



STATE OF ILLINOIS
**OFFICE OF THE
 AUDITOR GENERAL**

Christopher B. Meister, Auditor General

SUMMARY REPORT DIGEST

STATE OF ILLINOIS

**Financial Audit
 For the Year Ended June 30, 2025**

Release Date: June 16, 2026

FINDINGS THIS AUDIT: 3	New	Repeat	Total	AGING SCHEDULE OF REPEATED FINDINGS			
				Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	1¹	1	2022		25-03	
Category 2:	1	1	2	2002 / 2007 ¹	25-01		
Category 3:	0	0	0				
TOTAL	1	2	3				
FINDINGS LAST AUDIT: 3							

¹ Note: Findings 2024-001 and 2024-002 were repeated and combined into Finding 2025-001.

INTRODUCTION

The Illinois Office of Comptroller prepares the State of Illinois’ Annual Comprehensive Financial Report. The Annual Comprehensive Financial Report is the State’s official annual report, which provides the readers with the financial position of the State as of June 30, 2025, and its results of operations during the fiscal year.

The financial section of the Annual Comprehensive Financial Report includes the Independent Auditor’s Report on the basic financial statements, management’s discussion and analysis, the basic financial statements, required supplementary information, and individual fund statements and schedules. This digest covers the State of Illinois’ Financial Audit as of and for the year ended June 30, 2025.

AUDITOR’S OPINIONS

