collateral equal to or greater than the uninsured portion of the deposit. Deposits for locally-held funds of governmental activities had a carrying amount and a bank balance of \$4.897 million at June 30, 2006. Deposits of locally-held funds of fiduciary funds had a carrying amount and a bank balance of \$2.264 million at June 30, 2006. Of the total bank balances, \$3.652 million was exposed to custodial credit risk (amounts expressed in thousands) as follows:

Uninsured and collateral held by the pledging financial institution (but not in its trust department or agent) in the Department's name	\$ 1,716
Uninsured and collateral not held in the Department's name	1,928
Uninsured and uncollateralized	<u>8</u>
	<u>\$ 3,652</u>

**(b) Investments**

The State Treasurer is the custodian of the State's cash and cash equivalents for funds maintained in the State Treasury. Deposits in the custody of the State Treasurer, or in transit, for governmental funds and fiduciary funds totaled \$73.559 million and \$835 thousand, respectively, at June 30, 2006. These deposits 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. Details on the nature of these deposits and investments are available within the State of Illinois' Comprehensive Annual Financial Report.

**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

Notes to Financial Statements

June 30, 2006

As of June 30, 2006, the Department had the following investments outside of the State Treasury:

	<u>Fair Value (Thousands)</u>	<u>Weighted Average Maturity (Years)</u>
<b><i>Governmental Funds</i></b>		
U.S. Treasury Notes	\$ 80	1.996
Illinois Public Treasurers' Investment Pool	1,081	0.087
Equity Mutual Funds	45	N/A

**Interest Rate Risk:** The Department does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk:** The Department does not have a formal investment policy that limits investment choices. The Illinois Public Treasurers' Investment Pool was rated AAAM by Standard & Poor's.

**(c) Reconciliation to Statement of Net Assets and Statement of Fiduciary Net Assets**

The amounts reported as investments in the Statement of Net Assets and the Statement of Fiduciary Net Assets contain certain long-term deposits to reflect their lack of liquidity. A reconciliation (amounts expressed in thousands) follows:

<b><i>Governmental Activities</i></b>	<u>Deposits</u>	<u>Investments</u>
Amounts Per Note	\$ 4,897	\$ 1,206
Deposits held for investment purposes	(1,238)	1,238
Cash equivalents	136	(136)
Petty cash	42	-
<b>Amounts per Statement of Net Assets</b>	<u>\$ 3,837</u>	<u>\$ 2,308</u>
<b><i>Fiduciary Funds</i></b>	<u>Deposits</u>	<u>Investments</u>
Amounts Per Note	\$ 2,264	\$ -
Deposits held for investment purposes	(1,204)	1,204
Petty cash	25	-
<b>Amounts per Statement of Fiduciary Net Assets</b>	<u>\$ 1,085</u>	<u>\$ 1,204</u>

**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

Notes to Financial Statements

June 30, 2006

**(4) Other Receivables**

Other receivables at June 30, 2006, (expressed in thousands) consisted of the following:

<u>Revenue Source</u>	<u>Governmental Funds</u>		<u>Fiduciary Funds</u>
	<u>General Fund</u>	<u>Nonmajor Funds</u>	
Fines and fees	\$ -	\$ 491	\$ -
Public assistance recoveries	455,228	62	-
Rebates	-	12,456	-
Recipient services	-	12,307	1
Investment and other income	6	35	9
Total other receivables	455,234	25,351	10
Allowance for uncollectible amounts	(429,322)	(11,468)	-
<b>Other receivables, net</b>	<b>\$ 25,912</b>	<b>\$ 13,883</b>	<b>\$ 10</b>

**(5) Interfund Balances and Activity**

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

The following balances (amounts expressed in thousands) at June 30, 2006 represent amounts due from other Department and State of Illinois funds.

<u>Fund</u>	<u>Due from</u>		<u>Description/Purpose</u>
	<u>Other Department Funds</u>	<u>Other State Funds</u>	
General	\$ 5	\$ 2,976	Due from other Department funds and other State funds for expenditure reimbursements.
Nonmajor governmental funds	164	312	Due from other Department funds and other State funds for expenditure reimbursements.
Fiduciary	1	-	Due from other Department funds for expenditure reimbursements.
	<u>\$ 170</u>	<u>\$ 3,288</u>	



**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

Notes to Financial Statements

June 30, 2006

The following balances (amounts expressed in thousands) at June 30, 2006 represent amounts due to other Department and State of Illinois funds.

<u>Fund</u>	<u>Due to</u>				<u>Description/Purpose</u>
	<u>Other Department Funds</u>	<u>Other State Funds</u>	<u>Other Department Fiduciary Funds</u>	<u>Other State Fiduciary Funds</u>	
General	\$ 15	\$ 17,604	\$ 1	\$ 2,184	Due to other Department funds and other Department fiduciary funds for expenditure reimbursements, other State funds for expenditure reimbursements and budget shortfalls, and other State fiduciary funds for postemployment benefits.
Nonmajor governmental funds	154	9,961	-	188	Due to other Department funds and other Department fiduciary funds for expenditure reimbursements, other State funds for expenditure reimbursements, and other State fiduciary funds for postemployment benefits.
	<u>\$ 169</u>	<u>\$ 27,565</u>	<u>\$ 1</u>	<u>\$ 2,372</u>	

**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

Notes to Financial Statements

June 30, 2006

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

Interfund transfers in (amounts expressed in thousands) for the year ended June 30, 2006, were as follows:

<u>Fund</u>	<u>Transfers-in from</u>		<u>Description/Purpose</u>
	<u>Other Department Funds</u>	<u>Other State Funds</u>	
General	\$ 14	\$ -	Transfer from other Department funds pursuant to statute.
Nonmajor governmental funds	62,572	1,584	Transfers from other Department funds and other State funds pursuant to statute and annual appropriations bill.
	<u>\$ 62,586</u>	<u>\$ 1,584</u>	

Interfund transfers out (amounts expressed in thousands) for the year ended June 30, 2006, were as follows:

<u>Fund</u>	<u>Transfers-out to</u>		<u>Description/Purpose</u>
	<u>Other Department Funds</u>	<u>Other State Funds</u>	
General	\$ 62,356	\$ 26,425	Transfers to other Department funds pursuant to statute and to other State funds for State budget shortfalls and debt service requirements.
Nonmajor governmental funds	230	2,514	Transfers to other Department funds pursuant to statute and other State funds for State budget shortfalls.
	<u>\$ 62,586</u>	<u>\$ 28,939</u>	

**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

Notes to Financial Statements

June 30, 2006

**(c) Balances due to State of Illinois Component Units**

The following balances (amounts expressed in thousands) at June 30, 2006 represent amounts due to State of Illinois Component Units for reimbursement for expenses incurred.

<u>Component Unit</u>	<u>Due to</u>	
	<u>General Fund</u>	<u>Nonmajor Governmental Fund</u>
Chicago State University	\$ 22	\$ 214
Eastern Illinois University	6	45
Governors State University	4	20
Western Illinois University	-	75
Illinois State University	-	5
Northern Illinois University	35	23
Southern Illinois University	291	444
University of Illinois	2,998	4,216
	<u>\$ 3,356</u>	<u>\$ 5,042</u>

**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

Notes to Financial Statements

June 30, 2006

**(6) Capital Assets**

Capital asset activity (amounts expressed in thousands) for the year ended June 30, 2006 was as follows:

	<u>Balance July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Net Transfers</u>	<u>Balance June 30, 2006</u>
Capital assets not being depreciated:					
Land and land improvements	\$ 3,617	\$ -	\$ -	\$ (369)	\$ 3,248
Total capital assets not being depreciated	<u>3,617</u>	<u>-</u>	<u>-</u>	<u>(369)</u>	<u>3,248</u>
Capital assets being depreciated:					
Site improvements	103,398	-	-	354	103,752
Buildings and building improvements	647,731	-	3,938	(6,414)	637,379
Equipment	56,498	1,231	4,088	-	53,641
Capital leases - equipment	<u>167</u>	<u>478</u>	<u>167</u>	<u>-</u>	<u>478</u>
Total capital assets being depreciated	<u>807,794</u>	<u>1,709</u>	<u>8,193</u>	<u>(6,060)</u>	<u>795,250</u>
Less accumulated depreciation:					
Site improvements	62,116	3,291	-	(1,242)	64,165
Buildings and building improvements	389,441	16,704	3,528	(10,139)	392,478
Equipment	46,087	1,596	4,087	-	43,596
Capital leases - equipment	<u>148</u>	<u>178</u>	<u>168</u>	<u>-</u>	<u>158</u>
Total accumulated depreciation	<u>497,792</u>	<u>21,769</u>	<u>7,783</u>	<u>(11,381)</u>	<u>500,397</u>
Total capital assets being depreciated, net	<u>310,002</u>	<u>(20,060)</u>	<u>410</u>	<u>5,321</u>	<u>294,853</u>
Total capital assets, net	<u>\$ 313,619</u>	<u>\$ (20,060)</u>	<u>\$ 410</u>	<u>\$ 4,952</u>	<u>\$ 298,101</u>

