



STATE OF ILLINOIS
OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

DEPARTMENT OF TRANSPORTATION

**Financial Audit
For the Year Ended June 30, 2024**

Release Date: July 8, 2025

FINDINGS THIS AUDIT: 3				AGING SCHEDULE OF REPEATED FINDINGS			
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	2	0	2	No Repeat Findings			
Category 2:	1	0	1				
Category 3:	0	0	0				
TOTAL	3	0	3				
FINDINGS LAST AUDIT: 1							

INTRODUCTION

The Department of Transportation (Department) is responsible for administering and supervising the State's transportation activities, including highways, rail, public transportation, and aeronautics. This digest covers the Department's financial audit as of and for the year ended June 30, 2024. The Department's State Compliance Examination covering the two years ended June 30, 2024, will be released at a later date.

SYNOPSIS

- (24-1) The Department has not established adequate internal controls over accurately recording capital asset activity for financial reporting purposes.
- (24-2) The Department restated beginning net position for the General Fund and the Nonmajor Funds due to the correction of error in the prior year financial statements.

Category 1:	Findings that are material weaknesses in internal control and/or a qualification on compliance with State laws and regulations (material noncompliance).
Category 2:	Findings that are significant deficiencies in internal control and noncompliance with State laws and regulations.
Category 3:	Findings that have no internal control issues but are in noncompliance with State laws and regulations.

**DEPARTMENT OF TRANSPORTATION
FINANCIAL AUDIT
For the Year Ended June 30, 2024**

STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES (expressed in thousands)	Fiscal Year 2024	Fiscal Year 2023
Program Revenues		
Charges for Services.....	\$ 77,550	\$ 101,996
Operating Grants.....	243,072	278,146
Capital Grants.....	2,233,282	1,994,086
Total Revenues.....	<u>2,553,904</u>	<u>2,374,228</u>
Expenses		
Total Expenses.....	<u>6,088,022</u>	<u>5,250,598</u>
Net (Expenses) Revenues.....	(3,534,118)	(2,876,370)
Total General Revenues and Transfers.....	<u>5,273,849</u>	<u>4,918,598</u>
Change in Net Position.....	1,739,731	2,042,228
Net Position, July 1, (as restated).....	17,600,325	16,065,884
Net Position, June 30.....	<u>\$ 19,340,056</u>	<u>\$ 18,108,112</u>

STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES (expressed in thousands)	Fiscal Year 2024	Fiscal Year 2023
Cash Equity with State Treasurer.....	\$ 1,525,370	\$ 1,309,110
Cash and Cash Equivalents.....	62,364	71,456
Receivables, Net.....	536,934	541,694
Inventories.....	118,835	115,630
Capital Assets, Net.....	22,358,779	21,728,486
Other Assets.....	1,175,805	1,006,961
Total	<u>25,778,087</u>	<u>24,773,337</u>
Deferred Outflows of Resources - Pension.....	462,404	454,066
Deferred Outflows of Resources - Other postemployment benefits.....	257,642	462,150
Total Assets and Deferred Outflows of Resources.....	<u>26,498,133</u>	<u>25,689,553</u>
Accounts Payable.....	768,402	577,745
Long Term Obligations.....	99,711	100,660
Net Pension Liability.....	3,002,380	3,036,238
Other postemployment benefits.....	821,985	947,422
Other Liabilities.....	758,773	802,498
Total	<u>5,451,251</u>	<u>5,464,563</u>
Deferred Inflows of Resources - Leases.....	1,358	1,924
Deferred Inflows of Resources - Pension.....	354,833	421,381
Deferred Inflows of Resources - Other Postemployment Benefits.....	1,350,635	1,693,573
Total Liabilities and Deferred Inflows of Resources.....	<u>7,158,077</u>	<u>7,581,441</u>
Net Position		
Net Investment in Capital Assets.....	21,723,476	21,118,685
Restricted for Transportation Programs.....	96,851	116,159
Unrestricted.....	(2,480,271)	(3,126,732)
Total Net Position.....	<u>\$ 19,340,056</u>	<u>\$ 18,108,112</u>

DEPARTMENT SECRETARY

During Audit Period: Omer Osman (through 12/31/24)
Currently: Gia Biagi

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

INADEQUATE CONTROLS OVER CAPITAL ASSETS

The Illinois Department of Transportation (Department) has not established adequate internal controls over accurately recording capital asset activity for financial reporting purposes.

During our testing, we noted deficiencies within capital assets:

Capital assets were inaccurately accounted for

- The Department did not accurately account for capital assets. The effect of this misstatement in the Department's government-wide financial statement was an understatement of infrastructure assets of \$2,600,138,000, an understatement of accumulated depreciation of \$54,593,000, and an understatement of net position of \$2,545,545,000 as of June 30, 2024.

Expenses were incorrectly reported as capital asset additions

- During our testing of capital asset additions, we noted that the Department capitalized items that should have been expensed rather than capitalized. The Department analyzed the additions population and determined that the error for fiscal year 2024, net of accumulated depreciation, was \$231,790,000. This misstatement resulted in an overstatement of infrastructure assets, net of accumulated depreciation, and an overstatement of net position of \$231,790,000 in the Department's government-wide financial statements. It was also determined that the same deficiency occurred in fiscal years 2022 and 2023, leading to a restatement to decrease the beginning net position of governmental activities by \$507,787,000.

The Department posted audit adjustments for both issues to correct its financial statements as of and for the year ended June 30, 2024. (Finding 1, pages 65-66)

We recommended the Department strengthen internal controls over capital assets, including enhanced review procedures for asset activity and capitalization decisions.

Department agreed

The Department stated it agrees with the finding. The Department further stated the error in the calculation of infrastructure assets, accumulated depreciation and net position has been fixed. Additionally, the Department stated the beginning net position was adjusted to correct capitalized assets error and will use the correct report for capitalizable expenditures for the infrastructure additions. Finally, the Department stated it will continue to enhance the review processes to avoid such errors in the future and ensure adherence to US generally accepted accounting principles to

appropriately record assets and accumulated depreciation reported in the Department's financial statements and enhance review processes to avoid formula errors in the future.

INADEQUATE CONTROLS OVER FINANCIAL REPORTING

The Department restated beginning net position for the General Fund and the Nonmajor Funds due to the correction of error in the prior year financial statements.

Fund classification error in prior financial statements

During our review of the Department's financial statements, we observed the Department had reclassified the Grade Crossing Protection Fund (Fund 0019) to be included within the General Fund. Fund 0019 was incorrectly reported in previous years as a Nonmajor Special Revenue Fund. In the current year, the Department discovered this error and restated beginning fund balance in order to increase the General Fund's beginning fund balance and decrease the Nonmajor Funds' beginning fund balance by \$151,247. (Finding 2, page 67)

We recommended the Department review the SAMS manual annually to ensure funds are classified properly in the financial statements.

Department agreed

The Department agreed with the finding and stated the error in the beginning net position has been fixed. The Department also stated it will review annually the Statewide Accounting Management System (SAMS) that may impact fund classification listings.

OTHER FINDINGS

The remaining finding pertains to inadequate control over accounts payable. We will review the Department's progress towards the implementation of our recommendations in our next financial audit.

AUDITOR'S OPINION

The auditors stated the financial statements of the Department as of and for the year ended June 30, 2024, are fairly stated in all material respects.

This financial audit was conducted by CliftonLarsonAllen LLP.

SIGNED ORIGINAL ON FILE

COURTNEY DZIERWA

Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO

Auditor General

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