

Department of Children and Family Services State of Illinois

Financial Audit

For the Year Ended June 30, 2004
Performed as Special Assistant Auditors for
The Auditor General, State of Illinois

**Department of Children and Family Services
State of Illinois**

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A compliance examination report for the year ended June 30, 2004 has been issued under separate cover.

**Department of Children and Family Services
State of Illinois**

Financial Statement Report

Summary

The audit of the accompanying financial statements of the Department of Children and Family Services, State of Illinois (Department) was performed by McGladrey & Pullen, LLP.

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

McGladrey & Pullen

Certified Public Accountants

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, each major fund and the aggregate remaining fund information of the Department of Children and Family Services, State of Illinois (Department), as of and for the year ended June 30, 2004, which collectively comprise the Department of Children and Family Services, State of Illinois' basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Department of Children and Family Services, State of Illinois' 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 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 described in Note 2, the financial statements of the Department are intended to present the financial position and changes in financial position of only that portion of the governmental activities, each major fund, and the aggregate remaining fund information of the State that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the State of Illinois as of June 30, 2004, 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 basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Department of Children and Family Services, State of Illinois, as of June 30, 2004, 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 our report dated November 10, 2004 on our consideration of the Department of Children and Family Services, State of Illinois' 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 of Children and Family Services, State of Illinois, has not presented a management's discussion and analysis and budgetary comparison information for the General Fund that the accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be a 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 of Children and Family Services, State of Illinois' basic financial statements. The combining statements listed as supplementary information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. These statements 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 it is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Schaumburg, Illinois
November 10, 2004

Department of Children and Family Services
State of Illinois

Statement of Net Assets and Governmental Funds Balance Sheet

June 30, 2004

(Amounts Expressed in Thousands)

	General Revenue Fund 001	Nonmajor Funds	Total Governmental Funds	Adjustments	Statement of Net Assets
Assets:					
Unexpended appropriations	\$ 57,092	\$ -	\$ 57,092	\$ -	\$ 57,092
Cash equity with State Treasurer	1,083	26,399	27,482	-	27,482
Cash and cash equivalents	-	150	150	-	150
Intergovernmental receivables, net	-	207,350	207,350	-	207,350
Other receivables	5,770	-	5,770	-	5,770
Less reserve for uncollectible receivables	(5,146)	-	(5,146)	-	(5,146)
Due from other Department funds	10	163	173	(173)	-
Due from other State funds	61	37	98	-	98
Prepaid expenses	-	-	-	208	208
Capital assets, net	-	-	-	1,906	1,906
Total assets	\$ 58,870	\$ 234,099	\$ 292,969	1,941	294,910
Liabilities:					
Accounts payable and accrued liabilities	\$ 47,445	\$ 40,125	\$ 87,570	-	87,570
Intergovernmental payables	2,431	1,031	3,462	-	3,462
Due to other State fiduciary funds	100	14	114	-	114
Due to other Department funds	118	55	173	(173)	-
Due to other State funds	3,670	2,466	6,136	-	6,136
Due to State of Illinois component units	3,544	3,021	6,565	-	6,565
Deferred revenues	-	128,461	128,461	(124,865)	3,596
Capital leases payable, short-term	-	-	-	60	60
Capital leases payable, long-term	-	-	-	61	61
Compensated absences, short-term	-	-	-	1,556	1,556
Compensated absences, long-term	-	-	-	20,122	20,122
Total liabilities	57,308	175,173	232,481	(103,239)	129,242
Fund Balances / Net assets:					
Invested in capital assets, net of related debt	-	-	-	1,785	1,785
Reserved for encumbrances	-	10	10	(10)	-
Restricted net assets	-	-	-	3	3
Unreserved, unrestricted	1,562	58,916	60,478	103,402	163,880
Total fund balances / net assets	1,562	58,926	60,488	\$ 105,180	\$ 165,668
Total liabilities and fund balances	\$ 58,870	\$ 234,099	\$ 292,969		

See Notes to Financial Statements.

**Department of Children and Family Services
State of Illinois**

**Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Assets**

June 30, 2004

(Amounts Expressed in Thousands)

Total fund balances - governmental funds **\$ 60,488**

Amounts reported for governmental activities in the
Statement of Net Assets are different because:

Prepaid expenses for governmental activities are current uses
of financial resources for funds. 208

Capital assets used in governmental activities are not
financial resources and, therefore, are not reported in the funds. 1,906

Revenues in the Statement of Activities that do not provide
current financial resources are deferred in the funds. 124,865

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 (121)
Compensated absences (21,678)

Net assets of governmental activities **\$ 165,668**

See Notes to Financial Statements.