Depreciation expense for governmental activities (amounts expressed in thousands) for the year ended June 30, 2006 was charged as follows:

Health and social services \$ 21,769

**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

Notes to Financial Statements

June 30, 2006

During fiscal year 2002, the Department closed the Lincoln Developmental Center which has a book value of \$9.034 million, net of \$30.676 million in accumulated depreciation. It is unknown whether the Center will be placed back into service in the future.

**(7) Long-Term Obligations**

**(a) Changes in Long-Term Obligations**

Changes in long-term obligations (amounts expressed in thousands) for the year ended June 30, 2006 were as follows:

	<u>Balance July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2006</u>	<u>Amounts Due Within One Year</u>
Other long-term obligations:					
Compensated Absences	\$ 69,355	\$ 84,202	\$ 81,763	\$71,794	\$ 2,872
Capital lease obligations	22	478	154	346	158
Installment purchase obligations	251	249	182	318	168
<b>Total</b>	<u>\$ 69,628</u>	<u>\$ 84,929</u>	<u>\$ 82,099</u>	<u>\$72,458</u>	<u>\$ 3,198</u>

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

**(b) Capital lease obligations**

The Department leases office and computer equipment with a historical cost and accumulated depreciation (amounts expressed in thousands) of \$478 and \$158, respectively, under capital lease arrangements. Although lease terms vary, certain leases are renewable subject to appropriation by the General Assembly. If renewal is reasonably assured, leases requiring appropriation by the General Assembly are considered non-cancelable leases for financial reporting. Future minimum lease payments (amounts expressed in thousands) at June 30, 2006 are as follows:

**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

Notes to Financial Statements

June 30, 2006

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 158	\$ 47	\$ 205
2008	186	18	204
2009	2	-	2
	<u>\$ 346</u>	<u>\$ 65</u>	<u>\$ 411</u>

**(c) *Installment purchase obligations***

The Department has acquired certain office equipment, computer equipment, and other assets through installment purchase arrangements. Future debt service requirements under installment purchase contracts (amounts expressed in thousands) at June 30, 2006, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 168	\$ 12	\$ 180
2008	48	6	54
2009	50	4	54
2010	52	2	54
	<u>\$ 318</u>	<u>\$ 24</u>	<u>\$ 342</u>

**(8) Pension Plan**

Substantially all of the Department's full-time employees who are not eligible for participation in another state-sponsored retirement plan participate in the State Employees' Retirement System (SERS), which is a pension trust fund in the State of Illinois reporting entity. The SERS is a single-employer defined benefit public employee retirement system (PERS) in which State employees participate, except those covered by the State Universities, Teachers', General Assembly, and Judges' Retirement Systems. The financial position and results of operations of the SERS for fiscal year 2006 are included in the State of Illinois' Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2006. The SERS issues a separate CAFR that may be obtained by writing to the SERS, 2101 South Veterans Parkway, Springfield, Illinois, 62794-9255.

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

**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

Notes to Financial Statements

June 30, 2006

The Department pays employer retirement contributions based upon an actuarially determined percentage of their payrolls. For fiscal year 2006, the employer contribution rate was 7.792%. Effective for pay periods beginning after December 31, 1991, the State opted to pay the employee portion of retirement for most State agencies (including the Department) with employees covered by the State Employees' and Teachers' Retirement Systems. However, effective with the fiscal year 2004 budget, the State opted to stop paying the portion or a part of the portion of retirement for many State agencies (including the Department) for certain classes of employees covered by the State Employees' and Teachers' Retirement Systems. The pickup, when applicable, is subject to sufficient annual appropriations and those employees covered may vary across employee groups and State agencies.

**(9) Post-employment Benefits**

The State provides health, dental, and life insurance benefits for certain retirees and their dependents. Substantially all State employees become eligible for post-employment benefits if they eventually become annuitants of one of the State sponsored pension plans. Health and dental benefits include basic benefits for annuitants under the State's self-insurance plan and insurance contracts currently in force. Life insurance benefits are limited to \$5,000 per annuitant age 60 and older. The total cost of health, dental, and life insurance benefits of all members, including post-employment health, dental, and life insurance benefits, is recognized as an expenditure for the State in the Illinois Comprehensive Annual Financial Report. The total costs incurred for health, dental, and life insurance benefits are not separated by Department for annuitants and their dependents nor active employees and their dependents.

**(10) Fund Deficits**

The General Fund and the Federal National Community Services, and Alcoholism and Substance Abuse, nonmajor governmental funds, had fund deficits (amounts expressed in thousands) of \$42,246, \$71, and \$75, respectively, at June 30, 2006. These deficits will be eliminated by future recognition of earned but unavailable revenues.

**(11) Risk Management**

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

**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

Notes to Financial Statements

June 30, 2006

**(12) Commitments and Contingencies**

**(a) Operating leases**

The Department leases office facilities, office equipment, and computer equipment under the terms of noncancelable operating lease agreements that require the Department to make minimum lease payments plus pay a pro rata share of certain operating costs. Rent expense under operating leases was \$11.655 million for the year ended June 30, 2006.

The following is a schedule of future minimum lease payments under operating leases (amounts expressed in thousands):

<u>Year ending June 30,</u>	<u>Amount</u>
2007	\$ 120
2008	106
2009	49
	<u>\$ 275</u>

**(b) Federal Funding**

The Department receives federal grants which are subject to review and audit by federal grantor agencies. Certain costs could be questioned as not being an eligible expenditure under the terms of the grants and subject to repayment by the Department. Generally, no provision for repayment is recorded until the federal grantor agency has determined a repayment is necessary. Identified questioned costs are reported in the State of Illinois Single Audit Report. A copy of the report may be obtained by contacting the State of Illinois Office of the Auditor General, Iles Park Plaza, 740 East Ash Street, Springfield, IL 62703-3154.

For federal grant programs in which questioned costs could be determined, the State of Illinois Single Audit Reports for the years ended June 30, 2005, June 30, 2004, and June 30, 2003 include questioned costs totaling \$9.6, \$6.6, and \$1.5 million, respectively, for the Department that have not been resolved. Management of the Department disagrees with the determination of questioned costs and has provided documentation supporting their position to the federal grantor agency conducting the review. The Department expects questioned costs to be reported in the State of Illinois Single Audit Report for the year ended June 30, 2006.

**(c) Litigation**

The Department has been named as a defendant in the cases disclosed in the following paragraphs. The Department's opinion based on the current status is that the likelihood of a negative outcome is not probable but could be reasonably possible. The Department intends to vigorously defend all of these actions and in the event a material action is settled against the



**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

Notes to Financial Statements

June 30, 2006

Department, such amounts would be paid from future appropriations or by another State agency. Accordingly, no amounts have been provided in the accompanying financial statements related to outstanding litigation.

*Bertrand and Patterson v. Maram* is a suit that alleges violations of the Medicaid Act related to an alleged failure to provide Community Integrated Living Arrangement (CILA) services to individuals currently served under the Illinois Home and Community-Based Medicaid Waiver program. The suit seeks an injunction requiring funding to all waiver program participants for the full range of waiver services. This case is currently on appeal in the Seventh Circuit. Previously, the District Court granted the Department's motion for Summary Judgment and denied Plaintiffs' Motion for Class Certification as moot. If plaintiff prevails, the Department could be required to build more CILAs and to restructure the manner in which it devlivers Medicaid residential services.

