

**STATE OF ILLINOIS
DEPARTMENT OF TRANSPORTATION**

FINANCIAL AUDIT

FOR THE YEAR ENDED JUNE 30, 2024

**PERFORMED AS SPECIAL ASSISTANT AUDITORS
FOR THE AUDITOR GENERAL, STATE OF ILLINOIS**



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**STATE OF ILLINOIS
DEPARTMENT OF TRANSPORTATION
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DEPARTMENT OF TRANSPORTATION
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**STATE OF ILLINOIS
DEPARTMENT OF TRANSPORTATION
AGENCY OFFICIALS
FOR THE YEAR ENDED JUNE 30, 2024**

DEPARTMENT OFFICIALS

Secretary	Gia Biagi (05/30/25 to present) Gia Biagi (acting 01/13/25 to 05/29/25) Terrence Glavin (interim 01/01/25 to 01/12/25) Omer Osman (07/01/19 to 12/31/24)
Assistant Secretary	Vacant
Chief of Staff	Art Moore (06/01/24 to present) Vacant (06/01/23 to 05/31/24)
Deputy Chief of Staff	Vacant
Chief Operating Officer	John Donovan (09/1/23 to present) Vacant (04/23/22 to 08/31/23)
Deputy Secretary of Communications and Legislative Affairs	Jeremy LaMarche
Deputy Secretary of Administration, Diversity and Legal Affairs	Terrence Glavin
Deputy Secretary of Project Implementation	Vacant
Chief Fiscal Officer	Vicki Wilson
Director, Office of Planning and Programming	Holly (Ostdick) Bieneman
Deputy Director, Office of Planning and Programming	Elizabeth Irvin
Director, Office of Highways Project Implementation	Lora Rensing (12/16/24 to present) Vacant (08/01/24 to 12/15/24) Stephen Travia (07/01/21 to 07/31/24)
Deputy Director, Office of Highways Project Implementation	Justan Mann
Director, Office of Intermodal Project Implementation	Jason Osborn
Deputy Director, Rail, Office of Intermodal Project Implementation	Carrie Cooper (12/09/24 to present) Vacant (01/01/24 to 12/08/24) John Oimoen (08/06/12 to 12/31/23)

**STATE OF ILLINOIS
DEPARTMENT OF TRANSPORTATION
AGENCY OFFICIALS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2024**

Deputy Director, Transit, Office of Intermodal Project Implementation	Ashounta Reese
Deputy Director, Aeronautics, Office Of Intermodal Project Implementation	Clayton Stambaugh
Director, Office of Communications	Guy Tridgell
Director, Office of Legislative Affairs	Aaron Gold-Stein (08/16/23 to present) Vacant (07/01/23 to 08/15/23)
Director, Office of Finance and Administration	Vicki Wilson
Deputy Director, Office of Finance And Administration	Matt Magalis
Director, Office of Business and Workforce Diversity	Brandy Phillips (09/18/23 to present) Vacant (10/01/22 to 09/17/23)
Deputy Director, Office of Business and Workforce Diversity	Brian Hendricks (10/01/24 to present) Vacant (01/01/23 to 09/30/24)
Director, Office of Chief Counsel/ Chief Legal Counsel	Michael Prater (05/01/24 to present) Michael Prater (Acting) (06/28/23 to 4/30/24)
Director/Chief Internal Auditor, Office of Internal Audit	Stephen Kirk

Agency's main offices are located at:

2300 S. Dirksen Parkway
Springfield, IL 62764

69 W. Washington Street
Chicago, IL 60602

**STATE OF ILLINOIS
DEPARTMENT OF TRANSPORTATION
FINANCIAL STATEMENT REPORT SUMMARY
FOR THE YEAR ENDED JUNE 30, 2024**

FINANCIAL STATEMENT REPORT

SUMMARY

The audit of the accompanying financial statements of the State of Illinois, Department of Transportation (Department) was performed by CliftonLarsonAllen LLP.

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

SUMMARY OF FINDINGS

Number of		<u>Current Report</u>		<u>Prior Report</u>
Findings		3		1
Repeated Findings		0		0
Prior Recommendations Implemented or Not Repeated		1		0

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding type</u>
<u>Current Finding</u>				
2024-001	65	New	Inadequate Controls over Capital Assets	Material Weakness
2024-002	67	New	Inadequate Controls over Financial Reporting	Material Weakness
2024-003	68	New	Inadequate Controls over Accounts Payable	Significant Deficiency
<u>Prior Findings Not Repeated</u>				
2023-001	69	2023/2023	Audit Adjustment	Material Weakness

EXIT CONFERENCE

The Department waived its option to hold an exit conference through correspondence from Stephen Kirk, Chief Internal Auditor, dated June 6, 2025.



INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Audit of the Financial Statements

Opinions

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the State of Illinois, Illinois Department of Transportation (Department), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

In our opinion, the 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, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter - Presentation

As discussed in Note 2, the financial statements of the Department are intended to present the financial position and the changes in financial position and, where applicable, cash flows, 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, 2024, and the changes in its financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Emphasis of Matter – Restatement of Beginning Fund Balance

As discussed in Note 14 to the financial statements, the Department restated beginning fund balance for the General Fund as well as the Aggregate Remaining Funds in order to include Fund 0019 (Grade Crossing Protection) balances and activity within the General Fund. Fund 0019 was incorrectly recognized as a special revenue fund in the prior year. Our opinions are not modified with respect to this matter.

Emphasis of Matter – Restatement of Beginning Net Position of Governmental Activities

As discussed in Note 14 to the financial statements, the Department restated beginning net position for Governmental Activities to correct a misstatement of infrastructure assets in a prior year. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department's basic financial statements. The nonmajor governmental fund statement and schedule and motor fuel tax fund schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the nonmajor governmental fund statement and schedule and motor fuel tax fund schedules as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Honorable Frank J. Mautino
Auditor General

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2025, on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

Restricted Use of this Auditors' Report

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

SIGNED ORIGINAL ON FILE

CliftonLarsonAllen LLP

Peoria, Illinois
June 16, 2025

State of Illinois
Department of Transportation

Statement of Net Position

June 30, 2024 (Expressed in Thousands)

	Governmental Activities
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Unexpended appropriations	\$ 1,043,672
Cash equity with State Treasurer	1,525,370
Cash and cash equivalents	62,364
Securities lending collateral equity with State Treasurer	2,784
Receivables, net:	
Taxes	130,545
Intergovernmental	391,961
Other	14,428
Due from other State funds	86,983
Due from State of Illinois component units, current	40,823
Inventories	118,835
Prepaid items	1
Loans receivable	212
Lease receivable	1,330
Capital assets not being depreciated or amortized	3,318,874
Capital assets being depreciated or amortized, net	19,039,905
Total assets	25,778,087
Deferred outflows of resources - Pension	462,404
Deferred outflows of resources - Other postemployment benefits	257,642
Total deferred outflows of resources	720,046
Total assets and deferred outflows of resources	26,498,133
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	
Accounts payable and accrued liabilities	768,402
Intergovernmental payables	660,165
Due to other State funds	15,565
Due to State of Illinois component units	75,348
Obligations under securities lending of State Treasurer	2,784
Unearned revenue	4,911
Long-term obligations:	
Due within one year	10,476
Due subsequent year	89,235
Net pension liability	3,002,380
Other postemployment benefits	821,985
Total liabilities	5,451,251
Deferred inflows of resources - Leases	1,358
Deferred inflows of resources - Pension	354,833
Deferred inflows of resources - Other postemployment benefits	1,350,635
Total deferred inflows of resources	1,706,826
Total liabilities and deferred inflows of resources	7,158,077
NET POSITION	
Net investment in capital assets	21,723,476
Restricted for:	
Transportation programs	96,851
Unrestricted	(2,480,271)
Total net position	\$ 19,340,056

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

State of Illinois
Department of Transportation

Statement of Activities

For the Year Ended June 30, 2024 (Expressed in Thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
Transportation	\$ 5,068,479	\$ 77,550	\$ 243,072	\$ 2,233,282	\$ (2,514,575)
Intergovernmental	1,017,795	-	-	-	(1,017,795)
Interest	1,748	-	-	-	(1,748)
Total governmental activities	<u>\$ 6,088,022</u>	<u>\$ 77,550</u>	<u>\$ 243,072</u>	<u>\$ 2,233,282</u>	<u>\$ (3,534,118)</u>
General revenues and transfers					
Sales tax					\$ 663,025
Motor fuel tax					1,541,376
Appropriations from State resources					26,408,251
Reappropriation to future year(s)					(16,175,029)
Lapsed appropriations					(4,930,389)
Receipts collected and transmitted to State Treasury					(2,408,758)
Net change in liabilities for reappropriated accounts					43,623
Other revenues					10,255
Interest and investment income					2,018
Amount of SAMS transfers-in					(1,268,858)
Amount of SAMS transfers-out					1,111,543
Transfers-in					287,332
Transfers-out					(10,540)
Total general revenues and transfers					<u>5,273,849</u>
Change in net position					1,739,731
Net position, July 1, 2023, as previously reported					18,108,112
Error correction					(507,787)
Net position, July 1, 2023, as restated					<u>17,600,325</u>
Net position, June 30, 2024					<u>\$ 19,340,056</u>

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

State of Illinois
Department of Transportation

Balance Sheet - Governmental Funds

June 30, 2024 (Expressed in Thousands)

	General Fund	Nonmajor Funds	Total Governmental Funds
ASSETS			
Unexpended appropriations	\$ -	\$ 1,043,672	\$ 1,043,672
Cash equity with State Treasurer	276,770	1,247,812	1,524,582
Cash and cash equivalents	-	62,364	62,364
Securities lending collateral equity with State Treasurer	-	2,784	2,784
Receivables, net:			
Taxes	-	130,545	130,545
Intergovernmental	-	391,961	391,961
Other	-	14,428	14,428
Due from other Department funds	3,500	137,256	140,756
Due from other State funds	42,215	44,768	86,983
Due from State of Illinois component units, current	-	40,823	40,823
Inventories	-	117,557	117,557
Loans receivable	-	212	212
Lease receivable	-	1,330	1,330
Total assets	\$ 322,485	\$ 3,235,512	\$ 3,557,997
LIABILITIES			
Accounts payable and accrued liabilities	\$ 12,035	\$ 756,367	\$ 768,402
Intergovernmental payables	158,893	501,272	660,165
Due to other Department funds	-	140,756	140,756
Due to other State funds	13	15,552	15,565
Due to State of Illinois component units	-	75,348	75,348
Obligations under securities lending of State Treasurer	-	2,784	2,784
Unearned revenue	-	4,911	4,911
Total liabilities	170,941	1,496,990	1,667,931
DEFERRED INFLOWS OF RESOURCES			
Leases	-	1,358	1,358
Unavailable revenue	-	110,275	110,275
Total deferred inflows of resources	-	111,633	111,633
Total liabilities and deferred inflows of resources	170,941	1,608,623	1,779,564
FUND BALANCES			
Nonspendable - inventories	-	117,557	117,557
Restricted	-	96,851	96,851
Committed	151,544	1,467,974	1,619,518
Assigned	-	8,848	8,848
Unassigned	-	(64,341)	(64,341)
Total fund balances	151,544	1,626,889	1,778,433
Total liabilities, deferred inflows of resources, and fund balances	\$ 322,485	\$ 3,235,512	\$ 3,557,997

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

State of Illinois
Department of Transportation
Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position
June 30, 2024
(Expressed in Thousands)

Total fund balances - governmental funds		\$ 1,778,433
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		22,358,779
Prepaid expenses for governmental activities are current uses of financial resources for funds.		1
Internal service funds are used to charge costs of air transportation activities to individual funds. The assets and liabilities of the Air Transportation Revolving Fund are reported as governmental activities in the Statement of Net Position.		2,066
Revenues in the Statement of Activities that do not provide current financial resources are deferred in the funds.		110,275
Deferred outflows of resources related to pensions		462,404
Deferred inflows of resources related to pensions		(354,833)
Deferred outflows of resources related to other postemployment benefits		257,642
Deferred inflows of resources related to other postemployment benefits		(1,350,635)
Some liabilities reported in the Statement of Net Position do not require the use of financial resources and therefore are not reported as liabilities in governmental funds. These liabilities consist of:		
Compensated absences	\$ (49,036)	
Lease obligations	(1,611)	
SBITA obligations	(32,898)	
Auto liability claims	(5,916)	
Pollution remediation obligations	(10,250)	
Net pension liability	(3,002,380)	
Other postemployment benefits	(821,985)	
		<u>(3,924,076)</u>
Net position of governmental activities		<u>\$ 19,340,056</u>

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

State of Illinois**Department of Transportation****Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds**

For the Year Ended June 30, 2024 (Expressed in Thousands)