The auditors stated financial statements of the State of Illinois as of and for the year ended June 30, 2025, are fairly stated in all material respects.

This financial audit was conducted by Sikich CPA LLC.

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

AUDITOR’S OPINIONS (Continued)

The financial statements at June 30, 2025, reflect the following:

- The net position of governmental activities continued to improve, and the deficit decreased by \$10.8 billion from June 30, 2024, to June 30, 2025. Overall, the net position of governmental activities is reported as a deficit of \$148.8 billion. (Exhibit 1)
- The fund balance of the General Fund improved by \$1.6 billion from June 30, 2024, to June 30, 2025. The fund balance is \$5.8 billion. (Exhibit 2)

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE

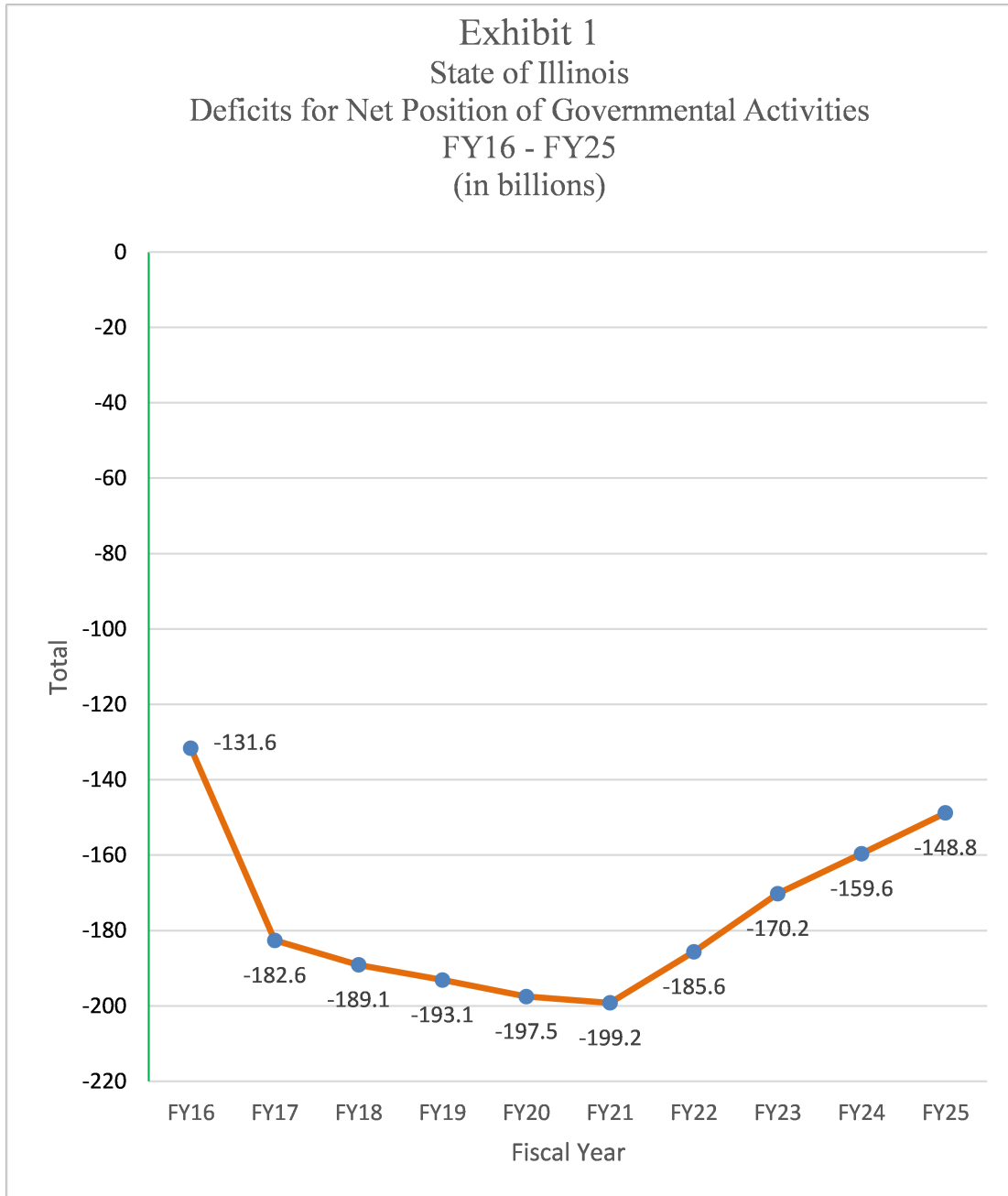
In accordance with *Government Auditing Standards*, a report on the auditor’s consideration of the State of Illinois’ internal control over financial reporting and the auditor’s tests of its compliance is also issued as part of the financial statement audit. This report is a separate document and is summarized in this document. The report noted the State’s deficiencies in the State’s financial reporting processes, which resulted in material misstatements, misclassifications, and delayed completion of the Annual Comprehensive Financial Report.