*Ligas v. Maram* is a complaint for declaratory and injunctive relief filed against DHS and Department of Healthcare and Family Services by nine individuals with mental retardation and other developmental disabilities who claim violation of various federal statutes, including the Americans with Disabilities Act, in connection with defendant's alleged failure to provide them with appropriate services sufficient to permit them to live in more integrated settings. This case is in the stage of formal discovery. Trial is scheduled for January 2008.

*Maitland v. Waitley* is a medical malpractice case involving an alleged failure to diagnose plaintiff's chronic fungal meningitis while plaintiff was a patient at Elgin Mental Health Center from August 22, 2002 to November 2, 2002. The Department is represented by outside legal counsel. Written discovery has been completed and depositions are ongoing.

*Perkins v. Richards* is a wrongful death and survival action brought by the estate of the mother of a former Choate Mental Health and Developmental Center resident, against a Choate physician alleging negligent release of the resident who within hours of release, stabbed his mother to death. There is a reasonable likelihood that a settlement will be entered into. The trial is scheduled to begin in August 2007.

*Porrata v. Malis* is a professional negligence action brought by the estate of a former resident at Chicago Read Mental Health Center as a result of injuries sustained by the resident who tried to commit suicide by hanging himself in a Read bathroom. The resident is now in a persistent vegetative state. The case is in discovery phase. It is anticipated that this case will go to trial in late FY07.

*Schrik v. Omole* is a wrongful death case brought by the estate of a former Howe Developmental Center (HDC) resident alleging negligence on the part of the HDC employees for picking up the resident who fell, allegedly causing a neck injury and quadriplegia and ultimately, death. The employee involved is a represented by outside legal counsel. Formal discovery is ongoing.

*Williams v. Blagojevich* is a complaint for declaratory and injunctive relief filed against DHS and Department of Healthcare and Family Services and Department of Public Health. The plaintiffs are four individuals with mental illness who claim violation of various federal statutes, including the Americans with Disabilities Act, in connection with alleged failure to provide them

**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

Notes to Financial Statements

June 30, 2006

with services in the most integrated setting appropriate to their needs. This case is in its very early stages. The parties are currently awaiting a ruling from the Court on Plaintiffs' motion for class certification.

**Internal Revenue Service Audit (Tax years 2000/2001).** This matter concerns the DHS classification of certain individuals within the Department as independent contractors as opposed to employees. The IRS alleges that the Department faces potential tax liability for an alleged "misclassification" of these employees. The IRS settlement proposal requires DHS to reclassify the independent contractors as employees for Federal employment tax purposes and to pay penalties of \$452 thousand to discharge liability for tax years 2000 and 2001. DHS has requested the IRS settlement proposal to include discharge of liability for years 2002 to present. If the settlement is not reached, IRS Tax Examination Reports issued in March 2005 estimated the total tax and penalties for tax years 2000 and 2001 to be \$3.9 million. This assessment is not final and could vary depending on the course of action taken by the Department which is yet to be determined.

In addition, the Department has been named as a defendant in several other lawsuits relating to the operation of its facilities. While the Department has denied these allegations, the Department's attorneys have determined that possible losses, in presently indeterminable amounts, may arise from these actions.

**SUPPLEMENTARY INFORMATION**

**State of Illinois**  
**Department of Human Services**  
**Combining Schedule of Accounts -**  
**General Fund**

June 30, 2006 (Expressed in Thousands)

	General Revenue 0001	Community Services Medicaid Trust 0142	Community MH/DD Services Provider Participation Fee 0325	Care Provider Fund for Persons with Developmental Disabilities 0344	Community Mental Health Medicaid Trust 0718	DHS Recoveries Trust 0921	Eliminations	Total
<b>ASSETS</b>								
Unexpended appropriations	\$ 205,762	\$ -	\$ -	\$ 1,181	\$ -	\$ -	\$ -	\$ 206,943
Cash equity with State Treasurer	72	75	-	-	7,460	3,187	-	10,794
Cash and cash equivalents	210	-	-	-	-	-	-	210
Due from other government - federal	104,697	20,000	-	-	18,261	-	-	142,958
Due from other government - local	5,600	-	-	-	-	-	-	5,600
Other receivables, net	3,433	2	-	-	4	22,473	-	25,912
Due from other Department funds	15,861	-	-	-	-	-	(15,856)	5
Due from other State funds	2,976	-	-	-	-	-	-	2,976
Inventories	10,243	-	-	-	-	-	-	10,243
<b>Total assets</b>	<b>\$ 348,854</b>	<b>\$ 20,077</b>	<b>\$ -</b>	<b>\$ 1,181</b>	<b>\$ 25,725</b>	<b>\$ 25,660</b>	<b>\$ (15,856)</b>	<b>\$ 405,641</b>

<b>LIABILITIES</b>								
Accounts payable and accrued liabilities	\$ 246,773	\$ 75	\$ -	\$ 7,217	\$ 22,356	\$ 564	\$ -	\$ 276,985
Due to other government - federal	2,315	-	-	-	-	1,464	-	3,779
Due to other government - local	12,839	-	-	-	65	-	-	12,904
Due to other Department fiduciary funds	1	-	-	-	-	-	-	1
Due to other State fiduciary funds	2,177	-	-	-	-	7	-	2,184
Due to other Department funds	15	13,333	-	-	-	2,523	(15,856)	15
Due to State funds	17,577	-	-	-	-	27	-	17,604
Due to State of Illinois component units	3,356	-	-	-	-	-	-	3,356
Unavailable revenue	53,156	20,000	-	-	12,362	21,075	-	106,593
Deferred revenue	24,466	-	-	-	-	-	-	24,466
<b>Total liabilities</b>	<b>\$ 362,675</b>	<b>\$ 33,408</b>	<b>\$ -</b>	<b>\$ 7,217</b>	<b>\$ 34,783</b>	<b>\$ 25,660</b>	<b>\$ (15,856)</b>	<b>\$ 447,887</b>

	Reserve for:	Encumbrances	Inventories	Unreserved	Total fund balances (deficits)	Total liabilities and fund balances (deficits)
	1,077	10,243	(25,141)	(13,821)	348,854	
	1	-	(13,332)	(13,331)	20,077	
	-	-	(6,036)	(6,036)	1,181	
	-	-	(9,058)	(9,058)	25,725	
	-	-	-	-	25,660	
	-	-	-	-	(15,856)	
	-	-	-	-	405,641	

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

For the Year Ended June 30, 2006 (Expressed in Thousands)

	General Revenue 0001	Community DD Services Medicaid Trust 0142	Community MH/DD Services Provider Participation Fee 0325	Care Provider Fund for Persons with Developmental Disabilities 0344	Community Mental Health Medicaid Trust 0718	DHS Recoveries Trust 0921	Eliminations	Total
<b>REVENUES</b>								
Federal operating grants	\$ 709,753	\$ 8,566	-	-	\$ 70,573	-	-	\$ 788,892
Licenses and fees	91	-	-	-	-	-	-	91
Interest and investment income	-	86	-	-	668	-	-	754
Other revenues	(202)	-	-	-	-	-	-	(202)
Other charges for services	221	-	-	-	-	9,888	(9,888)	221
Other operating grants	8,321	-	-	-	-	-	-	8,321
<b>Total revenues</b>	<b>718,184</b>	<b>8,652</b>	<b>-</b>	<b>-</b>	<b>71,241</b>	<b>9,888</b>	<b>(9,888)</b>	<b>798,077</b>
<b>EXPENDITURES</b>								
Health and social services	3,739,767	2,939	(1)	41,162	78,903	7,166	(9,888)	3,860,048
Debt service - principal	328	-	-	-	-	-	-	328
Debt service - interest	81	-	-	-	-	-	-	81
Capital outlays	1,292	-	-	-	-	-	-	1,292
<b>Total expenditures</b>	<b>3,741,468</b>	<b>2,939</b>	<b>(1)</b>	<b>41,162</b>	<b>78,903</b>	<b>7,166</b>	<b>(9,888)</b>	<b>3,861,749</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(3,023,284)</b>	<b>5,713</b>	<b>1</b>	<b>(41,162)</b>	<b>(7,662)</b>	<b>2,722</b>	<b>-</b>	<b>(3,063,672)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>								
Appropriations from State resources	3,843,611	-	-	40,000	-	-	-	3,883,611
Lapsed appropriations	(27,051)	-	-	(117)	-	-	-	(27,168)
Receipts collected and transmitted to State Treasury	(638,510)	-	-	-	-	-	-	(638,510)
Amount of SAMS transfers-in	(84,148)	-	-	-	-	-	-	(84,148)
Amount of SAMS transfers-out	4,315	-	-	-	-	-	-	4,315
Other financing sources	100	-	-	-	-	-	-	100
Transfers-in	19,069	-	-	-	-	-	(19,055)	14
Transfers-out	(86,023)	(19,044)	(47)	-	-	(2,722)	19,055	(88,781)
Capital lease and installment purchase financing	727	-	-	-	-	-	-	727
<b>Net other sources (uses) of financial resources</b>	<b>3,032,090</b>	<b>(19,044)</b>	<b>(47)</b>	<b>39,883</b>	<b>-</b>	<b>(2,722)</b>	<b>-</b>	<b>3,050,160</b>
<b>Net change in fund balances</b>	<b>8,806</b>	<b>(13,331)</b>	<b>(46)</b>	<b>(1,279)</b>	<b>(7,662)</b>	<b>-</b>	<b>-</b>	<b>(13,512)</b>
Fund balances (deficits), July 1, 2005	(21,437)	-	46	(4,757)	(1,396)	-	-	(27,544)
Decrease for changes in inventories	(1,190)	-	-	-	-	-	-	(1,190)
<b>FUND BALANCES (DEFICITS), JUNE 30, 2006</b>	<b>\$ (13,821)</b>	<b>\$ (13,331)</b>	<b>\$ -</b>	<b>\$ (6,036)</b>	<b>\$ (9,058)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(42,246)</b>