	General Fund	Nonmajor Funds	Total Governmental Funds
REVENUES			
Sales taxes	\$ 375,100	\$ 287,925	\$ 663,025
Motor fuel taxes	-	1,541,376	1,541,376
Operating grants - Federal	-	154,466	154,466
Capital grants - Federal	-	2,223,741	2,223,741
Other operating grants	-	81,899	81,899
Other capital grants	-	8,731	8,731
Licenses and fees	-	26,668	26,668
Other charges for services	-	68,227	68,227
Other	-	10,255	10,255
Interest and other investment income	-	2,018	2,018
Total revenues	375,100	4,405,306	4,780,406
EXPENDITURES			
Transportation	673,759	3,351,584	4,025,343
Intergovernmental	13	1,017,782	1,017,795
Debt service - principal	59	5,558	5,617
Debt service - interest	27	1,721	1,748
Capital outlays	-	2,556,979	2,556,979
Total expenditures	673,858	6,933,624	7,607,482
Deficiency of revenues under expenditures	(298,758)	(2,528,318)	(2,827,076)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES			
Appropriations from State resources	-	26,408,251	26,408,251
Reappropriation to future year(s)	-	(16,175,029)	(16,175,029)
Lapsed appropriations	-	(4,930,389)	(4,930,389)
Receipts collected and transmitted to State Treasury	-	(2,408,758)	(2,408,758)
Net change in liabilities for reappropriated accounts	-	43,623	43,623
Amounts of SAMS transfers-in	-	(1,268,858)	(1,268,858)
Amounts of SAMS transfers-out	-	1,111,543	1,111,543
Transfers-in	304,542	284,983	589,525
Transfers-out	(5,500)	(307,233)	(312,733)
Lease financing	13	188	201
SBITA financing	-	7,648	7,648
Net other sources (uses) of financial resources	299,055	2,765,969	3,065,024
Net change in fund balances	297	237,651	237,948
Fund balances, July 1, 2023, as previously reported	-	1,540,485	1,540,485
Error correction	151,247	(151,247)	-
Fund balances, July 1, 2023, as restated	151,247	1,389,238	1,540,485
FUND BALANCES, JUNE 30, 2024	\$ 151,544	\$ 1,626,889	\$ 1,778,433

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

State of Illinois
Department of Transportation
Reconciliation of Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to Statement of Activities
For the Year Ended June 30, 2024
(Expressed in Thousands)

Net change in fund balances **\$ 237,948**

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 and amortization expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlays exceeded depreciation and amortization in the current period. 1,152,096

Some capital assets were transferred in/out from/to other State agencies and therefore no payments were made for the capital asset's value. This is the net amount transferred in from other State agencies. 987

Internal service funds are used to charge costs of certain activities to individual funds. The net loss of the internal service funds is reported as governmental activities in the Statement of Activities. (30)

Prepaid expenses in the Statement of Activities are reported as expenses in governmental funds. This amount represents the increase in prepaid expenses over the prior year. 1

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This amount represents the decrease in unavailable revenue over the prior year. (9,828)

Pension expenses and contributions required for Statement of Activities that are not in modified accrual statements. 108,744

Other postemployment benefit expenses and contributions required for Statement of Activities that are not in modified accrual statements. 263,867

Proceeds from sales of capital assets are reported in the governmental funds. However, in the Statement of Activities, losses from the sale of capital assets are reported. This is the net book value of the capital assets disposed. (15,003)

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:

Increase in compensated absences	(4,520)
Decrease in lease obligations	777
Increase in SBITA obligations	(5)
Decrease in other obligations	74
Decrease in auto liability claims	4,623

Change in net position of governmental activities **\$ 1,739,731**

State of Illinois

Department of Transportation

Statement of Net Position - Proprietary Fund

Air Transportation Revolving Fund (0309)

June 30, 2024 (Expressed in Thousands)

	Governmental Activities - Internal Service Fund
ASSETS	
Cash equity with State Treasurer	\$ 788
Inventories	1,278
Total assets	\$ 2,066
NET POSITION	
Unrestricted	\$ 2,066
Total net position	\$ 2,066

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

State of Illinois

Department of Transportation

**Statement of Revenues, Expenses, and Changes in
Fund Net Position - Proprietary Fund**

Air Transportation Revolving Fund (0309)

For the Year Ended June 30, 2024 (Expressed in Thousands)

	Governmental Activities - Internal Service Fund
OPERATING REVENUES	\$ -
OPERATING EXPENSES	
Cost of sales and services	<u>30</u>
Operating loss and change in net position	(30)
Net position, July 1, 2023	<u>2,096</u>
NET POSITION, JUNE 30, 2024	<u>\$ 2,066</u>

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

State of Illinois

Department of Transportation

Statement of Cash Flows - Proprietary Fund

Air Transportation Revolving Fund (0309)

For the Year Ended June 30, 2024 (Expressed in Thousands)

	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash payments to suppliers for goods and services	\$ (3)
Net cash used by operating activities	(3)
Net decrease in cash equity with State Treasurer	(3)
Cash equity with State Treasurer, July 1, 2023	791
CASH EQUITY WITH STATE TREASURER, JUNE 30, 2024	<u>\$ 788</u>
Reconciliation of operating loss to net cash used by operating activities:	
OPERATING LOSS	\$ (30)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Changes in assets and liabilities:	
Decrease in inventory	27
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (3)</u>

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

**STATE OF ILLINOIS
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(1) Organization

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

The Department is organized to provide safe, cost-effective transportation for Illinois in ways that enhance quality of life, promote economic prosperity, and demonstrate respect for our environment.

(2) Summary of Significant Accounting Policies

The financial statements of the Department have been prepared in accordance with generally accepted accounting principles in the United States of America (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB). To facilitate the understanding of data included in the financial statements, summarized below are the more significant accounting policies.

(a) Financial Reporting Entity

As defined by GAAP, the financial reporting entity consists of a primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit's board and either (a) the primary government's ability to impose its will, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- 2) Fiscal dependency and financial benefit or burden on the primary government.

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

(b) Basis of Presentation

The financial statements of the Department are intended to present the financial position, the changes in financial position, and the cash flows, when applicable, of only the portion of the governmental activities, each major fund of the State of Illinois, and the aggregate remaining fund information of the State of Illinois 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, 2024,

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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 transportation function in the State of Illinois' Annual Comprehensive Financial Report. A brief description of the Department's government-wide and fund financial statements follows:

Government-wide Statements. The government-wide Statement of Net Position and Statement of Activities report the overall financial activity of the Department. 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, charges for services, and intergovernmental revenues.

The Statement of Net Position presents net position as the difference between the Department's assets plus deferred outflows of resources less liabilities less deferred inflows of resources. 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 transportation function of the Department's governmental activities. Direct expenses are those 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. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis on fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Department administers the following major governmental funds (or portions thereof in the case of shared funds) – see the State of Illinois' Annual Comprehensive Financial Report:

General – These are the State's primary operating funds. They account for all financial resources of the general government, except those accounted for in another fund. Public Transportation Fund 627 and Grade Crossing Protection Fund 019 are administered by the Department and accounted for in the General Fund. 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.

Additionally, the Department reports the following fund types:

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Governmental Fund Types:

Special Revenue – These funds account for resources obtained from specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. Special revenue funds account for, among other things, activities of State highway programs, federal grant programs, taxes levied with statutorily defined distributions, and other resources restricted as to purpose.

Debt Service – These funds account for governmental resources obtained and accumulated to pay interest and principal on general long-term debt issues.

Capital Projects – These funds account for resources obtained and used for the acquisition or construction of major capital facilities and other capital assets. Such resources are derived principally from proceeds of general and special obligation bond issues and certificates of participation.

Proprietary Fund Types:

Internal Service – This fund accounts for air travel provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.

(c) Measurement Focus and Basis of Accounting

The government-wide and proprietary 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 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, principal and interest on formal debt issues, leases, claims and judgments, and compensated absences are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under right to use leases are reported as other financing sources.

Proprietary funds distinguish operating revenues from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Air Transportation Revolving Fund are charges for sales and services. Operating expenses for internal services funds include the cost of sales and services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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Significant revenue sources which are susceptible to accrual include federal aid and motor fuel tax revenue. All other revenue sources including some fines, penalties, licenses, and other miscellaneous revenue are considered to be measurable and available only when cash is received.

(d) Shared Fund Presentation

The financial statement presentation for the General Fund and nonmajor governmental funds represents only the 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' Annual Comprehensive Financial Report.

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

Unexpended Appropriations

This "asset" account represents lapse period warrants processed by the State Comptroller's Office after June 30, 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.

Reappropriation to Future Year(s)

Reappropriation to future year(s) is presented as a use of financial resources to reflect the State's realignment of the budgetary needs to the subsequent year and avoid double counting of 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.

Net Change in Liabilities for Reappropriated Accounts

This account reflects the amount which should be added to or subtracted from the current year appropriation for shared funds to reflect the increase or decrease from prior year to current year for amounts included in obligations for reappropriated accounts which are liabilities at June 30 of the prior year and June 30 of the current year.

Receipts Collected and Transmitted to State Treasury

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

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Amount of SAMS Transfers-In

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

Amount of SAMS Transfers-Out

This “other financing source” account represents cash transfers made by the Office of the Comptroller in accordance with statutory 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 Position to minimize the “grossing-up” of assets and liabilities within the governmental activities column of the Department. As a result, amounts reported in the Governmental Funds Balance Sheet and Proprietary Funds Statement of Net Position as interdepartmental interfund receivables and payables have been eliminated in the government-wide Statement of Net Position. Amounts reported in the Governmental Funds Balance Sheet and Proprietary Funds Statement of Net Position as receivable from or payable to fiduciary funds have been included in the government-wide Statement of Net Position as receivable from and payable to external parties, rather than as internal balances. Also, eliminations have been made in the Statement of Activities to remove the “grossing-up” of interdepartmental internal service fund activity.

(f) Cash and Cash Equivalents

Cash equivalents are defined as short-term, highly liquid investments readily convertible to cash with maturities of less than 90 days at time of purchase. Cash and cash equivalents include cash on hand, cash held in local bank accounts, money markets, and cash equity with the State Treasurer.

(g) Inventories

For governmental funds and proprietary funds, the Department recognizes the costs of inventories as expenditures when purchased. At year-end, physical counts are taken of significant inventories, consisting primarily of road salt, sand, aggregates, chemicals, construction materials, traffic signs, traffic materials, and airplane parts, and are reported at cost using the average cost method or first-in/first-out (FIFO) method, depending on the type of inventory. Inventories reported in governmental funds do not reflect current appropriable resources, and therefore, the Department reports an equivalent portion of nonspendable fund balance.

(h) Interfund Transactions

The Department has the following types of interfund transactions between the 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

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amounts are reported as interfund receivables or payables in the governmental funds balance sheets or the government-wide and proprietary statements of net position.

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

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

The Department also has activity with the State of Illinois component units primarily related to research grants and purchases of services.

(i) Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure, are reported at cost or estimated historical cost. Contributed assets are reported at acquisition value at the time received. Capital assets are depreciated and amortized 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)
Infrastructure	\$250,000	5-50
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
Works of Art and Historical Treasures	5,000	5-40
Intangible Assets:		
Internally Generated Software	1,000,000	3-25
Non-Internally Generated Software	25,000	3-25
Right-to-Use Lease Assets	25,000	Lease Term

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(j) Leases and Subscription-Based Information Technology Arrangements (SBITAs)

The Department is a lessee for non-cancellable leases of equipment, buildings, land, and subscription-based information technology arrangements (SBITAs). The Department recognizes a lease and subscription liability and an intangible right-to-use asset in the government-wide financial statements. The Department recognizes lease and subscription liabilities with an initial, individual value of \$25,000 or more. At the commencement of a lease and subscription, the lease and subscription liability is measured based on the present value of payments expected to be made during the lease and subscription term. Subsequently, the lease and subscription liability is reduced by the principal portion of lease and subscription payments made. The lease asset is initially measured as the initial amount of the lease and subscription liability, adjusted for payments made at or before the lease and subscription commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the asset useful life or the lease and subscription term.

(k) Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Deferred outflows of resources included the following related to pensions and other postemployment benefits: (i) differences between expected and actual experience, (ii) changes in assumptions, (iii) net difference between projected and actual investment earnings on pension plan investments, (iv) changes in proportion and differences between employer contributions and proportionate share of contributions, and (v) Department contributions subsequent to the measurement date.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until then. Deferred inflows of resources included the following related to pensions and other postemployment benefits: (i) differences between expected and actual experience, (ii) changes in assumptions, and (iii) changes in proportion and differences between employer contributions and proportionate share of contributions. Unavailable revenues in governmental funds include receivables not "available" to finance the current period. Deferred inflow of resources related to leases in governmental funds represent the initial value of the lease receivable plus the amount of any payments received at or before the commencement of the lease term that relate to future periods.

(l) Compensated Absences

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

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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.