STATE OFFICIALS **As of June 30, 2025**

Governor	JB Pritzker
Comptroller	Susana A. Mendoza
Speaker of the House	Emanuel Chris Welch
President of the Senate	Don Harmon
House Republican Leader	Tony McCombie
Senate Republican Leader	John Curran

FINANCIAL ANALYSIS OF THE STATE

The net position of the State's governmental activities improved at June 30, 2025, from June 30, 2024, by \$10.8 billion. Exhibit 1 reflects the State's governmental activities financial position as of June 30 for Fiscal Years 2016 through 2025.

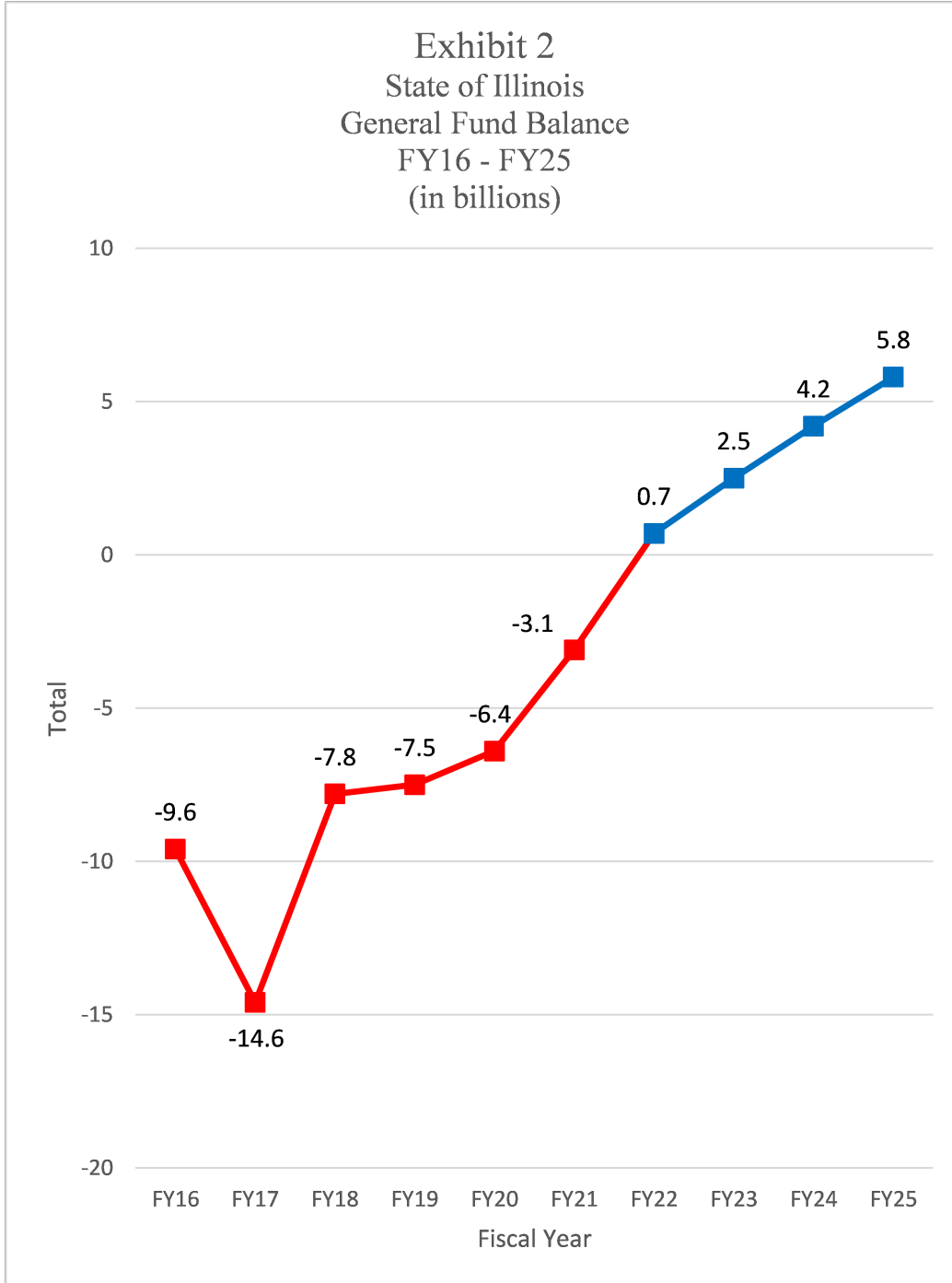


Source: State of Illinois' Annual Comprehensive Financial Reports (2016-2025)

The deficits in Exhibit 1 are presented on an accrual basis using the economic resources measurement focus and represent the excess of total liabilities and deferred inflows of resources over total assets and deferred outflows of resources at a given point in time. These deficits represent the deferral of current and prior year costs to future periods.

GENERAL FUND

Many programs are accounted for in the General Fund. The GAAP basis financial position of the General Fund improved at June 30, 2025, from June 30, 2024. The fund balance in the State's General Fund improved by \$1.6 billion on a GAAP basis. The June 30, 2025, balance was \$5.8 billion. Exhibit 2 reflects the General Fund balance (deficit) for Fiscal Years 2016 through 2025.



Source: State of Illinois' Annual Comprehensive Financial Reports (2016-2025)

The fund balances (deficits) in Exhibit 2 are presented on a modified accrual basis using the current financial resources measurement focus and represent the General Fund balance (deficit) at a given point in time.

STATE COMPARISON

Exhibit 3 provides an analysis of the State’s governmental activities net position at June 30, 2025, compared to other states (in billions). The exhibit also presents the population (in millions) and total land area (in square miles) by state.