Department of Children and Family Services
State of Illinois

Statement of Activities and Governmental Revenues,
Expenditures, and Changes in Fund Balances
Year Ended June 30, 2004
(Amounts Expressed in Thousands)

	General Revenue Fund 001	Nonmajor Funds	Total Governmental Funds	Adjustments	Statement of Activities
Expenditures/expenses:					
Health and social services	\$ 788,241	\$ 523,958	\$ 1,312,199	\$ (1,285)	\$ 1,310,914
Debt service - principal	82	1	83	(83)	-
Debt service - interest	8	-	8	(1)	7
Capital outlays	318	168	486	(486)	-
Total expenditures / expenses	<u>788,649</u>	<u>524,127</u>	<u>1,312,776</u>	<u>(1,855)</u>	<u>1,310,921</u>
Program Revenues:					
Charges for services:					
Licenses and fees	334	-	334	-	334
Other	12,999	1,758	14,757	-	14,757
Total charges for services	<u>13,333</u>	<u>1,758</u>	<u>15,091</u>	<u>-</u>	<u>15,091</u>
Operating grant revenue:					
Federal	-	449,155	449,155	102,398	551,553
Other	-	199	199	-	199
Total operating grant revenue	<u>-</u>	<u>449,354</u>	<u>449,354</u>	<u>102,398</u>	<u>551,752</u>
Net program (expense) revenue	<u>(775,316)</u>	<u>(73,015)</u>	<u>(848,331)</u>	<u>104,253</u>	<u>(744,078)</u>
General revenues:					
Interest and investment income	-	5	5	-	5
Other	99	174	273	-	273
Total general revenues	<u>99</u>	<u>179</u>	<u>278</u>	<u>-</u>	<u>278</u>
Other sources (uses):					
Appropriations from State resources	818,814	-	818,814	-	818,814
Receipts collected and transmitted to State Treasury	(14,573)	-	(14,573)	-	(14,573)
Capital assets transferred from other State agencies	-	-	-	54	54
Transfers in	97	237	334	(97)	237
Transfers out	(6,634)	(11,944)	(18,578)	97	(18,481)
Proceeds from capital lease financing	110	-	110	(110)	-
Total other sources (uses)	<u>797,814</u>	<u>(11,707)</u>	<u>786,107</u>	<u>(56)</u>	<u>786,051</u>
Change in fund balance/net assets	22,597	(84,543)	(61,946)	<u>\$ 104,197</u>	42,251
Lapsed appropriations	(23,949)	-	(23,949)		(23,949)
Fund Balances / net assets July 1, 2003	<u>2,914</u>	<u>143,469</u>	<u>146,383</u>		<u>147,366</u>
Fund Balances / net assets June 30, 2004	<u>\$ 1,562</u>	<u>\$ 58,926</u>	<u>\$ 60,488</u>		<u>\$ 165,668</u>

See Notes to Financial Statements.

**Department of Children and Family Services
State of Illinois**

**Reconciliation of Statements of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to Statement of Activities
Year Ended June 30, 2004
(Amounts Expressed in Thousands)**

Net change in fund balances	\$ (61,946)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the lives of the assets. This is the amount by which depreciation exceeded capital outlays in the current period.	(545)
Some capital additions were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing but in the Statement of Net Assets the lease obligation is reported as a liability.	(110)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	83
Some capital assets were transferred in from other State agencies and, therefore, were received at no cost.	54
Prepaid expenses in the Statement of Net Assets are not reported as expenses in governmental funds.	208
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds.	102,398
Proceeds from the sale of capital assets are reported in the governmental funds. However, in the Statements of Activities, losses from the sale of capital assets are also reported. This is the amount of losses from the sale of capital assets exceeded by the proceeds.	(6)
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. These activities consist of:	
Increase in compensated absences	(336)
Decrease in claims and judgments	2,450
Decrease in accrued interest	1
Change in net assets of governmental activities	\$ 42,251

See Notes to Financial Statements.

Department of Children and Family Services
State of Illinois

Statement of Fiduciary Net Assets
June 30, 2004
(Amounts Expressed in Thousands)

	Private Purpose Trust Funds	Children's Trust Fund - Agency Fund 1122
Assets:		
Cash and cash equivalents	\$ 31	\$ 2,944
Investments	298	-
Due from other government - federal	-	322
Total assets	329	3,266
Liabilities:		
Due to other government - federal	-	20
Other liabilities	-	3,246
Total liabilities	-	3,266
Net Assets:		
Held in trust for:		
Individuals, organizations, and other governments	329	-
Total net assets	\$ 329	\$ -

See Notes to Financial Statements.

Department of Children and Family Services
State of Illinois

Statement of Changes in Fiduciary Net Assets
Year Ended June 30, 2004
(Amount Expressed in Thousands)

	Private Purpose Trust Funds
<hr/>	
Additions:	
Investment earnings:	
Interest, dividends, and other investment income	\$ 20
Total investment earnings	<u>20</u>
Deductions:	
General and administration	<u>3</u>
Total deductions	<u>3</u>
Change in net assets	17
Net assets, July 1, 2003	<u>312</u>
Net assets, June 30, 2004	<u>\$ 329</u>

See Notes to Financial Statements.