**State of Illinois**  
**Department of Human Services**  
**Combining Balance Sheet -**  
**Non-major Governmental Funds**  
 June 30, 2006 (Expressed in Thousands)

	Special Revenue						
	Prevention and Treatment of Alcoholism and Substance Abuse Block Grant 0013	Illinois Veterans' Rehabilitation 0036	Mental Health 0050	Vocational Rehabilitation 0081	Assistance to the Homeless 0100	Youth Alcoholism and Substance Abuse Prevention 0128	Mental Health Transportation 0134
\$	-	-	-	-	-	-	-
Unexpended appropriations	396	1,178	3,454	12,487	269	61	1,200
Cash equity with State Treasurer	-	-	-	-	-	-	-
Cash and cash equivalents	-	-	-	-	-	-	-
Investments	10,083	-	5,686	3,885	-	-	-
Due from other government - federal	-	-	-	-	-	-	-
Due from other government - local	-	-	-	-	-	-	-
Taxes receivable, net	-	-	319	-	-	-	-
Other receivables, net	-	-	489	263	-	-	-
Loans and notes receivable, net	-	-	-	-	-	-	-
Due from other Department funds	-	-	-	-	-	-	-
Due from other State funds	-	-	38	-	6	-	-
Inventories	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-
<b>Total assets</b>	<b>10,479</b>	<b>1,178</b>	<b>9,986</b>	<b>16,635</b>	<b>275</b>	<b>61</b>	<b>1,200</b>
\$	9,688	507	186	7,739	-	-	-
Accounts payable and accrued liabilities	5	4	5	25	-	-	-
Due to other government - federal	333	166	-	31	-	-	-
Due to other government - local	5	4	5	25	-	-	-
Due to other State fiduciary funds	-	-	-	-	-	-	-
Due to other Department funds	122	11	5,933	1,351	-	-	-
Due to other State funds	326	23	121	237	-	-	-
Due to State of Illinois component units	-	-	3,209	24	-	-	-
Unavailable revenue	-	-	-	1,783	-	-	-
Deferred revenue	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>10,479</b>	<b>715</b>	<b>9,459</b>	<b>11,215</b>	<b>-</b>	<b>-</b>	<b>-</b>

	1	3	5	1	-	-	-
Reserved for:	-	-	-	-	-	-	-
Encumbrances	-	-	-	-	-	-	-
Long-term portion of loans and notes receivable	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Unreserved, undesignated	(1)	460	522	5,419	275	61	1,200
<b>Total fund balances (deficits)</b>	<b>-</b>	<b>463</b>	<b>527</b>	<b>5,420</b>	<b>275</b>	<b>61</b>	<b>1,200</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>10,479</b>	<b>1,178</b>	<b>9,986</b>	<b>16,635</b>	<b>275</b>	<b>61</b>	<b>1,200</b>

**ASSETS**

Unexpended appropriations  
 Cash equity with State Treasurer  
 Cash and cash equivalents  
 Investments  
 Due from other government - federal  
 Due from other government - local  
 Taxes receivable, net  
 Other receivables, net  
 Loans and notes receivable, net  
 Due from other Department funds  
 Due from other State funds  
 Inventories  
 Other assets  
**Total assets**

**LIABILITIES**

Accounts payable and accrued liabilities  
 Due to other government - federal  
 Due to other government - local  
 Due to other State fiduciary funds  
 Due to other Department funds  
 Due to other State funds  
 Due to State of Illinois component units  
 Unavailable revenue  
 Deferred revenue  
**Total liabilities**

**FUND BALANCES (DEFICITS)**

Reserved for:  
 Encumbrances  
 Long-term portion of loans and notes receivable  
 Inventories  
 Other  
 Unreserved, undesignated  
**Total fund balances (deficits)**  
**Total liabilities and fund balances (deficits)**

**State of Illinois**  
**Department of Human Services**  
**Combining Balance Sheet -**  
**Non-major Governmental Funds**  
 June 30, 2006 (Expressed in Thousands)

		Special Revenue						
		Diabetes Research Check-off 0198	Autism Research Check-off 0228	Drunk and Drugged Driving Prevention 0276	Federal National Community Services 0343	Employment and Training 0347	Drug Treatment 0368	Sexual Assault Services 0389
\$	-	\$	-	\$	-	\$	-	\$
	94	51	248	871	555	330	8	
	-	-	-	-	-	-	-	-
	-	-	-	374	486	-	-	-
	-	-	-	-	-	342	3	-
	-	-	-	-	1	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	3	2	158	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	97	53	406	1,246	1,041	672	11	
\$	-	\$	-	\$	-	\$	-	\$
	-	-	137	651	-	107	-	-
	-	-	1	1	-	-	-	-
	-	-	11	123	-	-	-	-
	-	-	1	1	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	4	4	-	-	-	-
	-	-	6	97	363	-	-	-
	-	-	-	71	-	-	-	-
	-	-	-	369	678	-	-	-
	-	-	160	1,317	1,041	107	-	-

**ASSETS**

Unexpended appropriations  
 Cash equity with State Treasurer  
 Cash and cash equivalents  
 Investments  
 Due from other government - federal  
 Due from other government - local  
 Taxes receivable, net  
 Other receivables, net  
 Loans and notes receivable, net  
 Due from other Department funds  
 Due from other State funds  
 Inventories  
 Other assets  
**Total assets**

**LIABILITIES**

Accounts payable and accrued liabilities  
 Due to other government - federal  
 Due to other government - local  
 Due to other State fiduciary funds  
 Due to other Department funds  
 Due to other State funds  
 Due to State of Illinois component units  
 Unavailable revenue  
 Deferred revenue  
**Total liabilities**

**FUND BALANCES (DEFICITS)**

Reserved for:  
 Encumbrances  
 Long-term portion of loans and notes receivable  
 Inventories  
 Other  
 Unreserved, undesignated  
**Total fund balances (deficits)**  
**Total liabilities and fund balances (deficits)**

**State of Illinois**  
**Department of Human Services**  
**Combining Balance Sheet -**  
**Non-major Governmental Funds**  
 June 30, 2006 (Expressed in Thousands)

