

State of Illinois
Department of Human Services

Financial Audit
For the Year Ended June 30, 2024

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

**State of Illinois
Department of Human Services
Financial Audit**

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State of Illinois
Department of Human Services
For the Fiscal Year Ended June 30, 2024

Agency Officials

Secretary	Dulce Quintero (2/4/2025) Dulce Quintero, Designate (10/9/2023 – 2/3/2025) Grace B. Hou (through 10/8/2023)
Assistant Secretary (Operations)	Ryan Thomas (10/9/2023 – Present) Dulce Quintero (5/6/2019 – 10/8/2023)
Assistant Secretary (Programs)	John Schomberg (1/21/2025 – Present) Vacant (9/14/2024 – 1/20/2025) Kirstin Chernawsky (5/1/2024 – 9/13/2024) Vacant (through 4/30/2024)
Budget Director	Adam Morrow (9/16/2024 – Present) Tiffany Blair (through 9/15/2024)
Business Services Director	Paul Hartman
Chief of Staff	Tiffany Blair (9/16/2024 – Present) Amanda Elliott (12/24/2022 – 9/15/2024)
Chief Financial Officer	Joe Wellbaum (1/1/2025 – Present) Robert Brock (through 12/31/2024)
Chief Operating Officer	Stacy Howlett (2/1/2024 – Present) Vacant (1/1/2024 – 1/31/2024) Francisco DuPrey (through 12/31/2023)
Chief Internal Auditor	Amy Macklin
General Counsel	Amy Crawford (4/1/2025 – Present) Rob Grindle, Acting (1/21/2025 – 3/31/2025) John Schomberg (through 1/20/2025)
Inspector General	Thor Martin (9/8/2025 – Present) Charles Wright (8/17/2023 – 9/7/2025) Peter Neumer (through 8/16/2023)

Agency main offices are located at:

100 South Grand Avenue, East
Springfield, Illinois 62762

401 South Clinton Street
Chicago, Illinois 60607

**State of Illinois
Department of Human Services
For the Year Ended June 30, 2024**

Financial Statement Report

Summary

The audit of the accompanying basic financial statements of the State of Illinois, Department of Human Services (Department) was performed by RSM US LLP.

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

Summary of Findings

Number of	<u>Current Report</u>	<u>Prior Reports</u>
Findings	9	9
Repeated Findings	5	6
Prior Recommendations Implemented or Not Repeated	4	2

Schedule of Findings

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
2024-001	71	2023/2022	Inadequate Internal Controls over Accounting for Federal Awards	Material Weakness
2024-002	76	2023/2017	Medical Assistance Program Financial Information	Material Weakness and Noncompliance
2024-003	79	New	Inadequate Internal Controls over Cutoff of Accounts Payable and Expenditures	Material Weakness
2024-004	81	New	Inadequate Internal Controls over Financial Accounting and Reporting	Material Weakness
2024-005	82	2023/2019	Inadequate Disaster Recovery Controls over the Integrated Eligibility System (IES)	Material Weakness
2024-006	84	2023/2017	Inadequate General Information Technology Controls over the Integrated Eligibility System (IES)	Material Weakness
2024-007	86	2023/2023	Inadequate Controls Over Eligibility Determinations and Redetermination	Material Weakness and Noncompliance
2024-008	89	New	IES Backlog Untimeliness	Material Weakness and Noncompliance
2024-009	91	New	Failure to Perform Provider Revalidation	Material Weakness and Noncompliance

**State of Illinois
Department of Human Services
For the Year Ended June 30, 2024**

Financial Statement Report

Schedule of Findings (Continued)

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Prior Findings Not Repeated				
A	94	2023	Intergovernmental Expenses	
B	94	2023	Classification of Fund Balance	
C	94	2023/2018	Insufficient Review and Documentation of Provider Enrollment	
D	94	2023/2018	Inadequate General Information Technology Controls over IMPACT	

EXIT CONFERENCE

The Department waived exit conferences related to the findings within the report.

The responses to the recommendations in findings 2024-001 and 2024-008 were provided by Matt Sporlein, Audit Liaison, in a correspondence dated January 15, 2026. The responses to findings 2024-002 through 2024-004 were provided by Matt Sporlein, Audit Liaison, in a correspondence dated January 9, 2026. The responses to the recommendations in findings 2024-005 through 2024-007 and 2024-009 were provided by Chris Finley, Audit Liaison, in a correspondence dated November 13, 2025.

The Department of Healthcare and Family Services (HFS) responses to findings 2024-005 through 2024-007 and 2024-009 were provided by Jamie Nardulli, Chief Internal Auditor, in a correspondence dated November 12, 2025. The HFS response to finding 2024-008 was provided by Jamie Nardulli, Chief Internal Auditor in a correspondence dated January 15, 2026.

Independent Auditor's Report

RSM US LLP

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 financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Illinois Department of Human Services (Department) of the State of Illinois (the State) 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information for the Department of the State, as of June 30, 2024, and the respective changes in financial position 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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Department and the State, 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 Matters

As discussed in Note 2, the financial statements of the Department are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, the 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, the changes in its financial position, or, where applicable, its cash flows 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.

As discussed in Note 14 to the financial statements, the beginning fund balance and net position as of July 1, 2023 have been restated due to changes to or within the financial reporting entity in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections—an Amendment of GASB Statement No. 62*. 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.

Auditor's 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 auditor's 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 management's discussion and analysis, budgetary comparison information for the General Fund, and pension and other post-employment benefit (OPEB) related 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 opinions on the basic financial statements are 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 accompanying supplementary information, which consists of combining statements and schedules as listed in the table of contents, is 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 combining statements and schedules are 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 listing of agency officials but does not include the basic financial statements and our auditor’s 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2026, 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 Auditor’s 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 Department management and is not intended to be and should not be used by anyone other than these specified parties.

SIGNED ORIGINAL ON FILE

Schaumburg, Illinois
January 30, 2026

State of Illinois
Department of Human Services

Statement of Net Position and Governmental Funds Balance Sheet

June 30, 2024 (Expressed in Thousands)