**Department of Children and Family Services
State of Illinois**

**Notes to Financial Statements
(Amounts Expressed in Thousands)**

Note 1. Organization

The Department of Children and Family Services, State of Illinois (Department) was created by an act of the General Assembly (20ILCS 505/1 et seq.) in 1963 and became operational on January 1, 1964. The Department operates under a budget approved by the General Assembly in which resources primarily from the State's General Revenue Fund are appropriated for the use of the Department. Activities of the Department are subject to the authority of the Office of the Governor, the State's chief executive officer, and other departments of the executive and legislative branches of government (such as the Department of Central Management Services, the Governor's Office of Management and Budget, the State Treasurer's Office and the State Comptroller's Office) as defined by the Illinois General Assembly. All funds appropriated to the Department and all other cash received are under the custody and control of the State Treasurer, with the exception of the Bail Bonds Fund, the Children and Family Benefit Fund, the General Purpose Fund, the Family Reunification Fund and the Rockford Region Special Needs Fund.

The Department is organized to provide social services to children and their families in the State through grants and purchase-of-service arrangements with local social service agencies. The mission of the Department is to:

- Protect children who are reported to be abused or neglected and to increase their families' capability to safely care for them;
- Provide for the well-being of children in our care;
- Provide appropriate, permanent families as quickly as possible for those children who cannot safely return home;
- Support early intervention and child abuse prevention activities; and
- Work in partnerships with communities to fulfill this mission.

Note 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, Financial Reporting Department, 325 West Adams Street, Springfield, Illinois, 62704-1871.

**Department of Children and Family Services
State of Illinois**

**Notes to Financial Statements
(Amounts Expressed in Thousands)**

(b) Basis of Presentation

The financial statements of the Department of Children and Family Service, State of Illinois are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, each major fund and the aggregate remaining fund information of the State of Illinois that is attributable to the transactions of the Department. They do not purport to and do not present fairly the financial position of the State of Illinois as of June 30, 2004 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 general government function in the State of Illinois' Comprehensive Annual Report. For its 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 activities demonstrates the degree to which the direct expenses of a given function (i.e. general government) are offset by program revenues. 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 a major governmental fund, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

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

General Revenue Fund – 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 Revenue 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 Revenue Fund consistent with applicable legal requirements.

Additionally, the Department administers the following fiduciary fund types:

Private Purpose Trust – These funds account for resources legally held in trust for use by the Herrick House and the Katherine Schaffner Bequest. All resources of these funds, including any earnings on invested resources, may be used to support the Herrick House and the Katherine Schaffner Bequest. There is no requirement that any portion of these resources be preserved as capital.

**Department of Children and Family Services
State of Illinois**

**Notes to Financial Statements
(Amounts Expressed in Thousands)**

Agency – These funds account for deposits 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 grants and donations. 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, principal and interest on general long-term debt, claims and judgments, and compensated absences are recorded only when payment is due. General 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 federal grants and interest. All other revenue sources including licenses and fees and 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 Fund represents only a portion of shared funds 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:

**Department of Children and Family Services
State of Illinois**

**Notes to Financial Statements
(Amounts Expressed in Thousands)**

Unexpended Appropriations

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

Appropriations from State Resources

This "other financing source" account represents the final legally adopted appropriation according to SAMS records. The amounts reported are net of any re-appropriations to subsequent years and the difference between current and prior year liabilities for re-appropriated accounts. Re-appropriations reflect the State's realignment of the budgetary needs to the subsequent year and avoid double counting a portion of the appropriation in more than one fiscal year.

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.

(e) Non-Shared Fund Presentation

The Department administers the non-shared governmental funds described below. A non-shared fund is a fund in which a single State agency is responsible for administering substantially all financial transactions of the fund.

DCFS Training Fund (#094)

The purpose of this Federally financed fund is to provide training for foster parents, adoptive parents, and the Department and private agency staff in accordance with federal standards.

DCFS Children's Services Fund (#220)

This fund is Federally financed through the non-training programs under Title IV-E of the Social Security Act, TANF and the Title IV-B programs. Protective services including a 24-hour hotline and investigative services, foster care initiative programs, specialized living arrangements and treatment for abused or neglected children with special needs, counseling and family preservation programs are some of the services provided with these monies.

Child Sexual Abuse Fund (#383)

This fund uses monies from fines in excess of \$10 for violation of Section 11-20.1 of the Criminal Code of 1961 (Child Pornography) to provide grants to private entities giving treatment and counseling to victims of child sexual abuse.