	Special Revenue						
	DHS Special Purposes Trust 0408	DHS/State Projects 0448	Old Age Survivors Insurance 0495	Early Intervention Services Revolving 0502	Domestic Violence Abuser Services 0528	DHS Federal Projects 0592	Multiple Sclerosis Assistance 0604
<b>ASSETS</b>							
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity with State Treasurer	23,131	-	214	5,232	11	1,795	91
Cash and cash equivalents	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Due from other government - federal	6,143	-	2,851	17,536	-	986	-
Due from other government - local	-	-	-	-	1	-	-
Taxes receivable, net	-	-	-	-	-	-	-
Other receivables, net	1	-	-	576	-	-	-
Loans and notes receivable, net	-	-	-	-	-	-	-
Due from other Department funds	-	-	-	-	-	-	-
Due from other State funds	4	-	-	19	-	16	4
Inventories	-	-	174	-	-	-	-
Other assets	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 29,279</b>	<b>\$ -</b>	<b>\$ 3,239</b>	<b>\$ 23,363</b>	<b>\$ 12</b>	<b>\$ 2,797</b>	<b>\$ 95</b>
<b>LIABILITIES</b>							
Accounts payable and accrued liabilities	\$ 14,123	\$ -	\$ 2,318	\$ 18,116	\$ -	\$ 666	\$ 50
Due to other government - federal	13	-	85	2	-	6	-
Due to other government - local	782	-	3	23	-	64	-
Due to other State fiduciary funds	15	-	89	3	-	7	-
Due to other Department funds	-	-	-	-	-	2	-
Due to other State funds	1,188	-	569	69	-	121	-
Due to State of Illinois component units	1,925	-	1	88	-	196	-
Unavailable revenue	397	-	-	2,297	-	331	-
Deferred revenue	7,114	-	-	1,793	-	1,006	-
<b>Total liabilities</b>	<b>25,557</b>	<b>-</b>	<b>3,065</b>	<b>22,391</b>	<b>-</b>	<b>2,399</b>	<b>50</b>
<b>FUND BALANCES (DEFICITS)</b>							
Reserved for:							
Encumbrances	-	-	-	-	-	-	-
Long-term portion of loans and notes receivable	-	-	-	-	-	-	-
Inventories	-	-	174	-	-	-	-
Other	-	-	-	-	-	-	-
Unreserved, undesignated	3,722	-	-	972	12	398	45
<b>Total fund balances (deficits)</b>	<b>3,722</b>	<b>-</b>	<b>174</b>	<b>972</b>	<b>12</b>	<b>398</b>	<b>45</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 29,279</b>	<b>\$ -</b>	<b>\$ 3,239</b>	<b>\$ 23,363</b>	<b>\$ 12</b>	<b>\$ 2,797</b>	<b>\$ 95</b>



**State of Illinois**  
**Department of Human Services**  
**Combining Balance Sheet -**  
**Non-major Governmental Funds**  
 June 30, 2006 (Expressed in Thousands)

	Special Revenue						
	State Projects 0642	Alcoholism and Substance Abuse 0646	Homeless Prevention 0672	DHS Private Resources 0690	U.S.D.A. Women Infants and Children 0700	Tobacco Settlement Recovery 0733	Local Initiative 0762
<b>ASSETS</b>							
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49	\$ -
Cash equity with State Treasurer	50	596	-	125	3,803	-	4,552
Cash and cash equivalents	-	-	-	-	2,028	-	-
Investments	-	-	-	-	-	-	-
Due from other government - federal	-	4,908	-	-	5,056	-	-
Due from other government - local	-	-	-	-	-	-	-
Taxes receivable, net	-	-	-	-	-	-	-
Other receivables, net	-	-	-	-	12,456	-	-
Loans and notes receivable, net	-	-	-	-	-	-	-
Due from other Department funds	-	-	-	-	-	-	-
Due from other State funds	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 50</b>	<b>\$ 5,504</b>	<b>\$ -</b>	<b>\$ 125</b>	<b>\$ 23,343</b>	<b>\$ 49</b>	<b>\$ 4,552</b>
<b>LIABILITIES</b>							
Accounts payable and accrued liabilities	\$ -	\$ 5,014	\$ -	\$ 3	\$ 20,938	\$ 27	\$ 1,950
Due to other government - federal	-	-	-	-	7	-	1
Due to other government - local	-	43	-	-	1,912	10	318
Due to other State fiduciary funds	-	-	-	-	8	-	1
Due to other Department funds	-	-	-	-	-	-	-
Due to other State funds	50	28	-	-	282	-	102
Due to State of Illinois component units	-	248	-	-	10	-	77
Unavailable revenue	-	75	-	-	-	-	-
Deferred revenue	-	171	-	122	186	-	2,103
<b>Total liabilities</b>	<b>50</b>	<b>5,579</b>	<b>-</b>	<b>125</b>	<b>23,343</b>	<b>49</b>	<b>4,552</b>
<b>FUND BALANCES (DEFICITS)</b>							
Reserved for:							
Encumbrances	50	1	-	1	-	-	-
Long-term portion of loans and notes receivable	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Unreserved, undesignated	(50)	(76)	-	(1)	-	-	-
<b>Total fund balances (deficits)</b>	<b>50</b>	<b>5,504</b>	<b>-</b>	<b>125</b>	<b>23,343</b>	<b>49</b>	<b>4,552</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>50</b>	<b>5,504</b>	<b>-</b>	<b>125</b>	<b>23,343</b>	<b>49</b>	<b>4,552</b>

**State of Illinois**  
**Department of Human Services**  
**Combining Balance Sheet -**  
**Non-major Governmental Funds**  
 June 30, 2006 (Expressed in Thousands)

	Special Revenue						
	Rehabilitation Services Elementary and Secondary Education Act 0798	Domestic Violence Shelter and Service 0865	Maternal and Child Health Services Block Grant 0872	Preventive Health and Health Services Block Grant 0873	Community Mental Health Services Block Grant 0876	Youth Drug Abuse Prevention 0910	Juvenile Justice Trust 0911
<b>ASSETS</b>							
Unexpended appropriations							
Cash equity with State Treasurer	498	327	2,684	230	323	204	611
Cash and cash equivalents	-	-	-	-	-	-	-
Investments	-	-	3,200	1,486	-	-	81
Due from other government - federal	-	47	-	-	-	-	-
Due from other government - local	-	-	-	-	-	-	-
Taxes receivable, net	-	-	-	-	-	-	-
Other receivables, net	-	-	-	-	-	-	-
Loans and notes receivable, net	2	-	-	-	-	-	-
Due from other Department funds	10	-	-	-	-	-	52
Due from other State funds	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 510</b>	<b>\$ 374</b>	<b>\$ 5,884</b>	<b>\$ 1,716</b>	<b>\$ 323</b>	<b>\$ 204</b>	<b>\$ 744</b>
<b>LIABILITIES</b>							
Accounts payable and accrued liabilities	82	71	597	230	21	-	197
Due to other government - federal	-	-	6	-	2	-	-
Due to other government - local	-	-	765	-	-	-	107
Due to other State fiduciary funds	-	-	21	-	2	-	1
Due to other Department funds	-	-	-	-	-	-	-
Due to other State funds	105	-	8	-	10	-	4
Due to State of Illinois component units	-	-	1,287	-	-	-	25
Unavailable revenue	-	-	-	1,182	-	-	-
Deferred revenue	-	-	857	-	288	-	410
<b>Total liabilities</b>	<b>187</b>	<b>71</b>	<b>3,541</b>	<b>1,412</b>	<b>323</b>	<b>-</b>	<b>744</b>
<b>FUND BALANCES (DEFICITS)</b>							
Reserved for:							
Encumbrances	35	-	-	-	-	-	1
Long-term portion of loans and notes receivable	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Unreserved, undesignated	288	303	2,343	304	-	204	(1)
<b>Total fund balances (deficits)</b>	<b>323</b>	<b>303</b>	<b>2,343</b>	<b>304</b>	<b>-</b>	<b>204</b>	<b>744</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 510</b>	<b>\$ 374</b>	<b>\$ 5,884</b>	<b>\$ 1,716</b>	<b>\$ 323</b>	<b>\$ 204</b>	<b>\$ 744</b>

**State of Illinois**  
**Department of Human Services**  
**Combining Balance Sheet -**  
**Non-major Governmental Funds**  
 June 30, 2006 (Expressed in Thousands)