	General Fund	Other Non-major Funds	Total Governmental Funds	Adjustments	Statement of Net Position
ASSETS					
Unexpended appropriations	\$ 663,184	\$ 283	\$ 663,467	\$ -	\$ 663,467
Cash deposited with State Treasurer	404,918	651,234	1,056,152	-	1,056,152
Cash and cash equivalents	197	8,887	9,084	-	9,084
Securities lending collateral equity with State Treasurer	67,318	25,389	92,707	-	92,707
Investments	-	697	697	-	697
Due from other government - federal	42,707	236,262	278,969	-	278,969
Due from other government - local	-	211	211	-	211
Taxes receivable, net	-	109	109	-	109
Loans and notes receivable, net	-	320	320	-	320
Due from other Department funds	6,337	10,152	16,489	(16,489)	-
Due from other State funds	133,980	12,300	146,280	-	146,280
Due from State of Illinois component units	-	490,327	490,327	-	490,327
Inventories	6,067	2,262	8,329	-	8,329
Prepaid expenses	-	-	-	2,009	2,009
Recipient services and other receivables, net	8,823	676,717	685,540	-	685,540
Grant advances	88,723	20,993	109,716	-	109,716
Capital assets not being depreciated	-	-	-	67,037	67,037
Capital assets being depreciated, net	-	-	-	208,287	208,287
Total assets	1,422,254	2,136,143	3,558,397	260,844	3,819,241
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of resources - OPEB	-	-	-	238,984	238,984
Deferred outflows of resources - SERS pensions	-	-	-	1,157,983	1,157,983
Deferred outflows of resources - TRS pensions	-	-	-	186	186
Total deferred outflows of resources	-	-	-	1,397,153	1,397,153
Total assets and deferred outflows of resources	\$ 1,422,254	\$ 2,136,143	\$ 3,558,397		
LIABILITIES					
Accounts payable and accrued liabilities	672,277	300,838	973,115	-	973,115
Due to other government - federal	3,834	42,344	46,178	-	46,178
Due to other government - local	82,966	25,289	108,255	-	108,255
Due to other Department fiduciary funds	11	-	11	-	11
Due to other State fiduciary funds	70	2,198	2,268	-	2,268
Due to other Department funds	10,135	6,354	16,489	(16,489)	-
Due to other State funds	152,625	81,770	234,395	-	234,395
Due to State of Illinois component units	7,335	73,295	80,630	-	80,630
Unearned revenue	26,268	125,877	152,145	-	152,145
Obligations under securities lending of State Treasurer	67,318	25,389	92,707	-	92,707
Long-term obligations:					
Due within one year	-	-	-	107,715	107,715
Due subsequent to one year	-	-	-	9,031,925	9,031,925
Total liabilities	1,022,839	683,354	1,706,193	9,123,151	10,829,344
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	7,043	648,099	655,142	(655,142)	-
Deferred inflows of resources - OPEB	-	-	-	2,808,118	2,808,118
Deferred inflows of resources - SERS pensions	-	-	-	505,999	505,999
Deferred inflows of resources - TRS pensions	-	-	-	440	440
Total deferred inflows of resources	7,043	648,099	655,142	2,659,415	3,314,557
FUND BALANCES/NET POSITION					
Fund Balances (Deficit):					
Nonspendable	6,067	3,328	9,395	(9,395)	-
Restricted	104,647	261,194	365,841	(365,841)	-
Committed	196,574	642,576	839,150	(839,150)	-
Unassigned	85,084	(102,408)	(17,324)	17,324	-
Net Position (Deficit):					
Net investment in capital assets	-	-	-	268,833	268,833
Restricted for:					
Community developmental disabilities programs	-	-	-	17,905	17,905
Child care programs	-	-	-	2,099	2,099
Supplemental nutrition assistance program	-	-	-	10,222	10,222
Temporary assistance to needy families	-	-	-	10,858	10,858
Behavioral Health	-	-	-	10,000	10,000
Opioid Remediation	-	-	-	761,528	761,528
Federal COVID program	-	-	-	71,876	71,876
Aid to the aged, blind and disabled	-	-	-	10,376	10,376
Vocational rehabilitation	-	-	-	31,509	31,509
Other health and social service programs	-	-	-	32,130	32,130
Restricted-funds held as permanent investments:					
Nonexpendable purposes	-	-	-	1,066	1,066
Expendable purposes	-	-	-	946	946
Unrestricted net position (deficit)	-	-	-	(10,156,855)	(10,156,855)
Total fund balances/net position (deficit)	392,372	804,690	1,197,062	(10,124,569)	(8,927,507)
Total liabilities, deferred inflows and fund balances	\$ 1,422,254	\$ 2,136,143	\$ 3,558,397		

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

Total fund balances - governmental funds \$ 1,197,062

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 governmental funds. 275,324

Prepaid expenses for governmental activities are current uses of financial resources in the governmental funds. 2,009

Revenues in the Statement of Activities that do not provide current financial resources are deferred inflows of resources in the governmental funds. 655,142

Pension related liabilities and deferrals are not reported in the governmental funds since they do not provide or use current financial resources. These amounts consist of the following:

Net pension liability - SERS	(6,929,070)	
Net pension liability - TRS	(427)	
Deferred outflows of resources - SERS pensions	1,157,983	
Deferred outflows of resources - TRS pensions	186	
Deferred inflows of resources - SERS pensions	(505,999)	
Deferred inflows of resources - TRS pensions	<u>(440)</u>	(6,277,767)

Retirement benefits other than pensions (OPEB) liabilities and deferrals are not reported in governmental funds since they do not provide or use current financial resources. These amounts consist of the following:

Net OPEB Liability	(2,119,975)	
Deferred outflows of resources - OPEB	238,984	
Deferred inflows of resources - OPEB	<u>(2,808,118)</u>	(4,689,109)

Other liabilities reported in the Statement of Net Position do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds. These liabilities consist of:

Lease obligations	(6,491)	
Compensated absences	<u>(83,677)</u>	<u>(90,168)</u>

Net position (deficit) of governmental activities \$ (8,927,507)

The accompanying notes are an integral part of the basic financial statements.

State of Illinois
Department of Human Services

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

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

	General Fund	Other Non-major Funds	Total Governmental Funds	Adjustments	Statement of Activities
Expenditures/expenses:					
Health and social services	\$ 7,174,483	\$ 7,796,902	\$ 14,971,385	\$ (841,556)	\$ 14,129,829
General government	-	304,888	304,888	-	304,888
Debt service - principal	3,121	921	4,042	(4,042)	-
Debt service - interest	162	48	210	-	210
Capital outlays	64,802	1,843	66,645	(66,645)	-
Total expenditures/expenses	7,242,568	8,104,602	15,347,170	(912,243)	14,434,927
Program revenues:					
Charges for services:					
Licenses and fees	90	3,732	3,822	1,093	4,915
Other charges for services	102	31,980	32,082	2,551	34,633
Total charges for services	192	35,712	35,904	3,644	39,548
Operating grant revenue:					
Federal operating grants	579,452	7,046,365	7,625,817	(56,568)	7,569,249
Other operating grants	-	155	155	-	155
Total operating grant revenue	579,452	7,046,520	7,625,972	(56,568)	7,569,404
Other revenues	-	125,392	125,392	223,622	349,014
Total program revenues	579,644	7,207,624	7,787,268	170,698	7,957,966
Net program expense					(6,476,961)
General revenues and transfers:					
General revenues:					
Federal Operating Grants	116,189	54,355	170,544	-	170,544
Interest and investment income	17,565	6,311	23,876	-	23,876
Other taxes	-	60,302	60,302	-	60,302
Other revenues	598	65,235	65,833	36	65,869
Appropriations from State resources	8,222,928	157,692	8,380,620	-	8,380,620
Lapsed appropriations	(753,419)	(104,852)	(858,271)	-	(858,271)
Receipts collected and transmitted to State Treasury	(185,149)	(1,114)	(186,263)	-	(186,263)
Loss on disposition of capital assets	-	-	-	(570)	(570)
Lease and installment purchase financing	5,525	902	6,427	(6,427)	-
Transfers:					
Net capital transfers and other adjustments	-	-	-	(17,157)	(17,157)
Amount of SAMS transfers-in	(22,543)	-	(22,543)	-	(22,543)
Amount of SAMS transfers-out	4,763	-	4,763	-	4,763
Transfers-in	83,101	733,227	816,328	(728,137)	88,191
Transfers-out	(728,016)	(121)	(728,137)	728,137	-
Transfer of administration of funds to/from other State agencies	-	-	-	-	-
Transfer of fund type designation from fiduciary	-	1,180	1,180	-	1,180
Total general revenues and transfers	6,761,542	973,117	7,734,659	(24,118)	7,710,541
Excess of revenues and transfers-in over expenditures and transfers-out	98,618	76,139	174,757	(174,757)	-
Change in net position	-	-	-	1,233,580	1,233,580
Fund balance (deficit) /net position (deficit), July 1, 2023, as previously reported	155,544	360,201	515,745	(11,183,890)	(10,668,145)
Change within financial reporting entity (nonmajor special revenue to major general fund)	138,642	(138,642)	-	-	-
Change within financial reporting entity (change in administering agency)	285	506,773	507,058	-	507,058
Fund balances (deficits) /net position (deficit), July 1, 2023, as restated	294,471	728,332	1,022,803	(11,183,890)	(10,161,087)
Increase (decrease) for changes in inventories	(717)	219	(498)	498	-
Fund balance /net position (deficit), June 30, 2024	\$ 392,372	\$ 804,690	\$ 1,197,062	\$ (10,124,569)	\$ (8,927,507)

The accompanying notes are an integral part of the basic financial statements.