**Department of Children and Family Services
State of Illinois**

**Notes to Financial Statements
(Amounts Expressed in Thousands)**

DCFS Federal Projects Fund (#566)

The purpose of this fund is to administer a variety of formula and discretionary grants awarded by the Federal government. The focus of these grants is to support a number of family and child related programs including: child abuse and neglect prevention and treatment programs, independent living, family preservation and crisis intervention programs and day care enhancement and referral projects.

DCFS Special Purpose Fund (#582)

The purpose of this fund is to administer monies and special grants received from private organizations, corporations, donors, etc.

Child Abuse Prevention Fund (#934)

The purpose of this fund is to administer grants to private social service organizations to help prevent child abuse and neglect. The monies for this fund come from the State Income Tax check-off, private donations and interest revenue.

Locally Held Funds - These funds administer various grants and bequests from private sources for the benefit of State wards. These governmental funds consist of various bank accounts controlled by the Department. Expenditures of these funds must meet the restrictions placed on these funds by the grantor.

Bail Bond Fund (#1119)
Children and Family Benefit Fund (#1121)
General Purpose Fund (#1123)
Family Reunification Fund (#1226)
Rockford Region Special Needs Fund (#1237)

(f) 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 column of the Department. As a result, amounts reported in the funds as interdepartmental interfund receivables and payables have been eliminated. Amounts reported in the funds as receivable from or payable to fiduciary funds have been included in the statement of net assets as receivable from and payable to external parties, rather than as internal balances.

(g) Cash and Cash Equivalents

Cash equivalents are defined as short-term, highly liquid investments readily convertible to cash with original maturities of three months or less. Cash equivalents include cash on hand and petty cash funds.

(h) Investments

Investments consist of mutual funds. All investments are carried at fair value.

(i) Interfund Transactions and Transactions with State of Illinois Component Units

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

**Department of Children and Family Services
State of Illinois**

**Notes to Financial Statements
(Amounts Expressed in Thousands)**

Loans – amounts provided with a requirement for repayment. Interfund loans are reported as interfund receivables (i.e. due from other funds) in lender funds and Interfund payables (i.e. due to other funds) in borrower funds.

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 fund balance sheets or fund 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.

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

(j) Capital Assets

Capital assets, which include buildings and equipment, are reported at cost or estimated historical cost based on appraisals. Contributed and donated 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
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 financial statements consists of unpaid, accumulated vacation and sick leave balances for Department employees. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. The liability has been calculated based on the employees' current salary level and includes salary related costs (e.g., social security and Medicare tax).

Department of Children and Family Services
State of Illinois

Notes to Financial Statements
(Amounts Expressed in Thousands)

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.

(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 financial statements, 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. 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 generally accepted accounting principles 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.

Note 3. Deposits and Investments

Treasury Held Funds

Cash received by the State Treasurer is initially deposited in clearing accounts maintained in banks insured by the Federal Deposit Insurance Corporation (FDIC) located in Illinois. Surplus funds, as determined by the Treasurer, are pooled and may be invested in time deposits and other interest-bearing accounts in FDIC insured banks, savings and loan associations insured by the Federal Savings Association Insurance Fund located in the State, credit unions whose principal office is located in Illinois, short-term obligations of corporations whose obligations are rated among the three highest classifications established by at least two standard rating services, repurchase agreements or other long-term investments approved by State law.

**Department of Children and Family Services
State of Illinois**

**Notes to Financial Statements
(Amounts Expressed in Thousands)**

Governmental Accounting Standards Board ("GASB") Statement 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements," requires governmental entities to make certain disclosures about deposits with financial institutions, investments, and reverse repurchase agreements. These disclosures for the State of Illinois reporting entity, including the Department, are presented in the State's Comprehensive Annual Financial Report. In addition, the State Treasurer issues audited financial statements that contain GASB Statement 3 disclosures for all deposits held by the Treasurer, including those of the Department. Since the monies held by the Treasurer are pooled for investment purposes, they lose their identity and, for this reason, separate GASB Statement 3 disclosures cannot be made for individual funds.

Locally Held Funds

Deposits

Department policies and procedures authorize the deposit of monies in local (non-State Treasury-held) financial institutions. The State Treasurer is the custodian of the State's cash and cash equivalents for funds maintained in the State Treasury. The Department independently manages cash and cash equivalents maintained outside the State Treasury.

Cash on deposit for locally held governmental and fiduciary funds had carrying amounts of \$150 and \$2.975 million and bank balances of \$150 and \$2.975 million, respectively, at June 30, 2004. The total bank balance was insured through the Federal Depository Insurance Corporation (FDIC).

Deposits in the custody of the State Treasurer, or in transit, totaled \$27.482 million for governmental funds at June 30, 2004. These deposits are pooled and invested with other State funds in accordance with the Deposit of State Moneys Act of Illinois Compiled Statutes (15 ILCS 520/11). Funds held by the State Treasurer have not been categorized as to credit risk because the Department does not own individual securities. Detail on the nature of these deposits and investments is available within the State of Illinois' Comprehensive Annual Financial Report.