	Special Revenue						
	DHS Other Special Trusts 1139	DHS Commissary Funds 1140	DHS Rehabilitation 1144	DHS/DORS Special Revenue 1149	Food Stamp and Commodity 1245	ICRE-R School Store 1362	Vending Facility Program for the Blind 1385
<b>ASSETS</b>							
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity with State Treasurer	-	-	-	-	-	-	-
Cash and cash equivalents	983	15	73	199	-	-	111
Investments	1,173	-	-	26	-	-	-
Due from other government - federal	-	-	-	19	-	-	-
Due from other government - local	-	-	-	-	-	-	-
Taxes receivable, net	-	-	-	-	-	-	-
Other receivables, net	6	-	10	-	-	-	77
Loans and notes receivable, net	-	-	-	-	-	-	456
Due from other Department funds	-	-	10	152	-	-	-
Due from other State funds	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Other assets	-	-	-	-	185	-	-
<b>Total assets</b>	<b>\$ 2,162</b>	<b>\$ 15</b>	<b>\$ 93</b>	<b>\$ 396</b>	<b>\$ 185</b>	<b>\$ 185</b>	<b>\$ 644</b>
<b>LIABILITIES</b>							
Accounts payable and accrued liabilities	\$ 3	\$ 2	\$ 19	\$ -	\$ -	\$ -	\$ 70
Due to other government - federal	-	-	-	-	-	-	-
Due to other government - local	-	-	-	-	-	-	-
Due to other State fiduciary funds	-	-	-	-	-	-	-
Due to other Department funds	-	5	-	-	-	-	-
Due to other State funds	-	-	-	-	-	-	-
Due to State of Illinois component units	-	-	-	-	-	-	-
Unavailable revenue	-	-	-	-	-	-	-
Deferred revenue	-	3	-	-	185	-	-
<b>Total liabilities</b>	<b>3</b>	<b>10</b>	<b>19</b>	<b>-</b>	<b>185</b>	<b>-</b>	<b>70</b>
<b>FUND BALANCES (DEFICITS)</b>							
Reserved for:							
Encumbrances	-	-	-	-	-	-	396
Long-term portion of loans and notes receivable	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Unreserved, undesignated	2,159	5	74	396	-	-	178
<b>Total fund balances (deficits)</b>	<b>2,159</b>	<b>5</b>	<b>74</b>	<b>396</b>	<b>-</b>	<b>-</b>	<b>574</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 2,162</b>	<b>\$ 15</b>	<b>\$ 93</b>	<b>\$ 396</b>	<b>\$ 185</b>	<b>\$ 185</b>	<b>\$ 644</b>

**State of Illinois**  
**Department of Human Services**  
**Combining Balance Sheet -**  
**Non-major Governmental Funds**  
 June 30, 2006 (Expressed in Thousands)

	Permanent		
	DHS/DORS Permanent Trust 1150	Burr Bequest 1272	Total
<b>ASSETS</b>			
Unexpended appropriations	-	-	2,963
Cash equity with State Treasurer	-	-	62,765
Cash and cash equivalents	155	63	3,627
Investments	164	945	2,308
Due from other government - federal	-	-	62,761
Due from other government - local	-	-	412
Taxes receivable, net	-	-	319
Other receivables, net	-	4	13,883
Loans and notes receivable, net	-	-	456
Due from other Department funds	-	-	164
Due from other State funds	-	-	312
Inventories	-	-	174
Other assets	-	-	185
<b>Total assets</b>	<b>\$ 319</b>	<b>\$ 1,012</b>	<b>\$ 150,329</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	-	-	83,512
Due to other government - federal	-	-	163
Due to other government - local	-	-	4,691
Due to other State fiduciary funds	-	-	188
Due to other Department funds	147	-	154
Due to other State funds	-	-	9,961
Due to State of Illinois component units	-	-	5,042
Unavailable revenue	-	-	7,586
Deferred revenue	-	-	17,068
<b>Total liabilities</b>	<b>147</b>	<b>-</b>	<b>128,365</b>
<b>FUND BALANCES (DEFICITS)</b>			
Reserved for:			
Encumbrances	-	-	133
Long-term portion of loans and notes receivable	-	-	396
Inventories	-	-	174
Other	172	945	1,117
Unreserved, undesignated	-	67	20,144
<b>Total fund balances (deficits)</b>	<b>172</b>	<b>1,012</b>	<b>21,964</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 319</b>	<b>\$ 1,012</b>	<b>\$ 150,329</b>

**State of Illinois**  
**Department of Human Services**  
**Combining Statement of Revenues,**  
**Expenditures and Changes in Fund Balance -**  
**Non-major Governmental Funds**

For the Year Ended June 30, 2006 (Expressed in Thousands)

	Special Revenue						
	Prevention and Treatment of Alcoholism and Substance Abuse Block Grant 0013	Illinois Veterans' Rehabilitation 0036	Mental Health 0050	Vocational Rehabilitation 0081	Assistance to the Homeless 0100	Youth Alcoholism and Substance Abuse Prevention 0128	Mental Health Transportation 0134
<b>REVENUES</b>							
Federal operating grants	\$ 69,785	-	-	\$ 90,620	\$ -	-	\$ -
Licenses and fees	-	-	-	-	-	-	-
Interest and investment income	-	-	-	-	-	-	-
Other charges for services	-	-	24,097	2,814	-	-	-
Other taxes	-	-	1,642	-	-	-	-
Other operating grants	-	-	-	-	-	-	-
Other	-	-	303	118	-	-	-
<b>Total revenues</b>	<b>69,785</b>	<b>-</b>	<b>26,042</b>	<b>93,552</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES</b>							
Health and social services	69,785	4,091	30,736	96,840	300	825	-
Debt service - principal	-	-	-	-	-	-	-
Capital outlays	-	-	-	316	-	-	-
<b>Total expenditures</b>	<b>69,785</b>	<b>4,091</b>	<b>30,736</b>	<b>97,156</b>	<b>300</b>	<b>825</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>-</b>	<b>(4,091)</b>	<b>(4,694)</b>	<b>(3,604)</b>	<b>(300)</b>	<b>(825)</b>	<b>-</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>							
Appropriations from State resources	-	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-	1,200
Other financing sources	-	4,315	-	209	160	1,061	-
Transfers-in	-	(564)	-	-	-	(330)	-
Transfers-out	-	-	-	-	-	-	-
<b>Net other sources (uses) of financial resources</b>	<b>-</b>	<b>3,751</b>	<b>-</b>	<b>209</b>	<b>160</b>	<b>731</b>	<b>1,200</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>(340)</b>	<b>(4,694)</b>	<b>(3,395)</b>	<b>(140)</b>	<b>(94)</b>	<b>1,200</b>
Fund balances (deficits), July 1, 2005	-	803	5,221	8,815	415	155	-
Decrease for changes in inventories	-	-	-	-	-	-	-
<b>FUND BALANCES (DEFICITS), JUNE 30, 2006</b>	<b>\$ -</b>	<b>\$ 463</b>	<b>\$ 527</b>	<b>\$ 5,420</b>	<b>\$ 275</b>	<b>\$ 61</b>	<b>\$ 1,200</b>

**State of Illinois**  
**Department of Human Services**  
**Combining Statement of Revenues,**  
**Expenditures and Changes in Fund Balance -**  
**Non-major Governmental Funds**

For the Year Ended June 30, 2006 (Expressed in Thousands)

	Special Revenue						
	Diabetes Research Check-off 0198	Autism Research Check-off 0228	Drunk and Drugged Driving Prevention 0276	Federal National Community Services 0343	Employment and Training 0347	Drug Treatment 0368	Sexual Assault Services 0389
<b>REVENUES</b>							
Federal operating grants	\$ -	\$ -	\$ -	\$ 6,205	\$ 5,087	\$ -	\$ -
Licenses and fees	-	-	1,806	-	-	-	-
Interest and investment income	-	-	-	-	-	-	-
Other charges for services	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-
Other operating grants	-	-	-	-	-	-	-
Other	-	-	-	-	-	3,735	27
<b>Total revenues</b>	-	-	1,806	6,205	5,087	3,735	27
<b>EXPENDITURES</b>							
Health and social services	-	-	1,601	6,187	5,085	3,591	24
Debt service - principal	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-
<b>Total expenditures</b>	-	-	1,601	6,187	5,085	3,591	24
<b>Excess (deficiency) of revenues over (under) expenditures</b>	-	-	205	18	2	144	3
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>							
Appropriations from State resources	-	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-	-
Other financing sources	-	-	-	-	-	-	-
Transfers-in	97	53	-	-	-	-	-
Transfers-out	-	-	(51)	-	-	(278)	(12)
<b>Net other sources (uses) of financial resources</b>	97	53	(51)	-	-	(278)	(12)
<b>Net change in fund balances</b>	97	53	154	18	2	(134)	(9)
Fund balances (deficits), July 1, 2005	-	-	92	(89)	(2)	699	20
Decrease for changes in inventories	-	-	-	-	-	-	-
<b>FUND BALANCES (DEFICITS), JUNE 30, 2006</b>	\$ 97	\$ 53	\$ 246	\$ (71)	\$ -	\$ 565	\$ 11