(m) Pollution Remediation Obligations

In the government-wide Statement of Net Position, pollution remediation obligations are reported as part of long-term obligations at the current value of expected outlays to fund remediation costs using the expected cash flow technique. This technique measures the sum of probability-weighted amounts in a range of possible estimated amounts and uses all expectations about possible cash flows on a site-specific basis. Such ranges are weighted within 'most likely,' 'worst case,' and/or 'best case' scenarios and are based on actual remediation cost experience, remediation cost estimates and/or discrete cost remediation treatment possibilities. All reported obligation amounts are estimates and are subject to change resulting from price increases or reductions, technology, or changes in applicable laws or regulations. In cases where remediation activities beyond site investigation/assessment or feasibility studies have not begun, remaining remediation costs are not reasonably estimable and liabilities for such cases are not reported.

(n) Fund Balances

In the fund financial statements, governmental funds report fund balances as a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. This hierarchy is made up of resources which are nonspendable, restricted, or unrestricted (committed, assigned, and unassigned).

Nonspendable fund balance represents resources which relate to inventory or long-term receivables not expected to be converted to cash in the near term.

Restricted fund balance represents resources that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Committed fund balance represents resources constrained on use for a specific purpose imposed generally by the Governor and the State legislature. This constraint can only be removed or changed by the same action which established it. The action to constrain funds should occur prior to the end of the fiscal year.

Assigned fund balance represents resources intended by the Department to be used for a specific purpose but do not meet the criteria to be classified as restricted or committed. Intent may be established by the State Legislature, whom has delegated authority to assign amounts to be used for specific purposes.

Unassigned fund balance represents resources available for any purpose. This classification is only reported in the General Fund, except in cases of negative fund balance reported in other governmental funds which are reported as unassigned.

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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 resources which are committed are generally used before assigned resources and unassigned resources.

(o) Net Position

The Statement of Net Position presents the reporting entity's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference being reported as net position. Net position is reported in three categories:

Net Investment in Capital Assets – This consists of capital assets, net of accumulated depreciation and amortization, less the outstanding balances of any bonds, mortgages, notes, leases, subscription-based information technology arrangements, or other borrowings attributable to the acquisition, construction, or improvement of those assets.

Restricted – This consists of net position 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 position that does not meet the definition of 'restricted' or 'net investment in capital assets'.

(p) 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, liabilities, and disclosure of contingent assets and liabilities as of 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.

(q) Pension Benefits

In accordance with the Department's adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense have been recognized in the government-wide financial statements.

The net pension liability is calculated as the difference between the actuarially calculated value of the projected benefit payments attributed to past periods of service and the Plan's fiduciary net position. The total pension expense is comprised of the service cost or actuarial present value of projected benefit payments attributed to the valuation year, interest on the total pension liability, plan administrative expenses, current year benefit changes, and other changes in plan fiduciary net position less employee contributions and projected earnings on plan investments. Additionally, the total pension expense includes the annual recognition of outflows and inflows of resources due to pension assets and liabilities.

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources, pension expense, and expenditures associated with the Department's contribution requirements, information about the fiduciary net position of the plan and additions to/deductions from

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the Plan's fiduciary net position have been determined on the same basis as they are reported within the separately issued plan financial statements. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with terms of the plan. Investments are reported at fair value.

(r) Other Postemployment Benefits

The Department's adoption of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and GASB Statement No. 57, *Other Postemployment Benefits (OPEB) Measurements by Agent Employers and Agent Multiple-Employer Plans*. Implementation requires an employer whose employees are provided with defined contribution OPEB to recognize OPEB expense for the amount of contributions or credits to employees' accounts that are defined by the benefit terms as attributable to employees' services in the period, net of forfeited amounts that are removed from employees' accounts. A change in OPEB liability is required to be recognized for the difference between amounts recognized in expense and amounts paid by the employer to (or benefit payments through) a defined contribution OPEB plan. In governmental fund financial statements, OPEB expenditures are required to be recognized equal to the total of (1) amounts paid by the employer to (or benefit payments through) an OPEB plan, and (2) the change between the beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources. An OPEB liability is required to be recognized to the extent the liability is normally expected to be liquidated with expendable available financial resources.

(s) Adoption of New Accounting Pronouncements

Effective for the year ending June 30, 2024, the Department adopted the second phase of GASB Statement No. 99, *Omnibus 2022*, which establishes requirements to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. This phase is related to financial guarantees and derivative instruments. The implementation of this Statement had no significant impact on the Department's financial statements.

Effective for the year ending June 30, 2024, the Department adopted GASB Statement No. 100, *Accounting Changes and Error Corrections*, which establishes requirements to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. It also requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections. The implementation of this Statement had no significant impact on the Department's financial statements.

(t) Future Adoption of GASB Statements

Effective for the year ending June 30, 2025, the Department will adopt GASB Statement No. 101, *Compensated Absences*, which requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. It requires that a liability for certain types of compensated absences not be recognized until the leave commences. It also establishes guidance for measuring a liability for leave

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that has not been used. The impact this Statement will have on the Department's financial statements has not yet been determined.

Effective for the year ending June 30, 2025, the Department will adopt GASB Statement No. 102, *Certain Risk Disclosures*, which requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The impact this Statement will have on the Department's financial statements has not yet been determined.

Effective for the year ending June 30, 2026, the Department will adopt GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The impact this Statement will have on the Department's financial statements has not yet been determined.

(3) Deposits and Investments

(a) Deposits

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 are pooled and invested with other State funds in accordance with the *Deposit of State Moneys Act of the Illinois Compiled Statutes* (15 ILCS 520/11). Funds held by the State Treasurer have not been categorized as to credit risk because the Department does not own individual securities. Detail on the nature of these deposits and investments are available within the State of Illinois' Annual Comprehensive Financial Report.

Cash and cash equivalents, which includes money market accounts and locally held funds, had a balance of \$62.364 million at June 30, 2024.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the Department's investment in a single issuer. The Department does not have a formal investment policy which restricts investments to address concentration of credit risk.

(b) Investments

GASB Statement No. 72, *Fair Value Measurement and Application*, requires state and local governments to measure assets that meet the definition of an investment at fair value. GASB Statement No. 72 defines an investment asset as a security or other asset that a government holds primarily for the purpose of income or profit and has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. Investments exempt from fair value measurement include money market investments, which are measured at amortized cost.

The Department held no investments requiring fair value measurement in accordance with GASB Statement No. 72 as of June 30, 2024.

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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: Credit risk is the risk that an issuer or other counterpart to an investment will not fulfill its obligations. The Department does not have a formal investment policy that limits investment choices. Cash received by the Department is initially deposited in clearing accounts maintained in banks located in Illinois that are insured by the Federal Deposit Insurance Corporation (FDIC). Surplus funds may be invested in interest-bearing accounts, or money market mutual funds, in FDIC-insured banks located in the State.

Custodial Credit Risk: The Department does not have a formal investment policy which restricts investments to address custodial credit risk. Custodial credit risk is the risk that, in the event of failure of the counterparty to a transaction, the Department would not be able to recover the value of investment or collateral securities in the possession of an outside party. The Department has no investments subject to custodial credit risk.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the Department's investment in a single issuer. The Department does not have a formal investment policy which restricts investments to address concentration of credit risk.

(c) *Securities Lending Transactions*

The Office of the Treasurer lends securities to broker-dealers and other entities for collateral that will be returned for the same securities in the future. The Office has, through a Securities Lending Agreement, authorized Deutsche Bank AG to lend the Office's securities to broker-dealers and banks pursuant to a form of loan agreement.

During fiscal year 2024 and 2023, Deutsche Bank AG lent U.S. Agency securities and U.S. Treasury securities and received as collateral U.S. dollar denominated cash. Borrowers were required to deliver collateral for each loan equal to at least 100% of the aggregate fair value of the loaned securities. Loans are marked to market daily. If the fair value of collateral falls below 100%, the borrower must provide additional collateral to raise the fair value to 100%.

The Office did not impose any restrictions during fiscal years 2024 and 2023 on the amount of loans of available, eligible securities. In the event of borrower default, Deutsche Bank AG provides the Office with counterparty default indemnification. In addition, Deutsche Bank AG is obligated to indemnify the Office if Deutsche Bank AG loses any securities, collateral or investments of the Office in Deutsche Bank AG's custody. There were no losses during fiscal years 2024 and 2023 resulting from a default of the borrowers or Deutsche Bank AG.

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During fiscal years 2024 and 2023, the Office and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested in repurchase agreements with approved counterparties collateralized with securities approved by Deutsche Bank AG and marked to market daily at no less than 102%. Because the loans are terminable at will, their duration did not generally match the duration of the investments made with cash collateral. The Office had no credit risk as a result of its securities lending program as the collateral held exceeded the fair value of the securities lent. The securities lending collateral invested in repurchase agreements and the fair value of securities on loan for the Office as of June 30, 2024 were \$6,315,526,626 and \$6,212,419,117 respectively. The securities lending collateral investment in repurchase agreements and the fair value of securities on loan for the Office as of June 30, 2023 were \$4,839,941,771 and \$4,746,251,183, respectively.

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(4) Accounts Receivable

Accounts Receivable and the related allowance for doubtful accounts as of June 30, 2024, are as follows (amounts expressed in thousands):

<u>Receivable Type</u>	<u>Nonmajor funds</u>
Intergovernmental Receivables	\$ 391,961
Allowance for Doubtful Accounts	-
Intergovernmental Receivables, Net	<u>\$ 391,961</u>
Other Receivables	\$ 16,964
Allowance for Doubtful Accounts	(2,536)
Other Receivables, Net	<u>\$ 14,428</u>
Taxes Receivables	\$ 134,997
Allowance for Doubtful Accounts	(4,452)
Taxes Receivable, Net	<u>\$ 130,545</u>

(5) Interfund Balances and Activity

(a) Balances Due to/from Other Funds

The following balances (amounts expressed in thousands) as of June 30, 2024, 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	\$ 3,500	\$ 42,215	Due from Motor Fuel Tax Fund for motor fuel tax allocation from June 2024 and due from other State funds for June 2024 tax allocations.
Nonmajor governmental funds	137,256	44,768	Due from Motor Fuel Tax Fund for motor fuel tax allocation from June 2024 and due from other State funds for tax allocations, interfund transfers, and reimbursement of expenditures incurred.
	<u>\$ 140,756</u>	<u>\$ 86,983</u>	

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The following balances (amounts expressed in thousands) at June 30, 2024, represent amounts due to other Department and State of Illinois funds:

Fund	Due to		Description/Purpose
	Other Department Funds	Other State Funds	
General	\$ -	\$ 13	Due to other State internal service funds for services received.
Nonmajor governmental funds	140,756	15,552	Due to other Department Funds for motor fuel tax allocations for June 2024 and to other State funds for motor fuel tax allocations and services received.
	<u>\$ 140,756</u>	<u>\$ 15,565</u>	

(b) Transfers to/from Other Funds

Interfund transfers in (amounts expressed in thousands) for the year ended June 30, 2024, were as follows:

Fund	Transfers in from		Description/Purpose
	Other Department Funds	Other State Funds	
General	\$ 42,000	\$ 262,542	Transfers from other Department funds for Motor Fuel Tax Fund for allocation pursuant to State statute and transfers from other State funds for public transportation purposes.
Nonmajor governmental funds	260,193	24,790	Transfers from other Department funds for allocations pursuant to State statute and transfers from other State funds pursuant to State statute.
	<u>\$ 302,193</u>	<u>\$ 287,332</u>	

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Interfund transfers out (amounts expressed in thousands) for the year ended June 30, 2024, 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	\$ -	\$ 5,500	Transfers to other State funds for railroad safety programs.
Nonmajor governmental funds	\$ 302,193	\$ 5,040	Transfers to other Department funds for motor fuel tax allocation pursuant to State statute, transportation maintenance, and debt service payment and due to other State funds for motor fuel tax allocation, interfund transfers, and for other transportation purposes.
	<u>\$ 302,193</u>	<u>\$ 10,540</u>	

(c) Balances Due to/from State of Illinois Component Units

The following balances (amounts expressed in thousands) as of June 30, 2024, represent amounts due from State of Illinois Component Units for reimbursements for expenditures incurred and services received:

<u>Component Unit</u>	<u>Due from Nonmajor Governmental Funds</u>
Illinois State Toll Highway Authority	
Current	\$ 40,823
	<u>\$ 40,823</u>

The following balances (amounts expressed in thousands) as of June 30, 2024, represent amounts due to State of Illinois Component Units for reimbursements for expenditures incurred for grant programs:

<u>Component Unit</u>	<u>Due to Nonmajor Governmental Funds</u>
Illinois State Toll Highway Authority	\$ 71,955
Western Illinois University	201
Northern Illinois University	67
Southern Illinois University	92
University of Illinois	3,033
	<u>\$ 75,348</u>

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(6) Capital Assets

Capital asset activity (amounts expressed in thousands) for the year ended June 30, 2024, was as follows:

	Restated Balance June 30, 2023	Additions	Deletions	Net Transfers	Balance June 30, 2024
Governmental activities:					
Capital assets not being depreciated or amortized:					
Land and land improvements	\$ 3,105,913	\$ 54,383	\$ 10,300	\$ -	\$ 3,149,996
Easements	12,396	198	-	-	12,594
Internally generated intangible assets in development	12,333	4,149	-	-	16,482
Construction in progress	100,231	92,023	1,455	(50,997)	139,802
Total capital assets not being depreciated or amortized	3,230,873	150,753	11,755	(50,997)	3,318,874
Capital assets being depreciated or amortized:					
Infrastructure	31,712,269	2,352,133	1,112,306	-	32,952,096
Site improvements	19,843	-	-	596	20,439
Buildings and building improvements	231,721	-	598	18,008	249,131
Easements	2,601	744	811	-	2,534
Equipment	1,011,550	45,513	14,338	32,437	1,075,162
Non-internally generated software	153	-	-	-	153
Internally generated software	18,567	-	-	-	18,567
Right to use lease equipment	3,979	113	178	-	3,914
Right to use leases - Other	206	75	-	-	281
Subscription Based IT Arrangements	38,344	7,648	3,669	-	42,323
Total capital assets being depreciated or amortized	33,039,233	2,406,226	1,131,900	51,041	34,364,600
Less accumulated depreciation and amortization:					
Infrastructure	14,380,499	1,335,101	1,112,306	-	14,603,294
Site improvements	9,788	1,405	-	-	11,193
Buildings and building improvements	134,171	6,786	569	-	140,388
Easements	1,438	535	811	-	1,162
Equipment	508,213	52,711	14,302	(943)	545,679
Non-internally generated software	125	10	-	-	135
Internally generated software	8,690	1,472	-	-	10,162
Right to use lease equipment	1,791	897	178	-	2,510
Right to use leases - Other	68	60	-	-	128
Subscription Based IT Arrangements	4,624	5,906	486	-	10,044
Total accumulated depreciation and amortization	15,049,407	1,404,883	1,128,652	(943)	15,324,695
Total capital assets being depreciated or amortized, net	17,989,826	1,001,343	3,248	51,984	19,039,905
Governmental activity capital assets, net	\$ 21,220,699	\$ 1,152,096	\$ 15,003	\$ 987	\$ 22,358,779

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Depreciation and amortization expense for governmental activities (amounts expressed in thousands) for the year ended June 30, 2024, was charged to the following function:

Transportation \$ 1,404,883

(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, 2024, were as follows:

	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024	Amounts Due Within One Year
Governmental activities:					
Compensated absences	\$ 44,516	\$ 32,706	\$ 28,186	\$ 49,036	\$ 3,791
Lease obligations	2,388	126	903	1,611	937
SBITA obligations	32,893	7,648	7,643	32,898	3,676
Auto liability claims	10,539	2,151	6,774	5,916	972
Pollution remediation obligations	10,250	-	-	10,250	1,100
Other obligations	74	-	74	-	-
Total	\$ 100,660	\$ 42,631	\$ 43,580	\$ 99,711	\$ 10,476

Compensated absences will be liquidated by the applicable governmental funds that account for the salaries and wages of the related employees. Claims and judgments typically have been liquidated from the Road Fund. Pollution remediation obligations have been liquidated by the applicable governmental fund that accounts for the related construction project.

(b) Pollution Remediation Obligations

The Department has recorded pollution remediation obligations for investigations and remediation of contaminated soils generally consisting of soil sampling, disposal of impact soil, and installation of groundwater monitoring wells.

(c) Other Obligations

The Department has presented no other obligations for financed purchase of equipment for the year ended June 30, 2024.

(8) Leases and Subscription-Based Information Technology Arrangements (SBITAs)

(a) Lessee arrangements

The Department has entered into various leases for office and computer equipment and other right-to-use assets with remaining lease terms ranging from less than a year to three years. 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

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considered noncancelable leases for financial reporting purposes. The renewal and termination options are not included in the right-to-use asset or lease liability balance until they are reasonably certain of exercise.

Certain leases contain both fixed and variable lease payments. These exist primarily within the leases for office facilities related to rent escalations based on an index or rate (e.g. sales revenue), which are determined annually. The Department's equipment and other leases do not contain variable lease payments.

At June 30, 2024, right-to-use assets under leases are as follows (amounts expressed in thousands):

Equipment	\$ 3,914
Other	281
	<u>4,195</u>
Less: Accumulated amortization	<u>2,638</u>
	<u><u>\$ 1,557</u></u>

Future minimum commitments for non-cancelable leases as of June 30, 2024, are as follows (amounts expressed in thousands):

Year Ending June 30,	Principal	Interest	Total
2025	\$ 937	\$ 37	\$ 974
2026	629	12	641
2027	45	1	46
	<u>\$ 1,611</u>	<u>\$ 50</u>	<u>\$ 1,661</u>

(b) Lessor arrangements

The Department leases parking lots and land to third parties. These agreements have terms ranging from two years to 19 years. The Department recognized \$645 thousand in lease revenue, including interest and other related revenues for the period ending June 30, 2024. Certain leases have variable payments that are not included in the measurement of the lease receivable. The Department does not have any leases with variable lease payments.

The Department has not issued any debt for which the principal and interest payments are secured by the lease payments.

Additionally, the Department does not have any leases of assets that are reported as investments, certain regulated leases, sublease transactions, sale-leaseback transactions, and lease-leaseback transactions.

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(c) Subscription-Based Information Technology Arrangements (SBITAs)

The Department has entered into various SBITAs with remaining contract terms ranging from less than one year to nine years. Although subscription terms vary, certain agreements are renewable subject to appropriation by the General Assembly. If renewal is reasonably assured, agreements requiring appropriation by the General Assembly are considered noncancelable agreements for financial reporting purposes. The renewal and termination options are not included in the subscription asset or subscription liability balance until they are reasonably certain of exercise.

At June 30, 2024, subscription assets under SBITAs are as follows (amounts expressed in thousands):

Equipment	\$ 42,323
Less: Accumulated amortization	<u>10,044</u>
	<u>\$ 32,279</u>

Future minimum commitments for non-cancelable SBITAs as of June 30, 2024, are as follows (amounts expressed in thousands):

Year Ending June 30,	Principal	Interest	Total
2025	\$ 3,676	\$ 1,494	\$ 5,170
2026	3,845	1,332	5,177
2027	4,284	1,156	5,440
2028	4,775	961	5,736
2029	5,316	743	6,059
2030-2033	11,002	790	11,792
	<u>\$ 32,898</u>	<u>\$ 6,476</u>	<u>\$ 39,374</u>

(9) Defined Benefit Pension Plan

Plan description. Substantially all of the Department's full-time employees who are not eligible for participation in another State-sponsored retirement plan participate in the State Employees' Retirement System (SERS), which is a single-employer defined benefit pension trust fund in the State of Illinois reporting entity. SERS is governed by Article 14 of the Illinois Pension Code (40 ILCS 5/1, et al.). The plan consists of two tiers of contribution requirements and benefit levels based on when an employee was hired. Members who first become an employee and participate under any of the State's retirement plans on or after January 1, 2011, are members of Tier 2, while Tier 1 consists of employees hired before January 1, 2011, or those who have service credit prior to January 1, 2011. The provisions below apply to both Tier 1 and 2 members, except where noted. The SERS issues a separate Annual Comprehensive Financial Report available at www.srs.illinois.gov or that may be obtained by writing to the SERS, 2101 South Veterans Parkway, PO Box 19255, Springfield, IL 62794-9255.

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

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

Regular Formula Tier 1	Regular Formula Tier 2
<p>A member must have a minimum of eight years of service credit and may retire at:</p> <ul style="list-style-type: none"> • Age 60, with 8 years of service credit. • Any age, when the member's age (years & whole months) plus years of service credit (years & whole months) equal 85 years (1,020 months) (Rule of 85) with 8 years of credited service. • Between ages 55-60 with 25-30 years of service credit (reduced 1/2 of 1% for each month under age 60). <p>The retirement benefit is based on final average compensation and credited service. Final average compensation is the 48 highest consecutive months of service within the last 120 months of service.</p> <p>Under the Rule of 85, a member is eligible for the first 3% increase on January 1 following the first full year of retirement, even if the member is not age 60. If the member retires at age 60 or older, he/she will receive a 3% pension increase every year on January 1, following the first full year of retirement.</p> <p>If the member retires before age 60 with a reduced retirement benefit, he/she will receive a 3% pension increase every January 1 after the member turns age 60 and has been retired at least one full year. These pension increases are not limited by the 75% maximum.</p>	<p>A member must have a minimum of 10 years of credited service and may retire at:</p> <ul style="list-style-type: none"> • Age 67, with 10 years of credited service. • Between ages 62-67 with 10 years of credited service (reduced 1/2 of 1% for each month under age 67). <p>The retirement benefit is based on final average compensation and credited service. For regular formula employees, final average compensation is the average of the 96 highest consecutive months of service within the last 120 months of service. The retirement benefit is calculated on a maximum salary of \$106,800. This amount increases annually by 3% or one-half of the Consumer Price Index, whichever is less.</p> <p>If the member retires at age 67 or older, he/she will receive a pension increase of 3% or one-half of the Consumer Price Index for the preceding calendar year, whichever is less, every year on January 1, following the first full year of retirement. The calendar year 2023 rate is \$123,489.</p> <p>If the member retires before age 67 with a reduced retirement benefit, he/she will receive a pension increase of 3% or one-half of the Consumer Price Index for the preceding calendar year, whichever is less, every January 1 after the member turns age 67 and has been retired at least one full year. These pension increases are not limited by the 75% maximum.</p>

Additionally, the Plan provides an alternative retirement formula for State employees in high-risk jobs, such as State policemen, fire fighters, and security employees. Employees qualifying for benefits under

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the alternative formula may retire at an earlier age depending on membership in Tier 1 or Tier 2. The retirement formula is 2.5% for each year of covered service and 3.0% for each year of noncovered service. The maximum retirement annuity payable is 80% of final average compensation as calculated under the alternative formula.

SERS also provides occupational and nonoccupational (including temporary) disability benefits. To be eligible for nonoccupational (including temporary) disability benefits, an employee must have at least 18 months of credited service with the System. The nonoccupational (including temporary) disability benefit is equal to 50% of the monthly rate of compensation of the employee on the date of removal from the payroll. Occupational disability benefits are provided when the member becomes disabled as a direct result of injuries or diseases arising out of and in the course of State employment. The monthly benefit is equal to 75% of the monthly rate of compensation on the date of removal from the payroll. This benefit amount is reduced by Workers' Compensation or payments under the Occupational Diseases Act.

Occupational and nonoccupational death benefits are also available through the System. Certain nonoccupational death benefits vest after 18 months of credited service. Occupational death benefits are provided from the date of employment.

Contributions. Contribution requirements of active employees and the State are established in accordance with Chapter 40, section 5/14-133 of the Illinois Compiled Statutes. Member contributions are based on fixed percentages of covered payroll ranging between 4.00% and 12.50%. Employee contributions are fully refundable, without interest, upon withdrawal from State employment. Tier 1 members contribute based on total annual compensation. Tier 2 members contribute based on an annual compensation rate not to exceed \$106,800 with limitations for future years increased by the lesser of 3% or one-half of the annual percentage increase in the Consumer Price Index. For 2024, this amount was \$125,774.

The State is required to make payment for the required departmental employer contributions, all allowances, annuities, any benefits granted under Chapter 40, Article 5/14 of the ILCS, and all administrative expenses of the System to the extent specified in the ILCS. State law provides that the employer contribution rate be determined based upon the results of each annual actuarial valuation.

For fiscal year 2024, the required employer contributions were computed in accordance with the State's funding plan. This funding legislation provides for a systematic 50-year funding plan with an ultimate goal to achieve 90% funding of the plan's liabilities. In addition, the funding plan provided for a 15-year phase-in period to allow the State to adapt to the increased financial commitment. Since the 15-year phase-in period ended June 30, 2010, the State's contribution will remain at a level percentage of payroll for the next 35 years until the 90% funded level is achieved. For fiscal year 2024, the employer contribution rate was 52.657%. The Department's contribution amount for fiscal year 2024 was \$270,851,286.

Pension liability, deferred outflows of resources, deferred inflows of resources, and expense related to pensions. At June 30, 2024, the Department reported a liability of \$3.002 billion for its proportionate share of the State's net pension liability for SERS on the statement of net position. The net pension liability was measured as of June 30, 2023 (current year measurement date), and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Department's portion of the net pension liability was based on the Department's proportion of employer contributions relative to all employer contributions made to the plan during the year ended June 30, 2023. As of the current year measurement date of June 30, 2023, the Department's proportion

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was 9.0703%, which was an decrease of 0.3191% from its proportion measured as of the prior year measurement date of June 30, 2022.