The only investments held by the Department (Fund 1117) are mutual funds, which are non categorizable. Following is a summary of the mutual funds held at June 30, 2004. During 1998, the Department changed its reporting of mutual funds from cost to fair value (market), in accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools."

	<u>Fair Value</u>
Mutual funds	\$ <u>298</u>

**Department of Children and Family Services
State of Illinois**

**Notes to Financial Statements
(Amounts Expressed in Thousands)**

Note 4. Interfund Balances and Activity

(a) Balances Due to/from Other Funds

The following balances at June 30, 2004 represent amounts due from other Departments and State of Illinois funds:

Fund	Due from		Description
	Other Department Funds	Other State Funds	
General Revenue	\$ 10	\$ -	Non Major fund reimbursement for expenditures
General Revenue	-	61	Non Major fund reimbursement for grant expenditures
Totals	10	61	
Non Major Funds	\$ 163	\$ -	GRF reimbursement for expenditures
Non Major Funds	-	37	GRF reimbursement for grant expenditures
Total	163	37	
	\$ 173	\$ 98	

The following balances at June 30, 2004 represent amounts due to other Department and State of Illinois funds:

Fund	Due to			Description
	Other Department Funds	Other State Funds	Other State Fiduciary Funds	
General Revenue	\$ 118	\$ -	\$ -	Charges for Service - State funds reimbursement of expenditures
General Revenue	-	3,670	-	Charges for Service - Internal service fund for purchases of services
General Revenue	-	-	100	Charges for Service - State Fiduciary funds reimbursement of expenditures
Total	118	3,670	100	
Non Major Funds	\$ 55	\$ -	\$ -	GRF charges for services
Non Major Funds	-	2,466	-	State funds charges for services
Non Major Funds	-	-	14	GRF charges for services
Total	55	2,466	14	
	\$ 173	\$ 6,136	\$ 114	

**Department of Children and Family Services
State of Illinois**

**Notes to Financial Statements
(Amounts Expressed in Thousands)**

(b) Due to Component Units of the State of Illinois

The following balance at June 30, 2004 represents amount due to other component units of the State of Illinois.

<u>Fund</u>	<u>Amount</u>	<u>Description</u>
General Revenue fund	\$ 3,544	State colleges and Universities
Non Major Fund	<u>3,021</u>	State colleges and Universities
Total	<u>\$ 6,565</u>	

(c) Intergovernmental Receivables/Payables

The following is a description of intergovernmental receivables as of June 30, 2004:

Intergovernmental receivables consist of amounts due from the federal government within twelve months. These receivables represent reimbursements of \$184 million for foster care and adoption, \$10 million for training and approximately \$13 million for other federally funded projects.

The following is a description of intergovernmental payables as of June 30, 2004:

Intergovernmental payables consist of payroll taxes accrued at the end of the fiscal year that are due to the federal government, payment to cities, counties, municipal service organizations, private colleges, and other local governmental units. These payables are for goods and services purchased from these entities.

**Department of Children and Family Services
State of Illinois**

**Notes to Financial Statements
(Amounts Expressed in Thousands)**

(d) Transfer to/from Other Funds

Interfund transfers in for the year ended June 30, 2004 were as follows:

Fund	Transfer in		Description
	Other Department Funds	Other State Funds	
General	\$ 97	\$ -	Transfer fom Non Major funds for fund closure
Non Major Fund	-	237	Transfers from other State funds for tax check-offs and sales of birth certificates
Total	\$ 97	\$ 237	
Fund	Transfer out		Description
	Other Department Funds	Other State Funds	
General	\$ -	\$ 6,537	Transfers to other State funds for budget shortfalls
Non Major Fund	97	11,944	Transfers to General fund for fund closure and transfers to other State funds for budget shortfalls
Total	\$ 97	\$ 18,481	

Note 5. Capital Assets

Capital asset activity (amounts expressed in thousands) for the year ended June 30, 2004 was as follows:

	Balance July 1, 2003	Additions and Adjustments	Deletions and Adjustments	Balance June 30, 2004
Capital Assets being depreciated:				
Buildings and Building Improvements	\$ 1,808	\$ 41	\$ -	\$ 1,849
Equipment	9,049	392	108	9,333
Capital Lease	274	110	184	200
Total Capital Assets being depreciated	11,131	543	292	11,382
Less Accumulated Depreciation for:				
Buildings and Building Improvements	731	49	-	780
Equipment	7,808	908	102	8,614
Capital Lease	192	74	184	82
Total Accumulated Depreciation	8,731	1,031	286	9,476
Total Capital Assets, Net	\$ 2,400	\$ (488)	\$ (6)	\$ 1,906