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

Net change in fund balances	\$ 174,757	
Change in inventories	(498)	\$ 174,259
<hr/>		
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.		
Capital expenditures	66,645	
Depreciation	(42,179)	
Losses on disposals of capital assets	(570)	23,896
<hr/>		
Transfers of capital assets from (to) other State agencies and other adjustments do not provide current financial resources and, therefore, are not reported in governmental funds.		(17,157)
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		4,042
Some capital additions were financed through leases. In governmental funds, leases are considered a source of financing, but in the Statement of Net Position the capital lease is reported as a liability.		(6,427)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.		170,734
Pension related liabilities and deferrals are not reported in the governmental funds since they do not provide or use current financial resources. Changes in these amounts consist of the following:		
Increase in net pension liability - SERS pensions	(191,496)	
Increase in net pension liability - TRS pensions	(55)	
Change in deferred inflows	169,139	
Change in deferred outflows	95,609	73,197
<hr/>		
Retirement benefits other than pensions (OPEB) liabilities and deferrals are not reported in the governmental funds since they do not provide or use current financial resources. Changes in these amounts consist of the following:		
Decrease in OPEB liability	60,370	
Change in deferred inflows	859,563	
Change in deferred outflows	(103,647)	816,286
<hr/>		
Prepaid expenses in the Statement of Activities are reported as expenditures in governmental funds.		1,462
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.		
Decrease (increase) in compensated absences obligation		(6,712)
<hr/>		
Change in net position (deficit) of governmental activities		\$ 1,233,580

The accompanying notes are an integral part of the basic financial statements.

State of Illinois
Department of Human Services
Statement of Fiduciary Net Position
June 30, 2024 (Expressed in Thousands)

	<u>Private Purpose Trust Funds</u>	
	<u>Student College Loan 1409</u>	<u>Custodial Funds</u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 4,033
Investments	-	890
Due from other government - federal	-	19
Due from other Department funds	-	11
Total assets	<u>-</u>	<u>4,953</u>
LIABILITIES		
Total liabilities	<u>-</u>	<u>-</u>
NET POSITION		
Restricted for Individuals	-	4,953
Total net position	<u>\$ -</u>	<u>\$ 4,953</u>

The accompanying notes are an integral part of the basic financial statements.

State of Illinois
Department of Human Services
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2024 (Expressed in Thousands)

	<u>Private Purpose Trust Funds</u>	
	<u>Student College Loan 1409</u>	<u>Custodial Funds</u>
Additions:		
Resident deposits received	\$ -	\$ 2,325
Other additions	-	12
Total additions	<u>-</u>	<u>2,337</u>
Deductions:		
Custodial fund disbursed	-	2,762
Transfer of fund type designation to governmental fund	1,180	-
Other deductions	-	14
Total deductions	<u>1,180</u>	<u>2,776</u>
Net Increase (decrease) in fiduciary net position	(1,180)	(439)
Net position, July 1, 2023	<u>1,180</u>	<u>5,392</u>
Net position, June 30, 2024	<u>\$ -</u>	<u>\$ 4,953</u>

The accompanying notes are an integral part of the basic financial statements.

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NOTE (1) - Organization

The Department of Human Services (the Department) is a part of the executive branch of government of the State of Illinois (State) and operates under the authority of, and review by, the Illinois General Assembly. The Department operates under a budget approved by the General Assembly in which resources primarily from the State's General Fund are appropriated for the use of the Department. Activities of the Department are subject to the authority of the Office of the Governor, the State's chief executive officer, and other departments of the executive and legislative branches of government (such as the Department of Central Management Services, the Governor's Office of Management and Budget, the State Treasurer's Office, and the State Comptroller's Office) as defined by the Illinois General Assembly. All funds appropriated to the Department and all other cash received are under the custody and control of the State Treasurer, excluding all locally-held funds authorized by State law.

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

NOTE (2) - Summary of Significant Accounting Policies

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

(a) Financial Reporting Entity

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's Annual Comprehensive Financial Report may be obtained by accessing the State Comptroller Office's website – <https://illinoiscomptroller.gov/financial-reports-data/find-a-report/comprehensive-reporting/annual-comprehensive-financial-report/>.

The Department does not currently report any component units.

(b) Basis of Presentation

The financial statements of the State of Illinois, Department of Human Services, are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, each major fund of the State, and the aggregate remaining fund information of the State that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the State as of June 30, 2024, and the changes in financial position for the year then ended in conformity with GAAP.

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

Government-wide Statements: The government-wide statement of net position and statement of activities report the overall financial activity of the Department, excluding fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities of the

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Department. The government-wide statement of net position and statement of activities of the Department consist only of governmental activities, which are primarily supported by appropriations from the State and Federal operating grant revenues.

The statement of net position presents the assets, deferred outflows of resources, liabilities and deferred inflows of resources of the Department's governmental activities with the difference being reported as net position. 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 subsequent to one year.

The statement of activities presents a comparison between direct expenses and program revenues for the health and social services function of the Department's governmental activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including taxes and all amounts related to State appropriations, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Department's funds, including fiduciary funds. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on the major governmental fund, which is displayed in a separate column. Major funds are determined by the State Comptroller. All remaining governmental funds are aggregated and reported as non-major funds.

The Department administers the following major governmental funds (or portions thereof in the case of shared funds) of the State of Illinois' Annual Comprehensive Financial Report – see Note 2(d).

General – This is the State's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The services which are administered by the Department and accounted for in the General Fund include, among others, health and social services. Certain resources obtained from federal grants and used to support general governmental activities are accounted for in the General Fund consistent with applicable legal requirements. The Department's portion of the General Fund is composed of a primary sub-account (General Revenue) and fourteen secondary sub-accounts (Illinois Veterans' Rehabilitation, Special Olympics Illinois and Special Children's Charities, Home Services Medicaid Trust, Community Developmental Disabilities Services Medicaid Trust, First Responder Behavioral Health Grant, State Coronavirus Urgent Remediation Emergency Fund (CURES), Care Provider Fund for Persons with a Developmental Disability, Health and Human Services Medicaid Trust, DHS Community Services, Electronic Benefits Transfers, Commitment to Human Services, Community Mental Health Medicaid Trust, Off-Hours Childcare Program, and Homelessness Prevention Revenue).

Additionally, the Department reports the following fund types:

Governmental Fund Types:

Special Revenue – These funds are used to account for and report the proceeds of specific revenue sources that are *restricted or committed to expenditure for specified purposes* other than debt service or capital projects. The Department does not have any major special revenue funds to disclose.

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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. The Department does not have any major capital projects funds to disclose.

Permanent – These funds account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the government or its citizens. The Department does not have any major permanent funds to disclose.

Fiduciary Fund Types:

Private Purpose Trust – These funds account for resources held in a trust for which the Department itself is not a beneficiary. The resources are dedicated to providing benefits to individuals the Department serves. All resources of these funds, including any earnings on invested resources, may be used to support these individuals.

Custodial – These funds account for receipts from individuals or groups of individuals at the Department's mental health and developmental centers, and schools. These funds are collected by the Department, acting in a custodial capacity, for distribution to designated beneficiaries.

(c) Measurement Focus and Basis of Accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange 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, as defined above, 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 Department 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 debt, claims and judgments, other post-employment benefits (OPEB), pension benefits and compensated absences are recorded only when payment is due. Capital asset acquisitions and principal retirements are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under leases are reported as other financing sources.

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

(d) Shared Fund Presentation

The financial statement presentation for the General Revenue, State Coronavirus Urgent Remediation Emergency Fund (CURES), Care Provider Fund for Persons with a Developmental Disability, and Commitment to Human Services subaccounts of the General Fund, and the Tobacco Settlement Recovery, Maternal and Child Health Services Block Grant, and Build Illinois Bond, non-major governmental funds, represents only the portion of the shared fund that can be

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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 expenditure transactions processed by the State Comptroller's Office after June 30 annually in accordance with Statewide Accounting Management System (SAMS) records plus any liabilities relating to obligations re-appropriated to the subsequent fiscal year and voucher, interfund payment, and mandatory SAMS transfer transactions held by the State Comptroller's Office at June 30.

Appropriations from State resources – This “other financing source” account represents the final legally adopted appropriation according to SAMS records.

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

Receipts collected and transmitted to State Treasury – This “other financing use” account represents all cash receipts received during the fiscal year according to SAMS records.