Exhibit 3
FY25 State Comparison of Net Position
Governmental Funds

STATE	FY25 NET POSITION (\$Billion)			POPULATION (Million)	LAND AREA (Sq. Miles)
	(\$150)	\$0	\$150		
Alabama			\$ 33.3	5.2 M	50,647
Alaska			\$ 98.9	0.7 M	571,022
Arkansas			\$ 24.1	3.1 M	51,993
California			\$ 37.9	39.4 M	155,858
Colorado			\$ 17.6	6.0 M	103,637
Connecticut			\$ (46.0)	3.7 M	4,842
Delaware			\$ (1.2)	1.1 M	1,949
District of Columbia			\$ 7.5	0.7 M	61
Florida			\$ 120.1	23.5 M	53,652
Georgia			\$ 52.9	11.3 M	57,717
Hawaii			\$ (1.0)	1.4 M	6,422
Idaho			\$ 23.6	2.0 M	82,645
Illinois			\$ (148.8)	12.7 M	55,513
Indiana			\$ 31.7	7.0 M	35,826
Iowa			\$ 22.0	3.2 M	55,853
Kansas			\$ 18.6	3.0 M	81,759
Kentucky			\$ 7.3	4.6 M	39,492
Louisiana			\$ 18.2	4.6 M	43,210
Maine			\$ 3.3	1.4 M	30,845
Maryland			\$ (1.5)	6.3 M	9,711
Massachusetts			\$ (61.2)	7.2 M	7,801
Michigan			\$ 35.3	10.1 M	56,608
Minnesota			\$ 39.1	5.8 M	79,627
Missouri			\$ 44.7	6.3 M	68,746
Montana			\$ 16.0	1.1 M	145,550
Nebraska			\$ 19.7	2.0 M	76,818
New Hampshire			\$ 1.6	1.4 M	8,954
New Jersey			\$ (153.5)	9.5 M	7,355
New Mexico			\$ 78.4	2.1 M	121,313
New York			\$ 70.2	20.0 M	47,124
North Carolina			\$ 88.7	11.2 M	48,623
North Dakota			\$ 34.1	0.8 M	68,996
Ohio			\$ 38.7	11.9 M	40,859
Oregon			\$ 22.1	4.3 M	95,996
Pennsylvania			\$ 33.3	13.1 M	44,742
South Carolina			\$ 32.7	5.6 M	30,064
South Dakota			\$ 9.3	0.9 M	75,810
Tennessee			\$ 60.2	7.3 M	41,232
Texas			\$ 153.9	31.7 M	261,268
Utah			\$ 44.5	3.5 M	82,377
Vermont			\$ 1.4	0.6 M	9,217
Virginia			\$ 46.5	8.9 M	39,482
Washington			\$ 53.9	8.0 M	66,455
West Virginia			\$ 13.8	1.8 M	24,041
Wisconsin			\$ 28.9	6.0 M	54,167
Wyoming			\$ 29.0	0.6 M	97,089

Source: Compiled by the Illinois Auditor's General Office from Annual Comprehensive Financial Reports for each state and the District of Columbia, excluding Arizona, Mississippi, Nevada, Oklahoma, and Rhode Island, which were not available at June 9, 2026. Population and land area information pulled from most recently available U.S. Census Bureau data.

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

FINANCIAL REPORTING WEAKNESSES

Deficiencies in the State of Illinois' (State) financial reporting processes resulted in agencies incorrectly preparing and submitting financial data, leading to material misstatements, misclassifications, and delayed completion of the Annual Comprehensive Financial Report (ACFR), thereby limiting effective oversight of State finances.

State's financial reporting process is highly decentralized

The State's annual financial reporting process requires State agencies to prepare and submit a series of financial reporting forms (SCO forms), which are used by the Illinois Office of Comptroller (Comptroller) to compile the State's ACFR. In preparing this information, agencies utilize various financial reporting systems, many of which are not interrelated and require manual intervention to convert data. Financial reporting information is prepared under multiple agency-level processes and control environments by accounting personnel with varying levels of knowledge, experience, and understanding of generally accepted accounting principles and the State's accounting policies and procedures. Consequently, the State's financial reporting process is dependent on the accuracy and completeness of information generated by numerous agency-level systems and controls, limiting management's ability to prevent or detect deficiencies in agency-reported financial information prior to inclusion in the State's financial statements. Since this finding was first noted during the State's Fiscal Year 2002 financial audit, State management has been unsuccessful in fully implementing a corrective action plan to remediate all deficiencies that potentially exist in the extensive financial reporting process.

Based on risks of material misstatement identified at the Statewide level, auditors performed procedures over significant classes of transactions, account balances, and disclosures of the State's primary government included in the ACFR.

Material misstatements identified

During this testing, the following deficiencies were identified by auditors and communicated with management. The identified misstatements were corrected by management.

- \$1,015,440,000 of costs related to the Medicare Part D drug rebates owed to managed care organizations were improperly reported. The misclassification resulted in an overstatement of Health and Social Services Expenditures and Other Revenues in the General Fund. This activity should have been reclassified from revenue to expenditures with no impact on the State's position.

- \$47,432,000 of unemployment cash receipts and payments on the Statement of Cash Flows were improperly recorded due to the errors in the calculation of reportable receipts and disbursements.