Depreciation expense for governmental activities for the year ended June 30, 2004 was charged to functions as follows:

Health and social services \$1,031

Department of Children and Family Services
State of Illinois

Notes to Financial Statements
(Amounts Expressed in Thousands)

Note 6. Long-Term Obligations

(a) Changes in Long-Term Obligations

Changes in long-term obligations for the year ended, June 30, 2004, were as follows:

	Balance <u>July 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2004</u>	Amounts Due Within <u>One Year</u>
Compensated absences	\$ 21,342	\$ 21,604	\$ 21,268	\$ 21,678	\$ 1,556
Capital lease obligations	89	110	78	121	60
Installment purchase obligations	2	-	2	-	-
Total	<u>\$ 21,433</u>	<u>\$ 21,714</u>	<u>\$ 21,348</u>	<u>\$ 21,799</u>	<u>\$ 1,616</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 of \$200 and \$82, 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 at June 30, 2004 are as follows:

<u>Year ended June 30</u>	<u>Amount</u>
2005	\$ 60
2006	41
2007	34
	<hr/>
Total minimum lease payments	135
Less: Amounts representing interest	14
	<hr/>
Present value of minimum lease payments	<u>\$ 121</u>

**Department of Children and Family Services
State of Illinois**

**Notes to Financial Statements
(Amounts Expressed in Thousands)**

Note 7. 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 University, Teachers', General Assembly, and Judges' Retirement Systems. The financial position and results of operations of the SERS for fiscal year 2004 are included in the State of Illinois' Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2004. The SERS issues a separate CAFR that may be obtained by writing to the SERS, 2101 South Veterans Parkway, Springfield, Illinois, 62794-9255.

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

The Department pays employer retirement contributions based upon an actuarially determined percentage of their payrolls. For fiscal year 2004, the employer contribution rate was 13.439%. 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 Employee' and Teachers' Retirement Systems. Generally, this "pickup" of employee retirement was part of the fiscal year 2004 budget process. The pickup is subject to sufficient annual appropriations and those employees covered may vary across employee groups and State agencies.

Note 8. 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 per annuitant age 60 and older.

Costs incurred for health, dental, and life insurance for annuitants and their dependents were not separated from benefits provided to active employees and their dependents for the year ended June 30, 2004. However, post-employment costs for the State as a whole for all State agencies/departments for dependent health, dental, and life insurance for annuitants and their dependents are disclosed in the Illinois Comprehensive Annual Financial Report for the State. Cost information for retirees by individual State agency is not available. Payments are made on a "pay-as-you-go" basis.

Note 9. Commitments and Contingencies

(a) Operating Leases

The Department leases copiers and other office equipment, under the terms of non-cancelable 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 the operating leases was \$9 thousand for the year ended June 30, 2004.

**Department of Children and Family Services
State of Illinois**

**Notes to Financial Statements
(Amounts Expressed in Thousands)**

The following is a schedule of minimum lease payments under the operating leases:

<u>Year ending June 30</u>	<u>Amount</u>
2005	\$ 42
2006	17
	<u>\$ 59</u>

(b) Real Property Leases

The Department leases real property (buildings) under the terms of non-cancelable 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 the real property operating leases was \$25 million for the year ended June 30, 2004.

The following is a schedule of minimum lease payments under the operating leases:

<u>Year ending June 30</u>	
2005	\$ 10,991
2006	9,657
2007	8,912
2008	7,442
2009	6,445
2010-2014	15,711
	<u>\$ 59,158</u>

(c) 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 eligible expenditures under the terms of the grants. At June 30, 2004, there were no material questioned costs that have not been resolved with the federal awarding agencies. However, questioned costs could still be identified during audits to be conducted in the future. Management of the Department believes there will be no material adjustments to the federal grants and, accordingly, has not recorded a provision for possible repayment.

(d) Litigation

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

Department of Children and Family Services
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Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2004
(Amount Expressed in Thousands)