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

Amount of SAMS transfers-out – This “other financing source” account represents cash transfers made by the Office of the Comptroller in accordance with statutory provisions 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 and statement of activities to minimize the “grossing-up” effect on assets and liabilities within the governmental activities column of the Department, and to eliminate transfers between funds of the Department. As a result, amounts reported in the governmental funds balance sheet as interdepartmental interfund receivables and payables have been eliminated in the government-wide statement of net position.

Similarly, amounts reported in the governmental funds statement of revenues, expenditures and changes in fund balance as transfers in and transfers out have been eliminated in the government-wide statement of activities. Amounts reported in the governmental funds balance sheet as receivable from or payable to fiduciary funds have been included in the government-wide statement of net position as receivable from and payable to external parties, rather than as internal balances.

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(f) Cash and Cash Equivalents

Cash equivalents are defined as short-term, highly liquid investments readily convertible to cash with maturities of 3 months or less at the time of purchase. Cash and cash equivalents include cash on hand, cash in banks, certificates of deposit, cash invested in the Illinois Funds and money market accounts for locally held funds.

(g) Investments

Most investments are reported at fair value. The Illinois Funds is a GASB Statement No. 79 qualified external investment pool that measures, for financial reporting purposes, all its investments at amortized cost. Investments in Illinois Funds are valued at share price, which is the price the investment could be sold for.

(h) Inventories

For governmental 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 food and drugs maintained at the mental health and developmental centers, in governmental funds and are reported at weighted average cost. Inventories reported in governmental funds do not reflect current appropriable resources, and therefore, the Department reports an equivalent portion of fund balance as non-spendable.

(i) Prepaid Items

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as expenditures in the governmental funds and as prepaid expenses in the government-wide statement of net position.

(j) Interfund Transactions

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

Interfund Borrowings – Interfund loans made in accordance with State statute that are to be repaid with interest to the lender fund. Interfund borrowings are reported as “due to other funds” in lender funds and “due from other funds” in borrower funds.

Services Provided and Used – Sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as interfund receivables and payables in the governmental funds balance sheet or the government-wide statement of net position.

Designated Revenues – Revenues specifically restricted or committed by State statute initially received by another fund and subsequently distributed to a special revenue fund. Designated revenues are reported as revenues in the receiving special revenue fund and a reduction of revenues in the fund of initial deposit.

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.

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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 uses of financial resources in the funds making transfers and as other sources of financial resources in the funds receiving transfers.

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

(k) Capital Assets

Capital assets, which include property, plant, equipment, and intangibles are reported at cost or estimated historical cost. Capital assets transferred from other State agencies are recorded at their carryover basis. Contributed assets are reported at acquisition value at the time received. Capital assets are depreciated/amortized using the straight-line method.

Capitalization thresholds (amounts expressed in whole dollars) and the estimated useful lives are as follows:

Capital Asset Category	Capitalization Threshold	Estimated Useful Life (in Years)
Land	\$ 100,000	N/A
Land Improvements	25,000	N/A
Site Improvements	25,000	3 - 50
Buildings	100,000	10 - 60
Building Improvements	25,000	10 - 45
Equipment	5,000	3 - 25
Purchased Computer Software	25,000	3 - 5
Internally Generated Computer Software	1,000,000	5 - 20

(l) Leases

The Department is a lessee for non-cancellable leases of equipment. The Department recognizes a lease liability and an intangible right to use lease asset in the government-wide financial statements. The Department recognizes lease liabilities with an initial, individual value of \$25,000 or more. At the commencement of a lease, the Department initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for payments made at or before the lease 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 term.

(m) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future

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period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenues in governmental funds include receivables not “available” to finance the current period.

(n) Compensated Absences

The liability for compensated absences reported 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 is calculated based on the employees’ salary at June 30 and includes salary related costs (e.g., Social Security and Medicare taxes).

Legislation that became effective January 1, 1998, capped the paid sick leave for all State Employees’ Retirement System members at December 31, 1997. Employees continue to accrue twelve sick days per year, but will not receive monetary compensation for any additional time earned after December 31, 1997. Sick days earned between 1984 and December 31, 1997, (with a 50% cash value) would only be used after all days with no cash value are depleted. Any sick days earned and unused after December 31, 1997, will be converted to service time for purposes of calculating employee pension benefits.

(o) Pensions

In accordance with 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 plans’ 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 amortization of pension related deferred outflows and inflows of resources.

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 plans and additions to/deductions from the plans’ 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.

In the governmental fund financial statements, pension expenditures represent amounts paid to the pension plan and the change between the beginning and ending balances of amounts owed to the plan for contributions.

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(p) Post-Employment Benefits Other Than Pensions (OPEB)

The State provides health, dental, vision and life insurance benefits for certain retirees and their dependents through the State Employees Group Insurance Program (SEGIP). The total OPEB liability, deferred outflows of resources, deferred inflows of resources, expense, and expenditures associated with the program have been determined through an actuarial valuation using certain actuarial assumptions as applicable to the current measurement period (see Note 10). The liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability).

The OPEB liabilities, deferred outflows of resources, deferred inflows of resources, and OPEB expense have been recognized in the government-wide financial statements. In the governmental fund financial statements, OPEB expenditures represent amounts paid for OPEB as they become due and payable.

(q) Fund Balances

For the year ended June 30, 2024, components of fund balance include the following captions:

Nonspendable – Fund balance component resulting from portions of net resources that cannot be spent because of their form or because they must be legally or contractually maintained intact.

Restricted – Fund balance component resulting from enforceable external limitations on use, such as limitations imposed by creditors, grantors, contributors, or laws and regulations of other governments as well as limitations imposed by law through constitutional provision or enabling legislation.

Committed – Fund balance component resulting from self-imposed limitations set in place prior to the end of the reporting period. The limitations are imposed at the highest level of decision-making authority that requires formal action at the same level to remove. For the Department, the State Legislature is the highest level of decision-making. In order to commit fund balance for a specific purpose, the State Legislature must enact a law specifying the commitment.

Assigned – Fund balance component resulting from the Department's intent to be used for specific purposes, but that are neither restricted or committed.

Unassigned – Total fund balance in the General Fund in excess of non-spendable, restricted, and committed fund balance, and deficit residual fund balances in other governmental funds.

If there is an expenditure incurred for purposes for which both restricted and unrestricted (committed, assigned and unassigned) fund balance is available, the Department considers restricted fund balance to be spent before unrestricted fund balance. In addition, if there is an expenditure incurred for which committed, assigned or unassigned fund balance may be used, the Department considers committed fund balance to be spent before assigned fund balance and assigned fund balance to be spent before unassigned fund balance.

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(r) Net Position (Deficit)

Net position (deficit) represents the difference of assets plus deferred outflows and liabilities plus deferred inflows of resources. In the government-wide statement of net position, equity is displayed in three components as follows:

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

Restricted – This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation. The Department's restricted net position is restricted by outside parties or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the Department's policy to use restricted resources first, then unrestricted resources when they are needed.

Unrestricted – This consists of net position (deficit) that does not meet the definition of "restricted" or "net investment in capital assets".

(s) 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, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE (3) - Deposits and Investments

(a) Deposits

The State Treasurer is the custodian of the Department's deposits and investments for funds maintained in the State Treasury. The Department manages deposits and investments maintained outside 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. Details on the nature of these deposits and investments are available within the State of Illinois' Annual Comprehensive Financial Report.

Custodial credit risk is the risk that in the event of a bank failure, the Department's deposits may not be returned. The Department is required by the State Officers and Employees Money Disposition Act (30 ILCS 230/2c) to obtain a bond, pledged securities, or other eligible collateral equal to or greater than the uninsured portion of the deposit. Deposits for locally-held funds had a carrying amount of \$12.439 million (\$7.537 million and \$4.902 million reported in governmental activities and fiduciary funds, respectively).

The total bank balance was not exposed to custodial credit risk.

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(b) Investments

The Department has \$2.220 million invested with The Illinois Funds (Governmental Activities). The Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. The Illinois Funds is a GASB No. 79 qualified external investment pool that measures for financial reporting purposes all its investments at amortized cost. The fair value of the pool position is the same as the value of pool shares. There are no limitations or restrictions on withdrawals from the pool.