For the year ended June 30, 2024, the Department recognized pension expense of \$159 million. At June 30, 2024, the Department reported deferred outflows and deferred inflows of resources related to the pension liability, as of the measurement date of June 30, 2023, from the following sources (amounts expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 77,546	\$ -
Changes of assumptions	37,352	184,108
Net difference between projected and actual investment earnings on pension plan investments	64,527	-
Changes in proportion	12,128	170,725
Department contributions subsequent to the measurement date	270,851	-
Total	\$ 462,404	\$ 354,833

A total of \$270.851 million reported as deferred outflows of resources related to pensions resulting from Department contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows (amounts expressed in thousands):

Year Ending June 30,	
2025	\$ (61,182)
2026	(101,209)
2027	163
2028	(1,052)
Total	\$ (163,280)

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Actuarial methods and assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

	SERS
Valuation date	6/30/2023
Measurement date	6/30/2023
Actuarial cost method	Entry Age
Actuarial assumptions:	
Investment rate of return	6.75%
Projected salary increases*	2.50% - 7.41%
Inflation rate	2.25%
Postretirement benefit increases	
Tier 1	3%, compounded
Tier 2	Lesser of 3% or 1/2 of CPI [^] , on original benefit
Retirement age experience study ^{^^}	July 2018 - June 2021
Mortality ^{^^^}	Pub-2010 General and Public Safety Healthy Retiree mortality tables, sex distinct, with rates projected to 2021 generational mortality improvement factors were updated to projection scale MP-2021
SERS	
Note: the above actuarial assumptions were used to calculate the total pension liability as of the current year measurement date and are consistent with the actuarial assumptions used to calculate the total pension liability as of the prior year measurement date except for the following:	
Projected salary increases*	2.75% - 7.17%
Retirement age experience study ^{^^}	July 2015 - June 2018
Mortality ^{^^^}	Pub-2010 General and Public Safety Healthy Retiree mortality tables, sex distinct, with rates projected to 2018 generational mortality improvement factors were updated to projection scale MP-2018
<p>* Includes inflation rate listed.</p> <p>[^] Consumer Price Index</p> <p>^{^^} The actuarial assumptions used in the respective actuarial valuations are based on the results of actuarial experience studies for the periods defined.</p> <p>^{^^^} Mortality rates are based on mortality tables published by the Society of Actuaries' Retirement Plans Experience Committee.</p>	

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

The long-term expected real rate of return on pension plan investments is determined using the best estimates of geometric real rates of return for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plan's target asset allocation, calculated as of the measurement date of June 30, 2023, the best estimates of geometric real rates of return are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	23.0%	4.6%
Developed Foreign Equity	13.0%	5.3%
Emerging Market Equity	8.0%	6.2%
Private Equity	9.0%	7.8%
Investment Grade Bonds	15.0%	0.2%
Long-term Government Bonds	5.0%	0.6%
TIPS	3.0%	0.2%
High Yield and Bank Loans	2.0%	2.2%
Private Debt	9.0%	5.1%
Real Estate	10.0%	5.2%
Infrastructure	3.0%	5.5%
Total	100%	

Discount rate. A discount rate of 6.59% was used to measure the total pension liability as of the measurement date of June 30, 2023, as compared to a discount rate of 6.58% used to measure the total pension liability as of the prior year measurement date. The June 30, 2023, single blended discount rate was based on the expected rate of return on pension plan investments of 6.75% and a municipal bond rate of 3.86%, based on an index of 20 year general obligation bonds with an average AA credit rating as published by the Federal Reserve. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the statutory contributions and the member rate. Based on these assumptions, the pension plan's fiduciary net position and future contributions will be sufficient to finance the benefit payments through the year 2077. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2077, and the municipal bond rate was applied to all benefit payments after that date.

Sensitivity of the net pension liability to changes in the discount rate. The net pension liability for the plan was calculated using the stated discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate as shown below (amounts expressed in thousands):

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	1% Decrease (5.59%)	Discount Rate (6.59%)	1% Increase (7.59%)
Department's proportionate share of the net pension liability	\$ 3,656,963	\$ 3,002,380	\$ 2,460,973

Payables to the pension plan. At June 30, 2024, the Department reported a payable of \$26.053 million to SERS for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2024.

(10) Other Postemployment Benefits

Plan Description. The State Employees Group Insurance Act of 1971 (Act), as amended, authorizes the Illinois State Employees Group Insurance Program (SEGIP) to provide health, dental, vision, and life insurance benefits for certain retirees and their dependents. Substantially all of the Department's full-time employees are members of SEGIP. Members receiving monthly benefits from the General Assembly Retirement System (GARS), Judges' Retirement System (JRS), State Employees' Retirement System of Illinois (SERS), Teachers' Retirement System (TRS), and State Universities Retirement System of Illinois (SURS) are eligible for these other postemployment benefits (OPEB). The eligibility provisions for each of the retirement systems are defined within Pension Footnote 9. Certain TRS members eligible for coverage under SEGIP include: certified teachers employed by certain State agencies, executives employed by the Board of Education, regional superintendents, regional assistant superintendents, TRS employees, and members with certain reciprocal service.

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

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

Funding policy and annual other postemployment benefit cost. OPEB offered through SEGIP are financed through a combination of retiree premiums, State contributions, and Federal government subsidies from the Medicare Part D program. Contributions are deposited in the Health Insurance Reserve Fund, which covers both active State employees and retirement members. Annuitants may be required to contribute towards health and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998, and who are vested in the SERS do not contribute toward health and vision benefits. For

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annuitants who retired on or after January 1, 1998, the annuitant's contribution amount is reduced 5% for each year of credited service with the State allowing those annuitants with twenty or more years of credited service to not have to contribute towards health and vision benefits. All annuitants are required to pay for dental benefits regardless of retirement date. The Director of Central Management Services shall, on an annual basis, determine the amount the State shall contribute toward the basic program of group health benefits. State contributions are made primarily from the General Revenue Fund on a pay-as-you-go basis. No assets are accumulated or dedicated to funding the retiree health insurance benefit and a separate trust has not been established for the funding of OPEB.

For fiscal year 2024, the annual cost of the basic program of group health, dental, and vision benefits before the State's contribution was \$13,409.76 (\$7,210.56 if Medicare eligible) if the annuitant chose benefits provided by a health maintenance organization and \$16,622.40 (\$6,423.36 if Medicare eligible) if the annuitant chose other benefits.

Total OPEB liability, deferred outflows of resources, deferred inflows of resources, and expense related to OPEB. The total OPEB liability, as reported at June 30, 2024, was measured as of June 30, 2023, with an actuarial valuation as of June 30, 2022. At June 30, 2024, the Department recorded a liability of \$822 million for its proportionate share of the State's total OPEB liability. The Department's portion of the OPEB liability was based on the Department's proportion of employer contributions relative to all employer contributions made to the plan during the year ended June 30, 2023. As of the current year measurement date of June 30, 2023, the Department's proportion was 4.7727%, which was a decrease of 0.7742% from its proportion measured as of the prior year measurement date of June 30, 2022.

**STATE OF ILLINOIS
DEPARTMENT OF TRANSPORTATION**

Notes to Financial Statements

June 30, 2024

The Department recognized a credit to collective OPEB expense of \$225 million for the year ended June 30, 2024. At June 30, 2024, the Department reported deferred outflows and deferred inflows of resources, as of the measurement date of June 30, 2023, from the following sources (amounts expressed in thousands):

Deferred outflows of resources		
Differences between expected and actual experience	\$	14,289
Changes in assumptions		2,554
Changes in proportion and differences between employer contributions and proportionate share of contributions		239,915
Department contributions subsequent to the measurement date		884
Total deferred outflows of resources	\$	257,642

Deferred inflows of resources		
Differences between expected and actual experience	\$	169,700
Changes of assumptions		599,174
Changes in proportion and differences between employer contributions and proportionate share of contributions		581,761
Total deferred inflows of resources	\$	1,350,635

The amounts reported as deferred outflows of resources related to OPEB resulting from Department contributions subsequent to the measurement date will be recognized as a reduction to the OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (amounts expressed in thousands):

Year Ending June 30,		
2025	\$	(259,102)
2026		(356,540)
2027		(331,015)
2028		(131,471)
2029		(15,749)
Total	\$	(1,093,877)

Actuarial methods and assumptions. The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement unless otherwise specified. The actuarial valuation for the SEGIP was based on GARS, JRS, SERS, TRS, and SURS active, inactive, and retiree data as of June 30, 2022, for eligible SEGIP employees, and SEGIP retiree data as of June 30, 2022.

**STATE OF ILLINOIS
DEPARTMENT OF TRANSPORTATION**

Notes to Financial Statements

June 30, 2024

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal
Actuarial assumptions:	
Inflation Rate	2.25%
Projected Salary Increases*	2.50% - 12.75%

Healthcare Cost Trend Rate:

Medical & Rx

Pre-Medicare - QCHP**

Trend rates start at 8.00% in 2025, decreasing by 0.25% per year to an ultimate trend rate of 4.25% in year 2040.

Post-Medicare - MAPD***

Trend rates are 0.00% in years 2025 to 2028, 19.42% from 2029 to 2033, then 6.08% in 2034 decreasing ratably to an ultimate trend rate of 4.25% in 2040.

Retirees' share of benefit-related costs

Healthcare premium rates for members depend on the date of retirement and the years of service earned at retirement. Members who retired before January 1, 1998, are eligible for single coverage at no cost to the member. Members who retire after January 1, 1998, are eligible for single coverage provided they pay a portion of the premium equal to 5 percent for each year of service under 20 years. Eligible dependents receive coverage provided they pay 100 percent of the required dependent premium. Premiums for plan year 2023 and 2024 are based on actual premiums. Premiums after 2024 were projected based on the same healthcare cost trend rates applied to per capita claim costs.

Note: the above actuarial assumptions were used to calculate the OPEB liability as of the current year measurement date and are consistent with the actuarial assumptions used to calculate the OPEB liability as of the prior year measurement date except for the following:

Healthcare Cost Trend Rate:

Medical and Rx
(Pre-Medicare &
Post-Medicare)

1.80% grading up 6.20% in the first year to 8.00%, then grading down 0.25% per year to an ultimate trend of 4.25% in year 2038. There is no additional trend rate adjustment due to the repeal of the Excise Tax.

Medical and Rx
(Post-Medicare)
Dental and Vision

-7.56% grading up 15.56% in the first year to 8.00%, then grading down 0.25% per year to an ultimate trend of 4.25% in year 2038.
3.75% grading up 0.25% in the first year to 4.00% through 2038.

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

** Quality Care Health Plan

*** Medicare Advantage Prescription Drug

**STATE OF ILLINOIS
DEPARTMENT OF TRANSPORTATION**

Notes to Financial Statements

June 30, 2024

Additionally, the demographic assumptions used in the OPEB valuation are identical to those used in the June 30, 2022, valuations for GARS, JRS, SERS, TRS, and SURS as follows:

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

Discount rate. Retirees contribute a percentage of the premium rate based on service at retirement. The State contributes additional amounts to cover claims and expenses in excess of retiree contributions. Because plan benefits are financed on a pay-as-you-go basis, the single discount rate is based on a tax-exempt municipal bond rate index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. A single discount rate of 3.69% at June 30, 2022, and 3.86% at June 30, 2023, was used to measure the total OPEB liability.

Sensitivity of total OPEB liability to changes in the single discount rate. The following presents the plan's total OPEB liability, calculated using a Single Discount Rate of 3.86%, as well as what the plan's total OPEB liability would be if it were calculated using a Single Discount rate that is one percentage point higher (4.86%) or lower (2.86%) than the current rate (amounts expressed in thousands):

**STATE OF ILLINOIS
DEPARTMENT OF TRANSPORTATION**

Notes to Financial Statements

June 30, 2024

	1% Decrease (2.86%)	Current Single Discount Rate Assumption (3.86%)	1% Increase (4.86%)
Department's proportionate share of total OPEB liability	\$ 911,622	\$ 821,985	\$ 745,269

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate. The following presents the plans total OPEB liability, calculated using the healthcare cost trend rates as well as what the plan's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates (amounts in table expressed in thousands). The key trend rates are 8.00% in 2025 decreasing to an ultimate trend rate of 4.25% in 2040.

	1% Decrease**	Current Healthcare Cost Trend Rates Assumption*	1% Increase***
Department's proportionate share of total OPEB liability	\$ 721,369	\$ 821,985	\$ 945,851

* Current healthcare trend rates - Pre-Medicare per capita costs: 9.63% in 2024, 8.00% in 2025, decreasing by 0.25% per year to an ultimate rate 4.25% in 2040. Post-Medicare per capita costs: 0.00% from 2024 to 2028, 19.42% from 2029 to 2033, 6.08% in 2034 decreasing ratably to an ultimate trend rate of 4.25% in 2040.