Financial statements adjusted for errors in the financial reporting process and updating estimated amounts to actual

In addition to the misstatements identified by the auditors, the State subsequently performed further analysis to correct errors in the financial reporting process and to update estimated amounts to actual. As a result, during the engagement, an agency proposed six additional adjusting entries affecting the General Fund, which resulted in a decrease of \$440,000,000 to Intergovernmental Receivables, an increase of \$1,015,000,000 to Intergovernmental Payables, a decrease of \$455,000,000 to Unavailable Revenue, and an increase of \$1,000,000,000 to Health and Social Services Expenditures. The proposed adjustments were subsequently made by management.

Additional financial reporting deficiencies identified

Furthermore, the following deficiencies were identified by auditors and communicated with management. The misstatements associated with these deficiencies did not rise to the level requiring audit adjustments; as such, management elected not to make the adjustments.

- Advance draws of federal funds resulted in \$278,519,000 cash on hand at June 30, 2025 in excess of its current program needs reported in the Aggregate Remaining Funds. The State incorrectly reported cash on hand related to these advance draws as Intergovernmental Payables rather than Unearned Revenue, resulting in misclassification of liabilities in the State's financial statements for the fiscal year ended June 30, 2025.
- \$4,232,561 of loans and notes receivable in the Water Revolving Fund were misclassified between current and noncurrent categories, and \$7,665,063 of the restricted portion of the loans and notes receivable balances was misclassified between current and noncurrent categories.
- Component unit activity was improperly classified by \$25,272,000 between Investments and Restricted Investments and \$42,897,000 between Capital Grants and Contributions and Operating Grants and Contributions.
- Capital asset reporting weaknesses, including errors in system-generated reports, untimely reporting of capital asset additions, and improper accrual of liabilities associated with capital assets, as well as the untimely transfer of completed Construction in Progress (CIP) projects to the appropriate capital asset categories due

to deficiencies in interagency reporting, resulted in capital asset-related costs being improperly reported across multiple fiscal years. The table below summarizes the proposed correcting entry for Governmental Activities, after conversion of Aggregate Remaining Funds balances from the modified accrual basis to accrual basis.

Financial Statement Line	Debit (Credit)
Capital Assets Being Depreciated, Net (Beginning)	\$ 98,301,000
Capital Assets Not Being Depreciated (Beginning)	2,037,000
Net Investment in Capital Assets (Beginning)	(100,338,000)
Capital Assets Being Depreciated, Net	239,177,000
Capital Assets Not Being Depreciated	(33,834,000)
Accounts Payable and Accrued Liabilities	31,675,000
Transportation (Expenditure)	(237,018,000)

Decentralization and financial reporting deficiencies delayed the audit

The aforementioned deficiencies, as well as the decentralized financial reporting structure of the State, delayed the completion of the audit of the State’s ACFR. (Finding 1, pages 6-9). **This finding has been reported since Fiscal Year 2002.**

The auditors recommended management continue to work together to resolve the State’s inability to produce timely and accurate generally accepted accounting principles (GAAP)-basis financial information. Further, the auditors recommend the State continue its efforts to improve internal control procedures to assess the risk of material misstatements to the financial statements and to identify such misstatements during the financial statement preparation process. The internal control procedures should include a formal evaluation of prior problems and implementation of procedures to reduce the risk of these problems reoccurring.

State management agreed with the auditors.

Management accepted the recommendation and stated as noted above by the auditors, the State still faces several roadblocks in the timely completion of the Annual Comprehensive Financial Report due to its decentralized reporting process. Management has made and will continue to make progress in the reviewing and monitoring of its internal control procedures surrounding financial reporting in hopes of promoting as much consistency across 116 State agencies while still taking into consideration the specific accounting requirements of approximately 30 industries those agencies administer. Furthermore, management stated it has taken and will continue to take steps

to increase staffing and training for agency fiscal offices to improve the GAAP preparation processes. Lastly, management stated where applicable, management will continue to work with State agency staff and members of the Illinois General Assembly to explore potential corrective action steps to produce timelier and accurate initial submissions on the SCO forms.

OTHER FINDINGS

The remaining findings pertain to noncompliance with federal grant regulations and inadequate information technology controls. We will review the State's progress towards the implementation of our recommendations in our next financial audit.

SIGNED ORIGINAL ON FILE

COURTNEY DZIERWA
Deputy Auditor General

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

SIGNED ORIGINAL ON FILE

CHRISTOPHER B. MEISTER
Auditor General

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