The Department is authorized by Illinois State Statute to invest in the following:

1. Obligations of the U.S. Treasury, its agencies, and instrumentalities
2. Savings accounts, certificates of deposit, or time deposits that are direct obligations of any bank that is insured by the Federal Deposit Insurance Corporation
3. Commercial paper noted within the three highest classifications by at least two standard rating services
4. Obligations of states and their political subdivisions
5. Shares or other securities issued by savings and loan associations that are insured by the Federal Savings and Loan Insurance Corporation
6. Insured accounts of a credit union whose principal office is located in the State of Illinois
7. Illinois Funds Money Market Fund
8. Money market mutual funds where the portfolio is limited to U.S. government securities
9. Repurchase agreements where the Department or its authorized third-party agent takes possession of the securities

Interest Rate Risk – The Department’s investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – The Department’s investment policy does not address credit risk. The Illinois Funds was rated AAmmf by Fitch Ratings.

Reconciliation to Statement of Net Position and Statement of Fiduciary Net Position

The amounts reported as investments in the statement of net position and the statement of fiduciary net position contain certain long-term deposits to reflect their lack of liquidity. A reconciliation (amounts expressed in thousands) follows:

	Cash and Cash Equivalents/	
	Deposits	Investments
Governmental Activities		
Amounts per note 3 (a) and 3 (b)	\$ 7,537	\$ 2,220
Deposits held for investment purposes	(697)	697
Cash equivalents	2,220	(2,220)
Petty cash	24	-
Amounts per Statement of Net Position	\$ 9,084	\$ 697
Fiduciary Funds		
Amounts per note 3 (a) and 3 (b)	\$ 4,902	\$ -
Deposits held for investment purposes	(890)	890
Petty cash	21	-
Amounts per Statement of Fiduciary Net Position	\$ 4,033	\$ 890

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NOTE (4) - Receivables

Recipient services and other receivables, net at June 30, 2024 (amounts expressed in thousands) consisted of the following:

<u>Revenue Source</u>	<u>Governmental Funds</u>	
	<u>General Fund</u>	<u>Nonmajor Funds</u>
Fines	\$ -	\$ 13
Rebates	-	9,744
Recipient services and recoveries	9,825	329,988
Public assistance recoveries	17,755	3,003
Opioid settlement	-	576,415
Interest and other Income	1,305	493
Total other receivables	28,885	919,656
Allowance for uncollectible amounts	(20,062)	(242,939)
Other receivables, net	\$ 8,823	\$ 676,717

The State of Illinois is a party to a national settlement with various opioid drug manufacturers, distributors, and chain pharmacies. The Department administers the Illinois Opioid Remediation State Trust Fund (Fund 0734) for purposes of collecting and distributing the State's opioid settlement receipts. The Department records receivables from the various drug manufacturers, distributors, and chain pharmacies upon signature of State consent judgments with the various companies. At June 30, 2024, the State had signed consent judgments with seven companies and the Department has recorded a related settlement receivable of \$576.415 million which is expected to be received through 2038.

Additionally, the Department has advance funded grant funds to the Illinois Housing Development Authority (IHDA) which were unspent by IHDA at June 30, 2025. The Department recorded grant advances totaling \$88.723 million in the general fund and \$20.993 million in other non-major funds.

NOTE (5) - Securities Lending Transactions

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

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

During fiscal year 2024, the State Treasurer 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

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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 State Treasurer had no credit risk as a result of its securities lending program as the collateral held exceeded the fair value of the securities lent.

In accordance with GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*, paragraph 9, the Office of the State Treasurer has allocated the assets and obligations at June 30, 2024 arising from securities lending agreements to the various funds of the State. The total allocated to the Department as of June 30, 2024 was \$92.707 million.

NOTE (6) - Interfund Balances and Activity

(a) Balances Due from/to Other Funds

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

Fund Type	Due from Other		Description/Purpose
	Department Funds	State Funds	
General	\$ 6,337	\$ 133,980	See comment that follows
Nonmajor governmental	10,152	12,300	See comment that follows
	\$ 16,489	\$ 146,280	

General - Due from other Department funds for required transfers and expenditure reimbursements and other State funds for expenditure reimbursements.

Non-major governmental - Due from other Department funds for required transfers and expenditure reimbursements and other State funds for expenditure reimbursements.

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

Fund Type	Due to Other				Description/Purpose
	Department Funds	Department Fiduciary	State Funds	State Fiduciary	
General	\$ 10,135	\$ 11	\$ 152,625	\$ 70	See comment that follows
Nonmajor governmental	6,354	-	81,770	2,198	See comment that follows
	\$ 16,489	\$ 11	\$ 234,395	\$ 2,268	

General – Due to other Department funds and other Department fiduciary funds for expenditure reimbursements, other State funds for expenditure reimbursements and excess federal grant deposits, and other State fiduciary funds for post-employment benefits.

Non-major governmental – Due to other Department funds for required transfers and expenditure reimbursements, other State funds for expenditure reimbursements and other State fiduciary funds for post-employment benefits.

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(b) Transfers from/to Other Funds

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

<u>Fund Type</u>	<u>Transfers in from Other</u>			<u>Description/Purpose</u>
	<u>Department Funds</u>	<u>State Funds</u>	<u>Total</u>	
General	\$ -	\$ 83,101	\$ 83,101	Transfers from other State funds pursuant to statute and annual appropriations.
Nonmajor governmental	728,137	5,090	733,227	Transfers from other Department funds and other State funds pursuant to statute, annual appropriations, and transfers of federal grant monies.
Totals	<u>\$ 728,137</u>	<u>\$ 88,191</u>	<u>\$ 816,328</u>	

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

<u>Fund Type</u>	<u>Transfers out to Other</u>			<u>Description/Purpose</u>
	<u>Department Funds</u>	<u>State Funds</u>	<u>Total</u>	
General	\$ 728,016	\$ -	\$ 728,016	Transfers to other Department funds pursuant to statute and transfer of federal grant monies.
Nonmajor governmental	121	-	121	Transfers to other Department funds and State funds pursuant to statute and transfer of federal grant monies.
Totals	<u>\$ 728,137</u>	<u>\$ -</u>	<u>\$ 728,137</u>	

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

The following balances (amounts expressed in thousands) at June 30, 2024 represent amounts due to/from State of Illinois component units for reimbursement for expenses incurred:

<u>Component Unit</u>	<u>Due From Amounts</u>		<u>Due to Amounts</u>	
	General Fund	Nonmajor Governmental Funds	General Fund	Nonmajor Governmental Funds
Toll Highway Authority	\$ -	\$ -	\$ 5	\$ -
Housing Development Authority	-	490,327	-	64,212
Chicago State University	-	-	-	11
Eastern Illinois University	-	-	222	145
Governors State University	-	-	485	76
Northeastern Illinois University	-	-	184	32
Western Illinois University	-	-	-	87
Illinois State University	-	-	-	13
Northern Illinois University	-	-	104	207
Southern Illinois University	-	-	940	843
University of Illinois	-	-	5,395	7,669
Totals	<u>\$ -</u>	<u>\$ 490,327</u>	<u>\$ 7,335</u>	<u>\$ 73,295</u>

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NOTE (7) - Capital Assets

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

	Balance July 1, 2023	Additions	Deletions	Net Transfers	Balance June 30, 2024
Capital assets not being depreciated/amortized:					
Land and land improvements	\$ 2,889	\$ -	\$ -	\$ -	\$ 2,889
Construction in progress	40,162	-	665	24,651	64,148
Internally generated intangible assets in development	-	57,634	-	(57,634)	-
Total capital assets not being depreciated/amortized	43,051	57,634	665	(32,983)	67,037
Capital assets being depreciated/amortized:					
Site improvements	82,066	-	-	466	82,532
Buildings and building improvements	592,686	-	(224)	15,360	608,270
Equipment	40,104	2,584	1,502	22	41,208
Right-to-use equipment	9,710	6,427	2,404	-	13,733
Non-internally generated software	204	-	-	-	204
Internally generated software	276,045	-	-	-	276,045
Total capital assets being depreciated/amortized	1,000,815	9,011	3,682	15,848	1,021,992
Less accumulated depreciation/amortization:					
Site improvements	77,479	432	-	-	77,911
Buildings and building improvements	488,137	9,448	1	-	497,584
Equipment	27,028	3,011	1,372	22	28,689
Right-to-use equipment	5,712	4,038	2,404	-	7,346
Non-internally generated software	204	-	-	-	204
Internally generated software	176,721	25,250	-	-	201,971
Total accumulated depreciation/amortization	775,281	42,179	3,777	22	813,705
Total capital assets being depreciated/amortized, net	225,534	(33,168)	(95)	15,826	208,287
Total capital assets, net	\$ 268,585	\$ 24,466	\$ 570	\$ (17,157)	\$ 275,324