	DCFS Training Fund Fund 094	Children's Services Fund Fund 220	Child Sexual Abuse Fund Fund 383	Federal Projects Fund Fund 566	Special Purpose Fund Fund 582	Child Abuse Prevention Fund Fund 934
Assets						
Cash equity with State Treasurer	\$ 7,641	\$ 17,508	\$ -	\$ 484	\$ 224	\$ 542
Cash and cash equivalents	-	-	-	-	-	-
Receivables (net):						
Intergovernmental	10,179	184,160	-	13,011	-	-
Due from Department funds	-	163	-	-	-	-
Due from other State funds	-	-	-	32	-	5
Total assets	<u>\$ 17,820</u>	<u>\$ 201,831</u>	<u>\$ -</u>	<u>\$ 13,527</u>	<u>\$ 224</u>	<u>\$ 547</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	\$ 255	\$ 38,543	\$ -	\$ 1,272	\$ 55	\$ -
Intergovernmental payables	428	372	-	231	-	-
Due to other State fiduciary funds	4	-	-	10	-	-
Due to other Department funds	-	-	-	-	-	-
Due to other State funds	-	1,773	-	673	20	-
Due to State of Illinois component units	1,692	861	-	468	-	-
Deferred revenues	10,179	109,114	-	9,085	83	-
Total liabilities	<u>12,558</u>	<u>150,663</u>	<u>-</u>	<u>11,739</u>	<u>158</u>	<u>-</u>
Fund Balances						
Reserved for:						
Encumbrances	10	-	-	-	-	-
Unreserved:						
Undesignated	5,252	51,168	-	1,788	66	547
Total fund balance	<u>5,262</u>	<u>51,168</u>	<u>-</u>	<u>1,788</u>	<u>66</u>	<u>547</u>
Total liabilities and fund balance	<u>\$ 17,820</u>	<u>\$ 201,831</u>	<u>\$ -</u>	<u>\$ 13,527</u>	<u>\$ 224</u>	<u>\$ 547</u>

Department of Children and Family Services
State of Illinois

Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2004
(Amount Expressed in Thousands)

	Bail Bond Fund Fund 1119	Children and Family Benefit Fund Fund 1121	General Purpose Fund Fund 1123	Family Reunification Fund Fund 1226	Rockford Region Special Needs Fund Fund 1237	Total Nonmajor Special Revenue Funds
Assets						
Cash equity with State Treasurer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,399
Cash and cash equivalents	1	86	60	3	-	150
Receivables (net):						
Intergovernmental	-	-	-	-	-	207,350
Due from Department funds	-	-	-	-	-	163
Due from other State funds	-	-	-	-	-	37
Total assets	<u>\$ 1</u>	<u>\$ 86</u>	<u>\$ 60</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 234,099</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,125
Intergovernmental payables	-	-	-	-	-	1,031
Due to other State fiduciary funds	-	-	-	-	-	14
Due to other Department funds	-	-	55	-	-	55
Due to other State funds	-	-	-	-	-	2,466
Due to State of Illinois component units	-	-	-	-	-	3,021
Deferred revenues	-	-	-	-	-	128,461
Total liabilities	<u>-</u>	<u>-</u>	<u>55</u>	<u>-</u>	<u>-</u>	<u>175,173</u>
Fund Balances						
Reserved for:						
Encumbrances	-	-	-	-	-	10
Unreserved:						
Undesignated	1	86	5	3	-	58,916
Total fund balance	<u>1</u>	<u>86</u>	<u>5</u>	<u>3</u>	<u>-</u>	<u>58,926</u>
Total liabilities and fund balance	<u>\$ 1</u>	<u>\$ 86</u>	<u>\$ 60</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 234,099</u>

Department of Children and Family Services
State of Illinois

Nonmajor Special Revenue Funds
Combining, Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2004
(Amount Expressed in Thousands)

	DCFS Training Fund Fund 094	Children's Services Fund Fund 220	Child Sexual Abuse Fund Fund 383	Federal Projects Fund Fund 566	Special Purpose Fund Fund 582	Child Abuse Prevention Fund Fund 934
Revenues						
Federal Government	\$ 10,635	\$ 426,617	\$ -	\$ 11,903	\$ -	\$ -
Investment income	-	-	-	-	-	5
Other charges for services	-	1,758	-	-	-	-
Other operating grants	-	-	-	-	199	-
Other	-	87	-	-	-	-
Total revenue	<u>10,635</u>	<u>428,462</u>	<u>-</u>	<u>11,903</u>	<u>199</u>	<u>5</u>
Expenditures						
Current:						
Health and social services	12,809	497,888	-	12,603	143	280
Debt service:						
Principal	1	-	-	-	-	-
Capital Outlay	-	168	-	-	-	-
Total expenditures	<u>12,810</u>	<u>498,056</u>	<u>-</u>	<u>12,603</u>	<u>143</u>	<u>280</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,175)</u>	<u>(69,594)</u>	<u>-</u>	<u>(700)</u>	<u>56</u>	<u>(275)</u>
Other Financing Sources						
Transfers in	-	-	-	-	-	237
Transfers out	(1,120)	(10,727)	(97)	-	-	-
Total other financing sources	<u>(1,120)</u>	<u>(10,727)</u>	<u>(97)</u>	<u>-</u>	<u>-</u>	<u>237</u>
Net change in fund balance	(3,295)	(80,321)	(97)	(700)	56	(38)
Fund balances, July 1, 2003	<u>8,557</u>	<u>131,489</u>	<u>97</u>	<u>2,488</u>	<u>10</u>	<u>585</u>
Fund balances, June 30, 2004	<u>\$ 5,262</u>	<u>\$ 51,168</u>	<u>\$ -</u>	<u>\$ 1,788</u>	<u>\$ 66</u>	<u>\$ 547</u>