** One percentage point decrease in current healthcare trend rates – Pre-Medicare per capita costs: 8.63% in 2024, 7.00% in 2025, decreasing by 0.25% per year to an ultimate rate of 3.25% in 2040. Post-Medicare per capita costs: 0.00% from 2024 to 2028, 18.42% from 2029 to 2033, 5.08% in 2034 decreasing ratably to an ultimate trend rate of 3.25% in 2040.

*** One percentage point increase in current healthcare trend rates – Pre-Medicare per capita costs: 10.63% in 2024, 9.00% in 2025, decreasing by 0.25% per year to an ultimate rate of 5.25% in 2040. Post-Medicare per capita costs: 0.00% from 2024 to 2028, 20.42% from 2029 to 2033, 7.08% in 2034 decreasing ratably to an ultimate trend rate of 5.25% in 2040.

**STATE OF ILLINOIS
DEPARTMENT OF TRANSPORTATION**

Notes to Financial Statements

June 30, 2024

(11) Fund Balance

(a) Categories

As of June 30, 2024, the Department's fund balances were classified as follows:

	General Fund	Nonmajor Funds	Total
Nonspendable:			
Inventory	\$ -	\$ 117,557	\$ 117,557
Restricted:			
General Transportation	-	96,851	96,851
Committed:			
General Transportation	151,544	1,467,974	1,619,518
Assigned:			
Transportation Projects	-	8,848	8,848
Unassigned	-	(64,341)	(64,341)
Total Fund Balances	\$ 151,544	\$ 1,626,889	\$ 1,778,433

(b) Fund Deficits

The Federal Local Airport Fund had deficit fund balance of \$64.341 million as of June 30, 2024. The fund deficit will be eliminated by future recognition of earned but unavailable revenues and future grant resources.

(12) 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. Except for a portion of the auto liability, the State retains the risk of loss (i.e. self-insured) for these risks.

Auto liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claims liabilities are based upon the estimated ultimate cost of settling the claims including specific, incremental claim adjustment expenses, salvage, and subrogation and considering the effects of inflation and recent claim settlement trends including frequency and amount of payouts and other economic and social factors. The Department's risk financing for auto liabilities has been determined using an estimate of claims outstanding.

The following is a reconciliation of the Department's claims liabilities for the years ended June 30, 2023, and June 30, 2024:

Year Ended June 30	Beginning Balance	Increases	Decreases	Ending Balance
2023	\$ 12,164	\$ 4,995	\$ 6,620	\$ 10,539
2024	10,539	2,151	6,774	5,916

**STATE OF ILLINOIS
DEPARTMENT OF TRANSPORTATION**

Notes to Financial Statements

June 30, 2024

(13) Commitments and Contingencies

(a) Commitments

The Department has outstanding construction projects for highway program improvements and administrative expenses in which it has entered into future commitments. The amount of the Department's commitments was \$8.422 billion as of June 30, 2024.

(b) Encumbrances

The Department has Road Fund encumbrances for goods ordered but not received prior to June 30, 2024, of \$2.425 million.

(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 an eligible expenditure under the terms of the grants. As of June 30, 2024, 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.

(14) Restatement

During Fiscal Year 2024, two error corrections resulted in restatements of the beginning fund balances and beginning net position, as follows (amounts expressed in thousands):

(a) Restatement of Fund Balances

	<u>General Fund</u>	<u>Nonmajor Funds</u>
Fund balances, July 1, 2023, as previously reported	\$ -	\$ 1,540,485
Error Correction	151,247	(151,247)
Fund balances, July 1, 2023, as restated	<u>\$ 151,247</u>	<u>\$ 1,389,238</u>

**STATE OF ILLINOIS
DEPARTMENT OF TRANSPORTATION**

Notes to Financial Statements

June 30, 2024

The financial statements required a restatement of the beginning fund balances to correct the inaccurate exclusion of Fund 019 from the General Fund, as it had been accounted for within the Nonmajor Funds.

(b) Restatement of Governmental Activities

	Governmental Activities
Net position, July 1, 2023, as previously reported	\$ 18,108,112
Error correction	<u>(507,787)</u>
Net position, July 1, 2023, as restated	<u><u>\$ 17,600,325</u></u>

The financial statements required a restatement of beginning net position to correct an error related to Infrastructure Additions in FY2022 and FY2023.

SUPPLEMENTARY INFORMATION

State of Illinois
Department of Transportation

**Combining Schedule of Accounts -
General Fund**

June 30, 2024 (Expressed in Thousands)

	General Revenue Fund (0001)	Grade Crossing Protection Fund (0019)	Public Transportation Fund (0627)	Total
ASSETS				
Cash equity with State Treasurer	\$ -	\$ 166,367	\$ 110,403	\$ 276,770
Due from other Department funds	-	3,500	-	3,500
Due from other State funds	-	-	42,215	42,215
Total assets	\$ -	\$ 169,867	\$ 152,618	\$ 322,485
LIABILITIES				
Accounts payable and accrued liabilities	\$ -	\$ 12,021	\$ 14	\$ 12,035
Intergovernmental payables	-	6,302	152,591	158,893
Due to other State funds	-	-	13	13
Total liabilities	-	18,323	152,618	170,941
FUND BALANCES				
Committed	-	151,544	-	151,544
Total fund balances	-	151,544	-	151,544
Total liabilities and fund balances	\$ -	\$ 169,867	\$ 152,618	\$ 322,485

State of Illinois
Department of Transportation

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

For the Year Ended June 30, 2024 (Expressed in Thousands)

	General Revenue Fund (0001)	Grade Crossing Protection Fund (0019)	Public Transportation Fund (0627)	Total
REVENUES				
Sales taxes	\$ -	\$ -	\$ 375,100	\$ 375,100
Total revenues	-	-	375,100	375,100
EXPENDITURES				
Transportation	-	36,203	637,556	673,759
Intergovernmental	-	-	13	13
Debt service - principal	-	-	59	59
Debt service - interest	-	-	27	27
Total expenditures	-	36,203	637,655	673,858
Deficiency of revenues under expenditures	-	(36,203)	(262,555)	(298,758)
OTHER SOURCES OF FINANCIAL RESOURCES				
Transfers-in	-	42,000	262,542	304,542
Transfers-out	-	(5,500)	-	(5,500)
Lease financing	-	-	13	13
Net other sources of financial resources	-	36,500	262,555	299,055
Net change in fund balances	-	297	-	297
Fund balances, July 1, 2023, as previously reported	-	-	-	-
Error correction	-	151,247	-	151,247
Fund balances, July 1, 2023, as restated	-	151,247	-	151,247
FUND BALANCES, JUNE 30, 2024	\$ -	\$ 151,544	\$ -	\$ 151,544

State of Illinois
Department of Transportation
Combining Balance Sheet -
Nonmajor Governmental Funds
June 30, 2024 (Expressed in Thousands)

	Special Revenue						
	Motor Fuel Tax Funds	Road Fund 0011	Grade Crossing Protection 0019	Aeronautics 0046	Federal/Local Airport 0095	State Rail Freight Loan Repayment 0265	Tax Recovery 0310
ASSETS							
Unexpended appropriations	\$ 97,261	\$ 651,221		\$ -	\$ -	\$ -	\$ -
Cash equity with State Treasurer	-	21,507		1,033	6,041	13,145	2,162
Cash and cash equivalents	-	-		-	-	-	-
Securities lending collateral equity with State Treasurer	-	-		-	-	2,591	-
Receivables, net:							
Taxes	-	-		-	-	-	-
Intergovernmental	-	317,702		-	69,443	-	-
Other	-	14,368		-	-	50	7
Due from other Department funds	-	29,648		-	-	-	-
Due from other State funds	-	19,978		-	-	-	-
Due from State of Illinois component units, current	-	40,823		-	-	-	-
Inventories	-	93,264		-	-	-	-
Loans receivable, net	-	-		-	-	212	-
Lease receivable	-	1,330		-	-	-	-
Total assets	\$ 97,261	\$ 1,189,841	\$ -	\$ 1,033	\$ 75,484	\$ 15,998	\$ 2,169
LIABILITIES							
Accounts payable and accrued liabilities	\$ 1,046	\$ 490,741		\$ -	\$ 11,034	\$ -	\$ 229
Intergovernmental payables	44,793	71,528		-	59,626	-	-
Due to other Department funds	50,033	-		-	-	-	-
Due to other State funds	1,389	14,157		-	-	-	-
Due to State of Illinois component units	-	74,795		-	5	-	-
Obligations under securities lending of State Treasurer	-	-		-	-	2,591	-
Unearned revenue	-	-		-	4,819	-	92
Total liabilities	97,261	651,221	-	-	75,484	2,591	321
DEFERRED INFLOWS OF RESOURCES							
Leases	-	1,358		-	-	-	-
Unavailable revenue	-	41,134		-	64,341	-	-
Total deferred inflows of resources	-	42,492	-	-	64,341	-	-
Total liabilities and deferred inflows of resources	97,261	693,713	-	-	139,825	2,591	321
FUND BALANCES (DEFICITS)							
Nonspendable portion of inventories	-	93,264		-	-	-	-
Restricted	-	-		-	-	-	-
Committed	-	402,864		1,033	-	13,407	1,848
Assigned	-	-		-	-	-	-
Unassigned	-	-		-	(64,341)	-	-
Total fund balances (deficits)	-	496,128	-	1,033	(64,341)	13,407	1,848
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 97,261	\$ 1,189,841	\$ -	\$ 1,033	\$ 75,484	\$ 15,998	\$ 2,169

See accompanying independent auditors' report.

(Continued)

State of Illinois
Department of Transportation
Combining Balance Sheet -
Nonmajor Governmental Funds
June 30, 2024 (Expressed in Thousands)

	Special Revenue							
	Federal High Speed Rail Trust 0433	Downstate Transit Improvement 0559	Transportation Safety Highway Hire-Back 0589	Downstate Public Transportation 0648	Airport Land Loan Revolving 0669	Roadside Memorial 0697	Federal Mass Transit Trust 0853	Cycle Rider Safety Training 0863
ASSETS								
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 463
Cash equity with State Treasurer	5,503	257,824	213	123,010	107	198	10,000	-
Cash and cash equivalents	-	-	-	-	-	-	-	-
Securities lending collateral equity with State Treasurer	-	-	-	-	21	-	-	-
Receivables, net:								
Taxes	-	-	-	-	-	-	-	-
Intergovernmental	3,648	-	8	-	-	8	1,152	-
Other	-	-	-	-	-	-	-	-
Due from other Department funds	-	-	-	-	-	-	-	-
Due from other State funds	-	-	-	24,790	-	-	-	-
Due from State of Illinois component units, current	-	-	-	-	-	-	-	-
Inventories	24,293	-	-	-	-	-	-	-
Loans receivable, net	-	-	-	-	-	-	-	-
Lease receivable	-	-	-	-	-	-	-	-
Total assets	\$ 33,444	\$ 257,824	\$ 221	\$ 147,800	\$ 128	\$ 206	\$ 11,152	\$ 463
LIABILITIES								
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 258	\$ 314
Intergovernmental payables	-	218	-	53,334	-	-	351	143
Due to other Department funds	-	-	-	-	-	206	-	-
Due to other State funds	-	-	-	-	-	-	-	6
Due to State of Illinois component units	-	-	-	-	-	-	543	-
Obligations under securities lending of State Treasurer	-	-	-	-	21	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-
Total liabilities	-	218	-	53,334	21	206	1,152	463
DEFERRED INFLOWS OF RESOURCES								
Leases	-	-	-	-	-	-	-	-
Unavailable revenue	3,648	-	-	-	-	-	1,152	-
Total deferred inflows of resources	3,648	-	-	-	-	-	1,152	-
Total liabilities and deferred inflows of resources	3,648	218	-	53,334	21	206	2,304	463
FUND BALANCES (DEFICITS)								
Nonspendable portion of inventories	24,293	-	-	-	-	-	-	-
Restricted	-	-	221	-	-	-	-	-
Committed	5,503	257,606	-	94,466	107	-	-	-
Assigned	-	-	-	-	-	-	8,848	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances (deficits)	29,796	257,606	221	94,466	107	-	8,848	-
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 33,444	\$ 257,824	\$ 221	\$ 147,800	\$ 128	\$ 206	\$ 11,152	\$ 463

See accompanying independent auditors' report.