**State of Illinois**  
**Department of Human Services**  
**Combining Statement of Revenues,**  
**Expenditures and Changes in Fund Balance -**  
**Non-major Governmental Funds**

For the Year Ended June 30, 2006 (Expressed in Thousands)

	Special Revenue									
	DHS Special Purposes Trust 0408	DHS/State Projects 0448	Old Age Survivors Insurance 0495	Early Intervention Revolving Services 0502	Domestic Violence Abuser Services 0528	DHS Federal Projects 0592	Multiple Sclerosis Assistance 0604			
<b>REVENUES</b>										
Federal operating grants	\$ 171,697	\$ -	\$ 59,262	\$ 57,486	\$ -	\$ 19,056	\$ -			
Licenses and fees	-	-	-	3,310	-	-	-			
Interest and investment income	-	-	-	374	-	-	-			
Other charges for services	-	-	-	-	-	-	-			
Other taxes	-	-	-	-	-	-	-			
Other operating grants	-	14	-	-	-	-	-			
Other	-	-	-	2	14	-	-			
<b>Total revenues</b>	<b>171,697</b>	<b>14</b>	<b>59,262</b>	<b>61,172</b>	<b>14</b>	<b>19,056</b>	<b>-</b>			
<b>EXPENDITURES</b>										
Health and social services	171,601	-	59,229	124,861	37	19,011	177			
Debt service - principal	-	-	-	-	-	-	-			
Capital outlays	-	-	33	-	-	-	-			
<b>Total expenditures</b>	<b>171,601</b>	<b>-</b>	<b>59,262</b>	<b>124,861</b>	<b>37</b>	<b>19,011</b>	<b>177</b>			
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>96</b>	<b>14</b>	<b>-</b>	<b>(63,689)</b>	<b>(23)</b>	<b>45</b>	<b>(177)</b>			
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>										
Appropriations from State resources	-	-	-	-	-	-	-			
Lapsed appropriations	-	-	-	-	-	-	-			
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-	-			
Other financing sources	-	-	-	58,041	-	-	105			
Transfers-in	-	-	-	(1,128)	-	-	-			
Transfers-out	-	(14)	-	-	-	-	-			
<b>Net other sources (uses) of financial resources</b>	<b>-</b>	<b>(14)</b>	<b>-</b>	<b>56,913</b>	<b>-</b>	<b>-</b>	<b>105</b>			
<b>Net change in fund balances</b>	<b>96</b>	<b>-</b>	<b>-</b>	<b>(6,776)</b>	<b>(23)</b>	<b>45</b>	<b>(72)</b>			
Fund balances (deficits), July 1, 2005	3,626	-	226	7,748	35	353	117			
Decrease for changes in inventories	-	-	(52)	-	-	-	-			
<b>FUND BALANCES (DEFICITS), JUNE 30, 2006</b>	<b>\$ 3,722</b>	<b>\$ -</b>	<b>\$ 174</b>	<b>\$ 972</b>	<b>\$ 12</b>	<b>\$ 398</b>	<b>\$ 45</b>			

**State of Illinois  
Department of Human Services**

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

For the Year Ended June 30, 2006 (Expressed in Thousands)

	Special Revenue						
	State Projects 0642	Alcoholism and Substance Abuse 0646	Homeless Prevention 0672	DHS Private Resources 0690	U.S.D.A. Women Infants and Children 0700	Tobacco Settlement Recovery 0733	Local Initiative 0762
<b>REVENUES</b>							
Federal operating grants	\$ -	\$ 18,004	\$ -	\$ -	\$ 186,997	\$ -	\$ 21,996
Licenses and fees	-	-	-	-	-	-	-
Interest and investment income	-	-	-	-	10	-	-
Other charges for services	-	128	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-
Other operating grants	-	-	-	-	-	-	-
Other	-	-	-	143	-	-	-
<b>Total revenues</b>	-	18,132	-	143	187,007	-	21,996
<b>EXPENDITURES</b>							
Health and social services	-	18,147	-	143	187,007	2,240	21,996
Debt service - principal	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-
<b>Total expenditures</b>	-	18,147	-	143	187,007	2,240	21,996
<b>Excess (deficiency) of revenues over (under) expenditures</b>	-	(15)	-	-	-	(2,240)	-
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>							
Appropriations from State resources	-	-	-	-	-	2,250	-
Lapsed appropriations	-	-	-	-	-	(10)	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-	-
Other financing sources	-	-	-	-	-	-	-
Transfers-in	90	17	-	-	-	-	-
Transfers-out	(90)	-	(4)	-	-	-	-
<b>Net other sources (uses) of financial resources</b>	-	17	(4)	-	-	2,240	-
<b>Net change in fund balances</b>	-	2	(4)	-	-	-	-
Fund balances (deficits), July 1, 2005	-	(77)	4	-	-	-	-
Decrease for changes in inventories	-	-	-	-	-	-	-
<b>FUND BALANCES (DEFICITS), JUNE 30, 2006</b>	\$ -	\$ (75)	\$ -	\$ -	\$ -	\$ -	\$ -



**State of Illinois**  
**Department of Human Services**  
**Combining Statement of Revenues,**  
**Expenditures and Changes in Fund Balance -**  
**Non-major Governmental Funds**

For the Year Ended June 30, 2006 (Expressed in Thousands)

	Special Revenue						
	Rehabilitation Services and Secondary Education Act 0798	Domestic Violence Shelter and Service 0865	Maternal and Child Health Services Block Grant 0872	Preventive Health and Health Services Block Grant 0873	Community Mental Health Services Block Grant 0876	Youth Drug Abuse Prevention 0910	Juvenile Justice Trust 0911
<b>REVENUES</b>							
Federal operating grants	\$ 389	\$ -	\$ 20,660	\$ 304	\$ 16,899	\$ -	\$ 3,771
Licenses and fees	-	-	-	-	-	-	-
Interest and investment income	-	-	-	-	-	-	-
Other charges for services	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-
Other operating grants	-	-	-	-	-	-	-
Other	-	597	-	-	-	-	443
<b>Total revenues</b>	<b>389</b>	<b>597</b>	<b>20,660</b>	<b>304</b>	<b>16,899</b>	<b>443</b>	<b>3,771</b>
<b>EXPENDITURES</b>							
Health and social services	489	514	20,660	304	16,899	176	3,771
Debt service - principal	8	-	-	-	-	-	-
Capital outlays	8	-	-	-	-	-	-
<b>Total expenditures</b>	<b>505</b>	<b>514</b>	<b>20,660</b>	<b>304</b>	<b>16,899</b>	<b>176</b>	<b>3,771</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(116)</b>	<b>83</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>267</b>	<b>-</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>							
Appropriations from State resources	-	-	28,230	1,555	-	-	-
Lapsed appropriations	-	-	(7,560)	(1,251)	-	-	-
Receipts collected and transmitted to State Treasury	-	-	(21,547)	(304)	-	-	-
Other financing sources	-	1	-	-	-	-	-
Transfers-in	-	-	-	-	-	-	-
Transfers-out	-	(39)	-	-	-	(4)	-
<b>Net other sources (uses) of financial resources</b>	<b>-</b>	<b>(38)</b>	<b>(877)</b>	<b>-</b>	<b>-</b>	<b>(4)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(116)</b>	<b>45</b>	<b>(877)</b>	<b>-</b>	<b>-</b>	<b>263</b>	<b>-</b>
Fund balances (deficits), July 1, 2005	439	258	3,220	304	-	(59)	-
Decrease for changes in inventories	-	-	-	-	-	-	-
<b>FUND BALANCES (DEFICITS), JUNE 30, 2006</b>	<b>\$ 323</b>	<b>\$ 303</b>	<b>\$ 2,343</b>	<b>\$ 304</b>	<b>\$ -</b>	<b>\$ 204</b>	<b>\$ -</b>