Department of Children and Family Services
State of Illinois

Nonmajor Special Revenue Funds
Combining, Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2004
(Amount Expressed in Thousands)

	Bail Bond Fund Fund 1119	Children and Family Benefit Fund Fund 1121	General Purpose Fund Fund 1123	Family Reunification Fund Fund 1226	Rockford Region Special Needs Fund Fund 1237	Total Nonmajor Special Revenue Funds
Revenues						
Federal Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 449,155
Investment income	-	-	-	-	-	5
Other charges for services	-	-	-	-	-	1,758
Other operating grants	-	-	-	-	-	199
Other	-	14	73	-	-	174
Total revenue	<u>-</u>	<u>14</u>	<u>73</u>	<u>-</u>	<u>-</u>	<u>451,291</u>
Expenditures						
Current:						
Health and social services	-	10	224	-	1	523,958
Debt service:						
Principal	-	-	-	-	-	1
Capital Outlay	-	-	-	-	-	168
Total expenditures	<u>-</u>	<u>10</u>	<u>224</u>	<u>-</u>	<u>1</u>	<u>524,127</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>4</u>	<u>(151)</u>	<u>-</u>	<u>(1)</u>	<u>(72,836)</u>
Other Financing Sources						
Transfers in	-	-	-	-	-	237
Transfers out	-	-	-	-	-	(11,944)
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,707)</u>
Net change in fund balance	-	4	(151)	-	(1)	(84,543)
Fund balances, July 1, 2003	1	82	156	3	1	143,469
Fund balances, June 30, 2004	<u>\$ 1</u>	<u>\$ 86</u>	<u>\$ 5</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>58,926</u>

Department of Children and Family Services
State of Illinois

Combining Statement of Fiduciary Net Assets
June 30, 2004
(Amounts Expressed in Thousands)

	Private Purpose Trust			Children's Trust Fund - Agency Fund 1122
	Katherine Schaffner Bequest Fund 1117	Herrick House Children's Center Bequest Fund 1207	Total	
Assets				
Cash and cash equivalents	\$ 18	\$ 13	\$ 31	\$ 2,944
Investments	298	-	298	-
Due from other government - federal	-	-	-	322
Total assets	<u>316</u>	<u>13</u>	<u>329</u>	<u>3,266</u>
Liabilities				
Due to other government - federal	-	-	-	20
Amounts held on behalf of State Wards	-	-	-	3,246
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,266</u>
Net Assets				
Held in trust for:				
Individuals, organizations, and other governments	316	13	329	-
Total net assets	<u>\$ 316</u>	<u>\$ 13</u>	<u>\$ 329</u>	<u>\$ -</u>

Department of Children and Family Services
 State of Illinois

Combining Statement of Changes in Fiduciary Net Assets
 For the Year Ended June 30, 2004
 (Amounts Expressed in Thousands)

	Private Purpose Trust		
	Katherine Schaffner Bequest Fund 1117	Herrick House Children's Center Bequest Fund 1207	Total
Investment earnings:			
Interest, dividends and other investment income	\$ 20	\$ -	\$ 20
Total investment earnings	<u>20</u>	<u>-</u>	<u>20</u>
Deductions:			
Other	<u>3</u>	<u>-</u>	<u>3</u>
Changes in net assets	17	-	17
Net assets, July 1, 2003	<u>299</u>	<u>13</u>	<u>312</u>
Net assets, June 30, 2004	<u>\$ 316</u>	<u>\$ 13</u>	<u>\$ 329</u>

Department of Children & Family Services
State of Illinois

Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2004
(Amounts Expressed in Thousands)

Children's Trust Fund (Fund 1122)

	Balance July 1, 2003	Additions	Deductions	Balance June 30, 2004
Assets				
Cash and cash equivalents	\$ 4,190	\$ 17,340	\$ 18,586	\$ 2,944
Due from other government - federal	328	322	328	322
	<u>4,518</u>	<u>17,662</u>	<u>18,914</u>	<u>3,266</u>
Total Assets	<u>\$ 4,518</u>	<u>\$ 17,662</u>	<u>\$ 18,914</u>	<u>\$ 3,266</u>
Liabilities				
Due to other governments - federal	\$ 23	\$ 20	\$ 23	\$ 20
Due to other funds	1,208	-	1,208	-
Amounts held on behalf of State Wards	3,287	3,246	3,287	3,246
	<u>3,287</u>	<u>3,246</u>	<u>3,287</u>	<u>3,246</u>
Total Liabilities	<u>\$ 4,518</u>	<u>\$ 3,266</u>	<u>\$ 4,518</u>	<u>\$ 3,266</u>