Depreciation/amortization expense for governmental activities (amounts expressed in thousands) for the year ended June 30, 2024 was charged as follows:

Health and social services \$42,179

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NOTE (8) - 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:

	July 1, 2023	Additions	Deletions	June 30, 2024	Due Within One Year
Other long-term obligations:					
Compensated absences	\$ 76,965	\$ 139,055	\$ 132,343	\$ 83,677	\$ 6,996
Leases	4,106	6,352	3,967	6,491	3,189
OPEB liability	2,180,345	-	60,370	2,119,975	97,530
Net pension liability - SERS	6,737,574	191,496	-	6,929,070	-
Net pension liability - TRS	372	55	-	427	-
Totals	<u>\$ 8,999,362</u>	<u>\$ 336,958</u>	<u>\$ 196,680</u>	<u>\$ 9,139,640</u>	<u>\$ 107,715</u>

Compensated absences will be liquidated by the applicable governmental funds that account for the salaries and wages of the related employees. Net pension liabilities and OPEB liabilities will be liquidated through the General Revenue Fund, and the special revenue funds that report wages. The lease obligations will be liquidated primarily by the General Revenue Fund.

(b) Leases

Lessee arrangements

The department has entered into various leases for right-to-use equipment with remaining lease terms ranging from less than one year to 3 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 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.

At June 30, 2024, right-to-use assets under leases are as follows:

Lease values (amounts expressed in thousands)

Equipment	\$ 13,733
Less: accumulated amortization	<u>(7,346)</u>
	<u>6,387</u>

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Future minimum commitments for non-cancelable leases as of June 30, 2024, are as follows:

Future lease payments (amounts expressed in thousands)		
Year Ending June 30	Principal	Interest
2025	\$ 3,189	\$ 196
2026	1,702	106
2027	1,265	38
2028	222	10
2029	113	2
Total minimum lease payments	<u>\$ 6,491</u>	<u>\$ 352</u>

(c) Asset Retirement Obligations

The Department operates two coal-fired power plants and has one idle plant that produces electricity and steam for certain facilities. The Department also has one decommissioned x-ray unit which may contain hazardous materials. When these plants are ultimately retired, the government will incur costs associated with legally required disposal and environmental remediation activities. Any hazardous materials contained in the x-ray unit will also require safe disposal. At this time, the government does not have sufficient information available to provide a reasonable estimate of these related asset retirement obligations.

NOTE (9) -Defined Benefit Pension Plans

Plan descriptions. 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) or the Teachers' Retirement System (TRS), which are pension trust funds in the State of Illinois reporting entity. SERS is a single employer defined benefit pension trust fund in which State employees participate except those covered by the State Universities, Teachers', General Assembly, and Judges' Retirement Systems. SERS is governed by article 14 of the Illinois Pension Code (40 ILCS 5/1, et al.). TRS is the administrator of a cost-sharing multiple-employer public employee defined benefit pension plan with a "special funding situation" as described below. TRS provides coverage to personnel in positions that require a certification under the teacher certification law that are employed by public school districts in Illinois (excluding Chicago), special districts, and certain State agencies. There are 851 local school districts, 130 special districts, and 10 other State agencies that contribute to the TRS plan as of the measurement date June 30, 2023. The State of Illinois, as a non-employer contributing entity, is legally mandated to make contributions to TRS, thus creating a special funding relationship with the plan. TRS is governed by article 16 of the Illinois Pension Code.

Both plans consist 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 Tier 2 members, except where noted.

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Both plans also issue a publicly available financial report that includes financial statements and required supplementary information for that plan. Those reports are available on the respective plan websites or may be obtained by writing or calling the plan as follows:

- State Employees' Retirement System, 2101 South Veterans Parkway, PO Box 19255, Springfield, Illinois, 62794-9255, (217) 785-7444 or www.srs.illinois.gov.
- Teachers' Retirement System, 2815 West Washington Street, PO Box 19253, Springfield, Illinois, 62794-9253, (877) 927-5877 or www.trsil.org.

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 as calculated under the regular formula. 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 regular formula 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</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. The calendar year 2023 rate is \$123,489.</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.</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</p>

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at least one full year. These pension increases are not limited by the 75% maximum.	member turns age 67 and has been retired at least one full year. These pension increases are not limited by the 75% maximum
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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 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 SERS. Certain nonoccupational death benefits vest after 18 months of credited service. Occupational death benefits are provided from the date of employment.

Teachers' Retirement System

TRS provides retirement benefits, whereby most members retire under a formula that provides 2.2% of final average salary up to a maximum of 75% with 34 years of service. Under Tier 1, a member qualifies for an age retirement annuity after reaching age 62 with 5 years of credited service, age 60 with 10 years of credited service, or age 55 with 20 years of credited service. If a member retires between the ages of 55 and 60 with fewer than 35 years of service the annuity will be reduced one-half percent for each month the member is under age 60. The retirement benefit is based on the final average salary, which is the average salary for the highest 4 consecutive years within the last 10 years of credible service. Annual automatic increases equal to 3% are provided to essentially all retirees. Under Tier 2, a member qualifies for an age retirement annuity after reaching age 62 with 10 years of credited service, at a discounted rate, or age 67 with 10 years of credited service. The retirement benefit is based on the final average salary, which for Tier 2 is the average salary for the highest 8 consecutive years within the last 10 years of credible service. Annual automatic increases equal to the lesser of 3% or one half of the Consumer Price Index with the adjustment applied to the original benefit are provided to Tier 2 retirees. Disability and death benefits are also provided by TRS.

Contributions

State Employees' Retirement System

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

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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 \$49.139 million. In addition, the Department recorded \$564.204 million of revenue and expenditures in the General Revenue account of the General Fund to account for payments to SERS for Department employees that were paid from statewide General Revenue Fund appropriations.

Teachers' Retirement System

The State maintains the primary responsibility for funding TRS. The Illinois Pension Code, as appended by Public Act 88-0593 and subsequent acts, provides that for years 2010 through 2045, the minimum contribution to TRS for each fiscal year be an amount determined to be sufficient to bring the total assets of TRS up to 90% funding. Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The active member contribution rate for the year ended June 30, 2024 was 9.0% of salary. Employer contributions are made by or on behalf of employers from several sources. The State of Illinois provides the largest source of contributions through State appropriations. Employers also make contributions of 0.58% of total credible earnings for the 2.2 benefit formula change and for teachers who are paid from federal funds. Additionally, employers contribute their portion of any excess salary increase or sick leave costs due as defined within Chapter 40, section 5/16 of the Illinois Compiled Statutes.

For TRS, employee contributions are fully refundable, without interest, upon withdrawal from applicable employment. For Tier 1 members, there is no annual compensation limit on contributions. For Tier 2 members, annual compensation on which contributions are taken cannot exceed \$106,800. This amount increases annually 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 Department's contribution amount for fiscal year 2024 was \$11 thousand. In addition, the Department recorded \$3.102 million of revenue and expenditures in the General Revenue account of the General Fund to account for payments to TRS for Department employees that were paid from statewide General Revenue Fund appropriations.

Pension liability, deferred outflows of resources, deferred inflows of resources, and expense related to pensions.

Pension liability, deferred outflows of resources, deferred inflows of resources, and expense related to pensions.