**State of Illinois  
Department of Human Services**

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

For the Year Ended June 30, 2006 (Expressed in Thousands)

	Special Revenue						
	DHS Other Special Trusts 1139	DHS Commissary Funds 1140	DHS Rehabilitation 1144	DHS/DORS Special Revenue 1149	Food Stamp and Commodity 1245	ICRE-R School Store 1362	Vending Facility Program for the Blind 1385
<b>REVENUES</b>							
Federal operating grants	\$ 303	\$ -	\$ -	\$ 1	\$ 1,491,199	\$ -	\$ -
Licenses and fees	-	-	-	10	-	-	-
Interest and investment income	59	-	-	-	-	-	-
Other charges for services	-	62	-	-	-	2	461
Other taxes	-	-	-	-	-	-	-
Other operating grants	-	-	-	-	-	-	-
Other	1,023	-	355	283	-	-	1,043
<b>Total revenues</b>	<b>1,385</b>	<b>62</b>	<b>355</b>	<b>294</b>	<b>1,491,199</b>	<b>2</b>	<b>1,504</b>
<b>EXPENDITURES</b>							
Health and social services	1,373	50	386	292	1,491,199	2	721
Debt service - principal	-	-	-	-	-	-	-
Capital outlays	55	-	-	5	-	-	-
<b>Total expenditures</b>	<b>1,428</b>	<b>50</b>	<b>386</b>	<b>297</b>	<b>1,491,199</b>	<b>2</b>	<b>721</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(43)</b>	<b>12</b>	<b>(31)</b>	<b>(3)</b>	<b>-</b>	<b>-</b>	<b>783</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>							
Appropriations from State resources	-	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-	-
Other financing sources	-	-	-	-	-	-	-
Transfers-in	3	-	-	4	-	-	-
Transfers-out	-	(14)	(3)	-	-	(1)	(209)
<b>Net other sources (uses) of financial resources</b>	<b>3</b>	<b>(14)</b>	<b>(3)</b>	<b>4</b>	<b>-</b>	<b>(1)</b>	<b>(209)</b>
<b>Net change in fund balances</b>	<b>(40)</b>	<b>(2)</b>	<b>(34)</b>	<b>1</b>	<b>-</b>	<b>(1)</b>	<b>574</b>
Fund balances (deficits), July 1, 2005	2,199	7	108	395	-	1	-
Decrease for changes in inventories	-	-	-	-	-	-	-
<b>FUND BALANCES (DEFICITS), JUNE 30, 2006</b>	<b>\$ 2,159</b>	<b>\$ 5</b>	<b>\$ 74</b>	<b>\$ 396</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 574</b>

**State of Illinois**  
**Department of Human Services**  
**Combining Statement of Revenues,**  
**Expenditures and Changes in Fund Balance -**  
**Non-major Governmental Funds**

For the Year Ended June 30, 2006 (Expressed in Thousands)

	Permanent		
	DHS/DORS Permanent Trust 1150	Burr Bequest 1272	Total
<b>REVENUES</b>			
Federal operating grants	-	-	\$ 2,239,721
Licenses and fees	-	-	5,126
Interest and investment income	21	39	503
Other charges for services	-	-	27,564
Other taxes	-	-	1,642
Other operating grants	-	-	14
Other	-	-	8,086
<b>Total revenues</b>	<b>21</b>	<b>39</b>	<b>2,282,656</b>
<b>EXPENDITURES</b>			
Health and social services	18	10	2,360,378
Debt service - principal	-	-	8
Capital outlays	-	-	417
<b>Total expenditures</b>	<b>18</b>	<b>10</b>	<b>2,360,803</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>3</b>	<b>29</b>	<b>(78,147)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>			
Appropriations from State resources	-	-	32,035
Lapsed appropriations	-	-	(8,821)
Receipts collected and transmitted to State Treasury	-	-	(21,851)
Other financing sources	-	-	1,200
Transfers-in	-	-	64,156
Transfers-out	(3)	-	(2,744)
<b>Net other sources (uses) of financial resources</b>	<b>(3)</b>	<b>-</b>	<b>63,975</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>29</b>	<b>(14,172)</b>
Fund balances (deficits), July 1, 2005	172	983	36,188
Decrease for changes in inventories	-	-	(52)
<b>FUND BALANCES (DEFICITS), JUNE 30, 2006</b>	<b>\$ 172</b>	<b>\$ 1,012</b>	<b>\$ 21,964</b>

**State of Illinois  
Department of Human Services**

**Combining Statement of Fiduciary Net Assets -  
Agency Funds**

June 30, 2006 (Expressed in Thousands)

	Agency			
	Electronic Benefits Transfers 0540	DHS Resident's Trust 1143	DHS/DORS Agency 1147	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	1,053	32	\$ 1,085
Investments	-	1,204	-	1,204
Due from other government - federal	-	40	-	40
Other receivables, net	-	6	1	7
Due from other Department funds	-	-	1	1
<b>Total assets</b>	<b>\$ -</b>	<b>2,303</b>	<b>\$ 34</b>	<b>\$ 2,337</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ -	2,303	34	\$ 2,337
<b>Total liabilities</b>	<b>\$ -</b>	<b>2,303</b>	<b>\$ 34</b>	<b>\$ 2,337</b>

**State of Illinois**  
**Department of Human Services**

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

For the Year Ended June 30, 2006 (Expressed in Thousands)

	Balance at June 30, 2005	Additions	Deletions	Balance at June 30, 2006
<b>Electronic Benefits Transfers (0540)</b>				
<b>ASSETS</b>				
Cash equity with State Treasurer	\$ -	\$ 164,697	\$ 164,697	\$ -
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 164,697</b>	<b>\$ 164,697</b>	<b>\$ -</b>
<b>LIABILITIES</b>				
Other liabilities	\$ -	\$ 164,697	\$ 164,697	\$ -
<b>Total liabilities</b>	<b>\$ -</b>	<b>\$ 164,697</b>	<b>\$ 164,697</b>	<b>\$ -</b>
<b>DHS Resident's Trust (1143)</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,021	\$ 17,257	\$ 17,225	\$ 1,053
Investments	1,260	1,204	1,260	1,204
Due from other government - federal	7	40	7	40
Other receivables, net	6	6	6	6
<b>Total assets</b>	<b>\$ 2,294</b>	<b>\$ 18,507</b>	<b>\$ 18,498</b>	<b>\$ 2,303</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 2,294	\$ 18,963	\$ 18,954	\$ 2,303
<b>Total liabilities</b>	<b>\$ 2,294</b>	<b>\$ 18,963</b>	<b>\$ 18,954</b>	<b>\$ 2,303</b>
<b>DHS/DORS Agency (1147)</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 23	\$ 296	\$ 287	\$ 32
Other receivables, net	2	1	2	1
Due from other Department funds	2	1	2	1
<b>Total assets</b>	<b>\$ 27</b>	<b>\$ 298</b>	<b>\$ 291</b>	<b>\$ 34</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 27	\$ 298	\$ 291	\$ 34
<b>Total liabilities</b>	<b>\$ 27</b>	<b>\$ 298</b>	<b>\$ 291</b>	<b>\$ 34</b>
<b>Total - All Agency Funds</b>				
<b>ASSETS</b>				
Cash equity with State Treasurer	\$ -	\$ 164,697	\$ 164,697	\$ -
Cash and cash equivalents	1,044	17,553	17,512	1,085
Investments	1,260	1,204	1,260	1,204
Due from other government - federal	7	40	7	40
Other receivables, net	8	7	8	7
Due from other Department funds	2	1	2	1
<b>Total assets</b>	<b>\$ 2,321</b>	<b>\$ 183,502</b>	<b>\$ 183,486</b>	<b>\$ 2,337</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 2,321	\$ 19,261	\$ 19,245	\$ 2,337
Other liabilities	-	164,697	164,697	-
<b>Total liabilities</b>	<b>\$ 2,321</b>	<b>\$ 183,958</b>	<b>\$ 183,942</b>	<b>\$ 2,337</b>