(Continued)

State of Illinois
Department of Transportation
Combining Balance Sheet -
Nonmajor Governmental Funds
June 30, 2024 (Expressed in Thousands)

	Special Revenue							
	State Aviation Program 0928	Rail Freight Loan Repayment 0936	Sound Reducing Windows & Door Replacement 0949	Transportation Renewal 0952	DUI Prevention and Education 0956	Regional Transportation Authority Capital Improvement 0964	Downstate Mass Transportation Capital Improvement 0965	High Speed Rail Escrow Account 1438
ASSETS								
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity with State Treasurer	41,520	871	25,038	139,111	1,860	481,037	117,632	-
Cash and cash equivalents	-	-	-	-	-	-	-	62,364
Securities lending collateral equity with State Treasurer	-	172	-	-	-	-	-	-
Receivables, net:								
Taxes	1,695	-	-	128,850	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Other	-	3	-	-	-	-	-	-
Due from other Department funds	-	-	-	-	206	23,960	2,662	-
Due from other State funds	-	-	-	-	-	-	-	-
Due from State of Illinois component units, current	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Loans receivable, net	-	-	-	-	-	-	-	-
Lease receivable	-	-	-	-	-	-	-	-
Total assets	\$ 43,215	\$ 1,046	\$ 25,038	\$ 267,961	\$ 2,066	\$ 504,997	\$ 120,294	\$ 62,364
LIABILITIES								
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 1,510	\$ -	\$ -	\$ -	\$ 32,317
Intergovernmental payables	138	-	3,598	175,934	-	15,749	56	-
Due to other Department funds	-	-	-	90,517	-	-	-	-
Due to other State funds	-	-	-	-	-	-	-	-
Due to State of Illinois component units	-	-	-	-	-	-	-	-
Obligations under securities lending of State Treasurer	-	172	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-
Total liabilities	138	172	3,598	267,961	-	15,749	56	32,317
DEFERRED INFLOWS OF RESOURCES								
Leases	-	-	-	-	-	-	-	-
Unavailable revenue	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-	-
Total liabilities and deferred inflows of resources	138	172	3,598	267,961	-	15,749	56	32,317
FUND BALANCES (DEFICITS)								
Nonspendable portion of inventories	-	-	-	-	-	-	-	-
Restricted	43,077	-	21,440	-	2,066	-	-	30,047
Committed	-	874	-	-	-	489,248	120,238	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances (deficits)	43,077	874	21,440	-	2,066	489,248	120,238	30,047
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 43,215	\$ 1,046	\$ 25,038	\$ 267,961	\$ 2,066	\$ 504,997	\$ 120,294	\$ 62,364

See accompanying independent auditors' report.

(Continued)

State of Illinois
Department of Transportation
Combining Balance Sheet -
Nonmajor Governmental Funds
June 30, 2024 (Expressed in Thousands)

	Capital Projects					
	Transportation Bond Series A 0553	Transportation Bond Series B 0554	Transportation Bond Series D 0695	State Construction Account 0902	Multi-Modal Transportation Bond 0959	Total
ASSETS						
Unexpended appropriations	\$ 32,547	\$ 52,566	\$ 4,956	\$ 145,323	\$ 59,335	\$ 1,043,672
Cash equity with State Treasurer	-	-	-	-	-	1,247,812
Cash and cash equivalents	-	-	-	-	-	62,364
Securities lending collateral equity with State Treasurer	-	-	-	-	-	2,784
Receivables, net:						
Taxes	-	-	-	-	-	130,545
Intergovernmental	-	-	-	-	-	391,961
Other	-	-	-	-	-	14,428
Due from other Department funds	-	-	-	80,780	-	137,256
Due from other State funds	-	-	-	-	-	44,768
Due from State of Illinois component units, current	-	-	-	-	-	40,823
Inventories	-	-	-	-	-	117,557
Loans receivable, net	-	-	-	-	-	212
Lease receivable	-	-	-	-	-	1,330
Total assets	\$ 32,547	\$ 52,566	\$ 4,956	\$ 226,103	\$ 59,335	\$ 3,235,512
LIABILITIES						
Accounts payable and accrued liabilities	\$ 32,039	\$ 38,244	\$ 3,157	\$ 145,316	\$ 162	\$ 756,367
Intergovernmental payables	508	14,322	1,799	2	59,173	501,272
Due to other Department funds	-	-	-	-	-	140,756
Due to other State funds	-	-	-	-	-	15,552
Due to State of Illinois component units	-	-	-	5	-	75,348
Obligations under securities lending of State Treasurer	-	-	-	-	-	2,784
Unearned revenue	-	-	-	-	-	4,911
Total liabilities	32,547	52,566	4,956	145,323	59,335	1,496,990
DEFERRED INFLOWS OF RESOURCES						
Leases	-	-	-	-	-	1,358
Unavailable revenue	-	-	-	-	-	110,275
Total deferred inflows of resources	-	-	-	-	-	111,633
Total liabilities and deferred inflows of resources	32,547	52,566	4,956	145,323	59,335	1,608,623
FUND BALANCES (DEFICITS)						
Nonspendable portion of inventories	-	-	-	-	-	117,557
Restricted	-	-	-	-	-	96,851
Committed	-	-	-	80,780	-	1,467,974
Assigned	-	-	-	-	-	8,848
Unassigned	-	-	-	-	-	(64,341)
Total fund balances (deficits)	-	-	-	80,780	-	1,626,889
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 32,547	\$ 52,566	\$ 4,956	\$ 226,103	\$ 59,335	\$ 3,235,512

See accompanying independent auditors' report.

State of Illinois
Department of Transportation

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

For the Year Ended June 30, 2024 (Expressed in Thousands)

Special Revenue							
	Motor Fuel Tax Funds	Road Fund 0011	Grade Crossing Protection 0019	Aeronautics 0046	Federal/Local Airport 0095	State Rail Freight Loan Repayment 0265	Tax Recovery 0310
REVENUES							
Sales taxes	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -
Motor fuel taxes	(541,007)	344,953		-	-	-	-
Operating grants - Federal	-	45,281		-	81,032	-	-
Capital grants - Federal	-	2,223,741		-	-	-	-
Other operating grants	-	79,170		-	2,729	-	-
Other capital grants	-	8,731		-	-	-	-
Licenses and fees	-	26,581		87	-	-	-
Other charges for services	-	65,710		-	-	-	1,902
Other	-	-		-	-	-	-
Interest and other investment income	-	-		-	-	589	-
Total revenues	(541,007)	2,794,167	-	87	83,761	589	1,902
EXPENDITURES							
Transportation	18,746	2,197,618		1	95,844	-	1,213
Intergovernmental	511,412	-		-	-	-	-
Debt service - principal	-	5,487		-	-	-	-
Debt service - interest	-	1,699		-	-	-	-
Capital outlays	-	886,013		-	-	-	-
Total expenditures	530,158	3,090,817	-	1	95,844	-	1,213
Excess (deficiency) of revenues over (under) expenditures	(1,071,165)	(296,650)	-	86	(12,083)	589	689
OTHER SOURCES (USES) OF FINANCIAL RESOURCES							
Appropriations from State resources	21,481	11,123,425		-	-	-	-
Reappropriation to future year(s)	-	(7,946,889)		-	-	-	-
Lapsed appropriations	(2,735)	(130,407)		-	-	-	-
Receipts collected and transmitted to State Treasury	-	(2,407,806)		-	-	-	-
Net change in liabilities for reappropriated accounts	(2,074)	47,702		-	-	-	-
Amount of SAMS transfers-in	-	(345,818)		-	-	-	-
Amount of SAMS transfers-out	1,101,533	10,010		-	-	-	-
Transfers-in	-	-		-	-	-	-
Transfers-out	(47,040)	(10,000)		-	-	-	-
Lease financing	-	188		-	-	-	-
SBITA financing	-	7,648		-	-	-	-
Net other sources (uses) of financial resources	1,071,165	348,053	-	-	-	-	-
Net change in fund balances	-	51,403	-	86	(12,083)	589	689
Fund balances, July 1, 2023, as previously reported	-	444,725	151,247	947	(52,258)	12,818	1,159
Error correction	-	-	(151,247)	-	-	-	-
Fund balances (deficits), July 1, 2023, as restated	-	444,725	-	947	(52,258)	12,818	1,159
FUND BALANCES (DEFICITS), JUNE 30, 2024	\$ -	\$ 496,128	\$ -	\$ 1,033	\$ (64,341)	\$ 13,407	\$ 1,848

See accompanying independent auditors' report.

(Continued)

State of Illinois
Department of Transportation

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

For the Year Ended June 30, 2024 (Expressed in Thousands)

	Special Revenue							
	Federal High Speed Rail Trust 0433	Downstate Transit Improvement 0559	Transportation Safety Highway Hire-Back 0589	Downstate Public Transportation 0648	Airport Land Loan Revolving 0669	Roadside Memorial 0697	Federal Mass Transit Trust 0853	Cycle Rider Safety Training 0863
REVENUES								
Sales taxes	\$ -	\$ -	\$ -	\$ 275,541	\$ -	\$ -	\$ -	\$ -
Motor fuel taxes	-	-	-	-	-	-	-	-
Operating grants - Federal	3,818	-	-	-	-	-	24,335	-
Capital grants - Federal	-	-	-	-	-	-	-	-
Other operating grants	-	-	-	-	-	-	-	-
Other capital grants	-	-	-	-	-	-	-	-
Licenses and fees	-	-	-	-	-	-	-	-
Other charges for services	-	-	-	422	-	193	-	-
Other	-	-	166	-	-	-	-	589
Interest and other investment income	-	-	-	-	5	-	-	-
Total revenues	3,818	-	166	275,963	5	193	24,335	589
EXPENDITURES								
Transportation	(1,260)	3,756	200	235,487	-	-	22,827	2,677
Intergovernmental	-	-	-	-	-	-	-	-
Debt service - principal	-	-	-	-	-	-	71	-
Debt service - interest	-	-	-	-	-	-	22	-
Capital outlays	-	-	-	-	-	-	-	-
Total expenditures	(1,260)	3,756	200	235,487	-	-	22,920	2,677
Excess (deficiency) of revenues over (under) expenditures	5,078	(3,756)	(34)	40,476	5	193	1,415	(2,088)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES								
Appropriations from State resources	-	-	-	-	-	-	-	19,739
Reappropriation to future year(s)	-	-	-	-	-	-	-	(16,983)
Lapsed appropriations	-	-	-	-	-	-	-	(454)
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-	-	(589)
Net change in liabilities for reappropriated accounts	-	-	-	-	-	-	-	375
Amount of SAMS transfers-in	-	-	-	-	-	-	-	-
Amount of SAMS transfers-out	-	-	-	-	-	-	-	-
Transfers-in	-	250,000	-	24,790	-	-	10,000	-
Transfers-out	-	-	-	(250,000)	-	(193)	-	-
Lease financing	-	-	-	-	-	-	-	-
SBITA financing	-	-	-	-	-	-	-	-
Net other sources (uses) of financial resources	-	250,000	-	(225,210)	-	(193)	10,000	2,088
Net change in fund balances	5,078	246,244	(34)	(184,734)	5	-	11,415	-
Fund balances, July 1, 2023, as previously reported	24,718	11,362	255	279,200	102	-	(2,567)	-
Error correction	-	-	-	-	-	-	-	-
Fund balances (deficits), July 1, 2023, as restated	24,718	11,362	255	279,200	102	-	(2,567)	-
FUND BALANCES (DEFICITS), JUNE 30, 2024	\$ 29,796	\$ 257,606	\$ 221	\$ 94,466	\$ 107	\$ -	\$ 8,848	\$ -

See accompanying independent auditors' report.

State of Illinois
Department of Transportation

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

For the Year Ended June 30, 2024 (Expressed in Thousands)

	Special Revenue							
	State Aviation Program 0928	Rail Freight Loan Repayment 0936	Sound Reducing Windows & Door Replacement 0949	Transportation Renewal 0952	DUI Prevention and Education 0956	Regional Transportation Authority Capital Improvement 0964	Downstate Mass Transportation Capital Improvement 0965	High Speed Rail Escrow Account 1438
REVENUES								
Sales taxes	\$ 12,384	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Motor fuel taxes	-	-	-	506,370	-	273,972	30,441	-
Operating grants - Federal	-	-	-	-	-	-	-	-
Capital grants - Federal	-	-	-	-	-	-	-	-
Other operating grants	-	-	-	-	-	-	-	-
Other capital grants	-	-	-	-	-	-	-	-
Licenses and fees	-	-	-	-	-	-	-	-
Other charges for services	-	-	-	-	-	-	-	-
Other	-	-	9,500	-	-	-	-	-
Interest and other investment income	-	39	-	-	-	-	-	1,385
Total revenues	12,384	39	9,500	506,370	-	273,972	30,441	1,385
EXPENDITURES								
Transportation	5,745	-	3,598	-	-	167,560	2,231	33,393
Intergovernmental	-	-	-	506,370	-	-	-	-
Debt service - principal	-	-	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-
Total expenditures	5,745	-	3,598	506,370	-	167,560	2,231	33,393
Excess (deficiency) of revenues over (under) expenditures	6,639	39	5,902	-	-	106,412	28,210	(32,008)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES								
Appropriations from State resources	-	-	-	-	-	-	-	-
Reappropriation to future year(s)	-	-	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-	-	-
Net change in liabilities for reappropriated accounts	-	-	-	-	-	-	-	-
Amount of SAMS transfers-in	-	-	-	-	-	-	-	-
Amount of SAMS transfers-out	-	-	-	-	-	-	-	-
Transfers-in	-	-	-	-	193	-	-	-
Transfers-out	-	-	-	-	-	-	-	-
Lease financing	-	-	-	-	-	-	-	-
SBITA financing	-	-	-	-	-	-	-	-
Net other sources (uses) of financial resources	-	-	-	-	193	-	-	-
Net change in fund balances	6,639	39	5,902	-	193	106,412	28,210	(32,008)
Fund balances, July 1, 2023, as previously reported	36,438	835	15,538	-	1,873	382,836	92,028	62,055
Error correction	-	-	-	-	-	-	-	-
Fund balances (deficits), July 1, 2023, as restated	36,438	835	15,538	-	1,873	382,836	92,028	62,055
FUND BALANCES (DEFICITS), JUNE 30, 2024	\$ 43,077	\$ 874	\$ 21,440	\$ -	\$ 2,066	\$ 489,248	\$ 120,238	\$ 30,047

See accompanying independent auditors' report.