State Employees' Retirement System

At June 30, 2024, the Department reported a liability of \$6.929 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, 2024, the Department's proportion was 20.9333% which was an increase of .0979% from its proportion measured as of the prior year measurement date of June 30, 2023.

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For the year ended June 30, 2024, the Department recognized pension expense of \$556.855 million. At June 30, 2024, the Department reported deferred outflows of resources 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	\$ 178,964	\$ -
Changes of assumptions	86,202	424,895
Net difference between projected and actual investment earnings on pension plan investments	148,920	-
Changes in proportion	130,554	81,104
Department contributions subsequent to the measurement date	613,343	-
Total	\$ 1,157,983	\$ 505,999

\$613.343 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 in pension expense as follows (amounts expressed in thousands):

Year ended June 30,	SERS
2025	\$ (17,215)
2026	(78,033)
2027	106,741
2028	27,148
Total	\$ 38,641

Teachers' Retirement System

At June 30, 2024, the Department reported a liability of \$427 thousand for its proportionate share of the TRS net pension liability on the statement of net position. The State's proportionate share of the net pension liability (as a nonemployer contributing entity in a special funding situation) for the Department was \$36.809 million. The total net pension liability for the Department's employees participating in TRS was \$37.236 million as of the measurement date. 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 June 30, 2021, and rolled forward to June 30, 2023. The Department's portion of the net pension liability was based on the Department's contributions relative to the contributions of all participating TRS employers and the State during the year ended June 30, 2023. At June 30, 2023, the measurement date, the Department's proportionate share was 0.00050191% for the TRS plan, which was a .000006 decrease from its proportion measured at the prior year measurement date of June 30, 2022.

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For the year ended June 30, 2024, the Department recognized pension expense of \$3.018 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	\$ 2	\$ 2
Changes of assumptions	1	-
Net difference between projected and actual investment earnings on pension plan investments	-	-
Changes in proportion	172	438
Department contributions subsequent to the measurement date	11	-
Total	\$ 186	\$ 440

\$11 thousand reported as deferred outflows of resources related to pensions resulting from Department contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. The remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (amounts expressed in thousands):

Year ended June 30,	TRS
2025	\$ (87)
2026	(71)
2027	(75)
2028	(37)
2029	5
Thereafter	-
Total	\$ (265)

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Actuarial Methods and Assumptions. The total pension liability was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

	SERS	TRS
Valuation date	6/30/2023	6/30/2023*
Measurement date	6/30/2023	6/30/2023
Actuarial cost method	Entry Age	Entry Age
Actuarial assumptions:		
Investment rate of return	6.75%	7.00%
Projected salary increases**	2.50% - 7.41%	3.75% - 8.75%
Inflation rate	2.25%	2.50%
Postretirement benefit increases		
Tier 1	3%, compounded	3%, compounded
Tier 2	Lesser of 3% or 1/2 of CPI ^A , on original benefit	1.125% not compounded
Retirement age experience study ^{AA}	July 2018 - June 2021	July 2017 - June 2020
Mortality ^{AAA}		
SERS	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	PubT-2010 adjusted for TRS experience with future mortality improvements on a fully generational basis using projection table MP-2020	
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:		
	SERS	TRS
<i>No change for either plan</i>		
* The total pension liability presented in the June 30, 2023, actuarial valuation is based on census data as of June 30, 2022, rolled-forward to the measurement date.		
** Includes inflation rate listed.		
^A Consumer Price Index		
^{AA} The actuarial assumptions used in the respective actuarial valuations are based on the results of actuarial experience studies for the periods defined.		
^{AAA} Mortality rates are based on mortality tables published by the Society of Actuaries' Retirement Plans Experience Committee.		

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State Employees' Retirement System

The long-term expected real rate of return on pension plan investments was 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 the geometric real rates of return are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	23.0%	4.60%
Developed Foreign Equity	13.0%	5.30%
Emerging Market Equity	8.0%	6.20%
Private Equity	9.0%	7.80%
Investment Grade Bonds	15.0%	0.20%
Long-term Government Bonds	5.0%	0.60%
TIPS	3.0%	0.20%
High Yield Bonds	2.0%	2.20%
Private Debt	9.0%	5.10%
Real Estate	10.0%	5.20%
Infrastructure	3.0%	5.50%
Total	100%	

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Teachers' Retirement System

The long-term expected rate of return assumption on pension plan investments under the TRS plan was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2023, that were used by the actuary are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	37.0%	5.35%
Private Equity	15.0%	8.03%
Income	26.0%	4.32%
Real Assets	18.0%	4.60%
Diversifying Strategies	4.0%	3.40%
Total	100%	

Discount rate

State Employees' Retirement System

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 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.

Teachers' Retirement System

A discount rate of 7.00% was used to measure the total pension liability as of the measurement date of June 30, 2023 and June 30, 2022. This single blended discount rate was based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate, based on an index of 20 year general obligation bonds as published by The Bond Buyer, as of the end of the current fiscal year. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutorily-required rates. Based on these assumptions, the pension plan's fiduciary net position and future contributions was projected to be available to make all projected future benefit payments as of June 30, 2023. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2023.

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Sensitivity of the net pension liability to changes in the discount rate. The net pension liability for SERS and TRS 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 1-percentage point lower or 1-percentage point higher than the current rate as shown below (amounts expressed in thousands):

		SERS		
		1% Decrease	Discount Rate	1% Increase
Department's proportionate share of the SERS net pension liability		\$ 8,439,757	\$ 6,929,070	\$ 5,679,580

		TRS		
		1% Decrease	Discount Rate	1% Increase
Department's proportionate share of the TRS net pension liability		\$ 525	\$ 427	\$ 345

Payables to the pension plan. On June 30, 2024, the Department reported a payable of \$2.280 million to SERS for the outstanding amount of contributions to the pension plans required for the year ended June 30, 2024.

NOTE (10) - Post-employment 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 post-employment benefits (OPEB). The eligibility provisions for each of the retirement systems are defined within Note 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.

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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 State Employee's Retirement System do not contribute toward health and vision benefits. For annuitants who retired on or after January 1, 1998, the annuitant's contribution amount is reduced five percent 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. The State is not required to fund the plan other than the pay-as-you-go amount necessary to provide the current benefits to retirees.

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 \$2.120 billion 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 12.3093%, which was a decrease of 0.0046 from its proportion measured as of the prior year measurement date of June 30, 2022.

The Department recognized a reduction in OPEB expense for the year ended June 30, 2024, of \$711.219 million related to the Department's change in proportion. In addition, the Department recorded \$90.271 million of revenue and expenditures in the General Revenue account of the General Fund to account for contributions to SEGIP for Department employees that were paid from statewide General Revenue Fund appropriations.

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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	\$ 36,853
Changes in assumptions	6,587
Changes in proportion and differences between employer contributions and proportionate share of contributions	98,014
Department contributions subsequent to the measurement date	97,530
Total deferred outflows of resources	<u>\$ 238,984</u>
Deferred inflows of resources	
Differences between expected and actual experience	\$ 437,672
Changes in assumptions	1,545,326
Changes in proportion and differences between employer contributions and proportionate share of contributions	825,120
Total deferred inflows of resources	<u>\$ 2,808,118</u>

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):

<u>Year ended June 30,</u>	<u>Amount</u>
2025	\$ (952,650)
2026	(909,482)
2027	(612,832)
2028	(180,665)
2029	(11,035)
Total	<u>\$ (2,666,664)</u>

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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 SERS and TRS active, inactive, and retiree data as of June 30, 2023, for eligible SEGIP employees, and SEGIP retiree data as of June 30, 2023. The assumptions changed from fiscal year 2023 and are as follows:

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 and 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 to 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	

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Additionally, the demographic assumptions used in this OPEB valuation for GARS, JRS and SERS have updated retirement age experience study ranges as compared to fiscal year 2023. The following assumptions changed from fiscal year 2023 and are as follows:

	Retirement age experience study[^]	Mortality^{^^}
GARS	July 2018 - June 2021	Pub-2010 Above-Median Income General Healthy Retiree Mortality tables, sex distinct, with no scaling factors, and the MP-2021 two-dimensional mortality improvement scales
JRS	July 2018 - June 2021	Pub-2010 Above-Median Income General Healthy Retiree Mortality tables, sex distinct, with no scaling factors, and the 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
<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>		

Demographic assumptions used in OPEB valuation are identical to those used in the June 30, 2022 valuations for Pensions. Thus, for all five plans, the 2022 valuation information for pensions is presented in the fiscal year 2023 ACFR in Note 16. For TRS and SURS, the total pension liability presented in the June 30, 2022, actuarial valuation is based on census data as of June 30, 2021, rolled-forward to the measurement date of June 30, 2022.