State of Illinois
Department of Transportation

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

For the Year Ended June 30, 2024 (Expressed in Thousands)

	Capital Projects					
	Transportation Bond Series A 0553	Transportation Bond Series B 0554	Transportation Bond Series D 0695	State Construction Account 0902	Multi-Modal Transportation Bond 0959	Total
REVENUES						
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 287,925
Motor fuel taxes	-	-	-	926,647	-	1,541,376
Operating grants - Federal	-	-	-	-	-	154,466
Capital grants - Federal	-	-	-	-	-	2,223,741
Other operating grants	-	-	-	-	-	81,899
Other capital grants	-	-	-	-	-	8,731
Licenses and fees	-	-	-	-	-	26,668
Other charges for services	-	-	-	-	-	68,227
Other	-	-	-	-	-	10,255
Interest and other investment income	-	-	-	-	-	2,018
Total revenues	-	-	-	926,647	-	4,405,306
EXPENDITURES						
Transportation	(46)	62,585	42	71,599	427,768	3,351,584
Intergovernmental	-	-	-	-	-	1,017,782
Debt service - principal	-	-	-	-	-	5,558
Debt service - interest	-	-	-	-	-	1,721
Capital outlays	426,463	58,829	10,403	1,175,271	-	2,556,979
Total expenditures	426,417	121,414	10,445	1,246,870	427,768	6,933,624
Excess (deficiency) of revenues over (under) expenditures	(426,417)	(121,414)	(10,445)	(320,223)	(427,768)	(2,528,318)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Appropriations from State resources	4,780,839	1,319,960	202,164	4,991,326	3,949,317	26,408,251
Reappropriation to future year(s)	(1,450,027)	(406,010)	(171,631)	(3,730,940)	(2,452,549)	(16,175,029)
Lapsed appropriations	(2,903,987)	(798,358)	(19,267)	-	(1,075,181)	(4,930,389)
Receipts collected and transmitted to State Treasury	(46)	-	-	(317)	-	(2,408,758)
Net change in liabilities for reappropriated accounts	(362)	5,822	(821)	(13,200)	6,181	43,623
Amount of SAMS transfers-in	-	-	-	(923,040)	-	(1,268,858)
Amount of SAMS transfers-out	-	-	-	-	-	1,111,543
Transfers-in	-	-	-	-	-	284,983
Transfers-out	-	-	-	-	-	(307,233)
Lease financing	-	-	-	-	-	188
SBITA financing	-	-	-	-	-	7,648
Net other sources (uses) of financial resources	426,417	121,414	10,445	323,829	427,768	2,765,969
Net change in fund balances	-	-	-	3,606	-	237,651
Fund balances, July 1, 2023, as previously reported	-	-	-	77,174	-	1,540,485
Error correction	-	-	-	-	-	(151,247)
Fund balances (deficits), July 1, 2023, as restated	-	-	-	77,174	-	1,389,238
FUND BALANCES (DEFICITS), JUNE 30, 2024	\$ -	\$ -	\$ -	\$ 80,780	\$ -	\$ 1,626,889

See accompanying independent auditors' report.

State of Illinois
Department of Transportation

Combining Schedule of Accounts -
Motor Fuel Tax Fund

June 30, 2024 (Expressed in Thousands)

	Special Revenue					
	Motor Fuel Tax 0012	Motor Fuel Tax - Counties 0413	Motor Fuel Tax - Municipalities 0414	Motor Fuel Tax - Townships and Road Districts 0415	Eliminations	Total
ASSETS						
Unexpended appropriations	\$ 97,261	\$ -	\$ -	\$ -	\$ -	\$ 97,261
Due from other Department funds	-	15,654	21,955	7,105	(44,714)	-
Total assets	\$ 97,261	\$ 15,654	\$ 21,955	\$ 7,105	\$ (44,714)	\$ 97,261
LIABILITIES						
Accounts payable and accrued liabilities	\$ 1,046	\$ -	\$ -	\$ -	\$ -	\$ 1,046
Intergovernmental payables	79	15,654	21,955	7,105	-	44,793
Due to other Department funds	94,747	-	-	-	(44,714)	50,033
Due to other State funds	1,389	-	-	-	-	1,389
Total liabilities	97,261	15,654	21,955	7,105	(44,714)	97,261
FUND BALANCES	-	-	-	-	-	-
Total liabilities and fund balances	\$ 97,261	\$ 15,654	\$ 21,955	\$ 7,105	\$ (44,714)	\$ 97,261

See accompanying independent auditors' report.

State of Illinois
Department of Transportation

**Combining Schedule of Revenues,
Expenditures, and Changes in Fund Balances -
Motor Fuel Tax Fund**

For the Year Ended June 30, 2024 (Expressed in Thousands)

Special Revenue						
	Motor Fuel Tax 0012	Motor Fuel Tax - Counties 0413	Motor Fuel Tax - Municipalities 0414	Motor Fuel Tax - Townships and Road Districts 0415	Eliminations	Total
REVENUES						
Motor fuel taxes	\$ (1,052,419)	\$ 179,045	\$ 251,104	\$ 81,263	\$ -	\$ (541,007)
Total revenues	(1,052,419)	179,045	251,104	81,263	-	(541,007)
EXPENDITURES						
Transportation	18,746	-	-	-	-	18,746
Intergovernmental	-	179,045	251,104	81,263	-	511,412
Total expenditures	18,746	179,045	251,104	81,263	-	530,158
Deficiency of revenues under expenditures	(1,071,165)	-	-	-	-	(1,071,165)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Appropriations from State resources	21,481	-	-	-	-	21,481
Lapsed appropriations	(2,735)	-	-	-	-	(2,735)
Net change in liabilities for reappropriated accounts	(2,074)	-	-	-	-	(2,074)
Amount of SAMS transfers-out	1,101,533	-	-	-	-	1,101,533
Transfers-out	(47,040)	-	-	-	-	(47,040)
Net other sources (uses) of financial resources	1,071,165	-	-	-	-	1,071,165
Net change in fund balances	-	-	-	-	-	-
Fund balances, July 1, 2023	-	-	-	-	-	-
FUND BALANCES, JUNE 30, 2024	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditors' report.



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

Honorable Frank J. Mautino
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Illinois Department of Transportation (Department), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and have issued our report thereon dated June 16, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Department's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

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

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

We consider the deficiencies described in the accompanying Schedule of Findings and as items 2024-001 and 2024-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings as item 2024-003 to be a significant deficiency.

Report on Compliance and Other Matters

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

Department's Responses to the Findings

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

Purpose of This Report

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

Restricted Use of this Auditors' Report

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

SIGNED ORIGINAL ON FILE

CliftonLarsonAllen LLP

Peoria, Illinois
June 16, 2025

**STATE OF ILLINOIS
DEPARTMENT OF TRANSPORTATION
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024
CURRENT FINDINGS – GOVERNMENT AUDITING STANDARDS**

Finding 2024-001 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:

- 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.
- 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.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues, expenditures, and transfers of assets, resources or funds applicable to operations are properly recorded and accounted for to permit preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources. Effective internal controls should include procedures to ensure adherence to accounting principles generally accepted in the United States of America and appropriately record assets and accumulated depreciation reported in the Department's financial statements.

Concept Statement No. 1 of the Governmental Accounting Standards Board, *Objectives of Financial Reporting* (GASBCS 1, paragraph 64), states, "Financial reporting should be reliable; that is, the information presented should be verifiable and free from bias and should faithfully represent what it purports to represent. To be reliable, financial reporting needs to be comprehensive." The accounting of capital assets requires basic controls to ensure the accuracy and reliability of financial reports.

Department officials stated the understatement of infrastructure assets was due to a formula error when calculating depreciation. The overstatement of infrastructure additions was due to a change in the report utilized to calculate additions. The report was previously generated from a now retired system and included only expenditure data for construction projects. The system the report is now run from included non-capital expenditure data which was not appropriately filtered out when calculating infrastructure additions.

Failure to properly record capital asset activity could result in a material misstatement of the Department's financial statements. (Finding Code No. 2024-001)

**STATE OF ILLINOIS
DEPARTMENT OF TRANSPORTATION
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024
CURRENT FINDINGS – GOVERNMENT AUDITING STANDARDS**

Recommendation

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

Department Response

The Department agrees with the finding. The error in the calculation of infrastructure assets, accumulated depreciation and net position has been fixed. The beginning net position was adjusted to correct capitalized assets error and will use the correct report for capitalizable expenditures for the infrastructure additions. The Department 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.

**STATE OF ILLINOIS
DEPARTMENT OF TRANSPORTATION
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024
CURRENT FINDINGS – GOVERNMENT AUDITING STANDARDS**

Finding 2024-002 Inadequate Controls over Financial Reporting

The Illinois Department of Transportation (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.

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.

The State of Illinois Office of Comptroller's (IOC) fund classification listing within the Statewide Accounting Management System (SAMS) Manual states Fund 0019 should be reported within the General Fund. Additionally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues, expenditures, and transfers of assets, resources or funds applicable to operations are properly recorded and accounted for to permit preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources. Effective internal controls should include procedures to ensure adherence to accounting principles generally accepted in the United States of America and the correct classification of funds based on the IOC's SAMS Manual.

Department officials stated staff were previously unaware of this fund being classified as a General Fund and collapsed into the General Revenue Fund on the statewide financial statements.

Failure to properly report funds within their correct fund classification could result in a material misstatement of the Department's financial statements. (Finding Code No. 2024-002)

Recommendation

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

Department Response

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

**STATE OF ILLINOIS
DEPARTMENT OF TRANSPORTATION
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024
CURRENT FINDINGS – GOVERNMENT AUDITING STANDARDS**

Finding 2024-003 Inadequate Controls over Accounts Payable

The Illinois Department of Transportation (Department) has not established adequate internal controls over accurately identifying and recording period end accounts payable transactions for financial reporting purposes.

During our review of accounts payable, we noted the Department improperly recorded certain accounts payable transactions.

The Department's accounts payable and expenditures were understated by \$75,229,450. The Department elected to pass on making an adjusting entry to correct the financial statements for the year ended June 30, 2024.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues, expenditures, and transfers of assets, resources or funds applicable to operations are properly recorded and accounted for to permit preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources. Effective internal controls should include procedures to ensure adherence to accounting principles generally accepted in the United States of America and appropriately record liabilities and expenditures reported in the Department's financial statements.

Governmental Accounting Standards Board (GASB) Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* requires government-wide financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting. The accrual basis of accounting records revenues and expenses when they are earned or incurred, regardless of when the cash is actually received or paid.

Department officials stated, of the \$75,229,450 understatement noted by the auditors, \$43,197,882 is due to untimely processing of invoices, which resulted in the payable not being recorded. For the remaining \$32,031,568, the Department follows the process established in consultation with a contractual accounting firm in recording accounts payable to comply with Generally Accepted Accounting Principles. Further, the majority of the Department's programs are reimbursement-based, and expenditures are not known until the invoice is received and supporting documentation is reviewed.

Failure to properly record accounts payable could result in a material misstatement of the Department's financial statements. (Finding Code No. 2024-003)

Recommendation

We recommend the Department strengthen internal controls over accounts payable to process invoices timely and evaluate each fund for the potential need of an estimate.

Department Response

The Department agrees with the finding. The Department will continue to enhance processes to prevent untimely processing of invoices and will review each fund to see if inclusion in an estimate model would be prudent.

**STATE OF ILLINOIS
DEPARTMENT OF TRANSPORTATION
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024
PRIOR YEAR FINDINGS NOT REPEATED**

A. Audit Adjustment

During the prior year financial audit, the Illinois Department of Transportation (Department) did not have adequate controls for calculating its net investment in capital assets and unrestricted net position.

During the current year financial audit, we noted the Department strengthened its controls over the calculation of net investment in capital assets and unrestricted net position. Similar exceptions were not noted during our current year engagement. (Finding Code No. 2023-001)



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