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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):

	1% Decrease (2.86%)	Current Single Discount Rate Assumption (3.86%)	1% Increase (4.86%)
Total OPEB liability	\$ 2,351,157	\$ 2,119,975	\$ 1,922,105

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
Total OPEB liability	\$ 1,860,477	\$ 2,119,975	\$ 2,439,436

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.

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NOTE (11) - Fund Balances

(a) Categories

At June 30, 2024, the Department's governmental fund balances were classified as follows:

	General Fund	Other Nonmajor Funds	Total
Nonspendable:			
Inventory	\$ 6,067	\$ 2,262	\$ 8,329
Permanent endowments	-	1,066	1,066
Total nonspendable	<u>6,067</u>	<u>3,328</u>	<u>9,395</u>
Restricted Purposes:			
Community developmental disabilities programs	17,905	-	17,905
Behavioral health programs	10,000	-	10,000
Opioid remediation	-	220,186	220,186
Federal COVID program	71,876	-	71,876
Vocational rehabilitation programs	-	31,414	31,414
Other programs	4,866	9,594	14,460
Total restricted	<u>104,647</u>	<u>261,194</u>	<u>365,841</u>
Committed Purposes:			
Medical assistance programs	44,387	40,959	85,346
Mental health programs	13,301	31,116	44,417
Affordable housing	-	520,791	520,791
Other programs	138,886	49,710	188,596
Total committed	<u>196,574</u>	<u>642,576</u>	<u>839,150</u>
Unassigned	<u>85,084</u>	<u>(102,408)</u>	<u>(17,324)</u>
Total fund balance	<u>\$ 392,372</u>	<u>\$ 804,690</u>	<u>\$ 1,197,062</u>

(b) Fund Deficits

The Care Provider Fund for Persons with a Developmental Disability Account, a subaccount of the General Fund, had a fund deficit (expressed in thousands) \$1,224 at June 30, 2024.

The Employment and Training, DHS Federal Projects, DHS State Projects, and DHS Recoveries Trust, all non-major governmental funds, had fund deficits (expressed in thousands) of \$39,638, \$16,538, \$10,701, and \$32,797 respectively, at June 30, 2024.

NOTE (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. The State retains the risk of loss (i.e. self-insured) for these risks. The Department's risk management activities for employee health claims, workers' compensation claims and auto liability claims are financed through appropriations to the Illinois Department of Central Management Services (CMS). Other claims costs could be charged back to the Department upon settlement; however, the Department is not able to estimate those amounts and does not expect them to be material.

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The Department's risk management activities for self-insurance, unemployment insurance and workers' compensation are financed through appropriations to the Illinois Department of Central Management Services and are accounted for in the General Fund of the State. The claims are not considered to be a liability of the Department, and accordingly, have not been reported in the Department's financial statements for the year ended June 30, 2024.

NOTE (13) - Commitments and Contingencies

(a) Federal Funding

Backlog of Applications in Integrated Eligibility System (IES)

The State of Illinois implemented an Integrated Eligibility System (IES) for the intake and processing of applications in order to determine eligibility for various health and human services programs (i.e., Medicaid, SNAP, TANF) effective October 2013. Upon the implementation of IES, the State has experienced delays in processing applications due to an increase in the number of applications for the expanded Medicaid programs and open enrollment periods, insufficient caseworker resources and other factors. These delays resulted in applications not being reviewed and approved or denied within the mandated timeframe. The retroactive benefits associated with the unprocessed applications and redeterminations are not material to the financial statements and have not been recorded.

SNAP Overpayment Claims

The Department has significant delays in investigating and resolving overpayment claims for the Supplemental Nutrition Assistance Program (SNAP). Department management cannot establish a claim against a SNAP recipient until their investigation is complete. When resolution of these claims is complete, the Department estimates it will record net receivables from beneficiaries under the program of approximately \$443 million, for benefits established on or before June 30, 2024. Additionally, it is estimated that \$325 million will be recorded as a liability to the Federal government for their share of overpayment collections. The rate used to calculate this amount, 9.91%, came from a June 28, 2024, letter from the USDA.

Federal Program Audits

The Department receives federal grants which are subject to review and audit by federal grantor agencies. Certain costs could be questioned as not being an eligible expenditure under the terms of the grants and subject to repayment by the Department. Generally, no provision for repayment is recorded until the federal grantor agency has determined a repayment is necessary. The Department is not aware of any material unrecorded liabilities pertaining to questioned costs. Identified questioned costs are frequently reported in the State of Illinois Single Audit Report. A copy of the report may be obtained by accessing the Illinois Office of the Auditor General's website, <http://www.auditor.illinois.gov/Audit-Reports/Statewide-Single-Audit.asp>.

(b) 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.

**State of Illinois
Department of Human Services
Notes to Financial Statements
June 30, 2024**

Note (14) Restatement

The notes to the financial statements have been restated as of June 30, 2023 as a result of the following:

Change Within the Financial Reporting Entity

The Department's financial statements have been restated as of June 30, 2023 as a result of changes within the financial reporting entity including:

- The DHS Community Services Fund and Homelessness Prevention Revenue Fund were previously reported as non-major special revenue funds. Both funds met the criteria to be moved to accounts within the major General Fund.
- The Rental Housing Support Program Fund, Illinois Affordable Housing Trust Fund, Foreclosure Prevention Program Fund, Abandoned Residential Property Municipality Relief Fund, Build Illinois Bond Fund and Illinois Department of Revenue's (IDOR) portion of State CURES Fund were previously reported by the IDOR. The funds transferred to the Department as the administering agency.
- The DHS Technology Initiative Fund was previously reported by the Department. The fund transferred to the Illinois Department of Healthcare and Family Services as the administering agency.

	Funds		Government-Wide
	General Fund	Other Non-major Funds	Governmental Activities
June 30, 2023, as previously reported	\$ 155,544	\$ 360,201	\$ (10,668,145)
Change from nonmajor to major funds	138,642	(138,642)	-
Change in administering agency	285	506,773	507,058
June 30, 2023, as restated	\$ 294,471	\$ 728,332	\$ (10,161,087)

Note (15) Subsequent Events

In January 2026, the Department received notices from the U.S. Department of Health and Human Services (HHS), Administration for Children and Families (ACF), indicating a freeze of funding provided under the Child Care and Development Fund (CCDF), Social Services Block Grants (SSBG) and Temporary Assistance for Needy Families (TANF) federal programs. On January 9, 2026, a court granted Illinois' and several other states' motion for a temporary restraining order enjoining the freeze. See *New York v. Administration for Children and Families*, 26-CV-172 (S.D.N.Y.). This litigation continues. At this time, the Department still has the ability to draw federal funds under these programs. Management is actively monitoring the situation and will continue to assess the potential effect, if any, on the Department's financial statements.

State of Illinois
Department of Human Services
Combining Schedule of
Accounts - General Fund
June 30, 2024 (Expressed in Thousands)

	General Revenue 0001	Illinois Veterans' Rehabilitation 0036	Special Olympics Illinois and Special Children's Charities 0073	Home Services Medicaid Trust 0120	Community Developmental Services Medicaid Trust 0142	First Responder Behavioral Health Grant 0300	State CURES 0324	Care Provider Fund for Persons with a Developmental Disability 0344	Health and Human Services Medicaid Trust 0365
ASSETS									
Unexpended appropriations	\$ 662,984	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200	\$ -
Cash deposited with State Treasurer	500	214	687	22,508	61,693	10,000	71,102	-	82,270
Cash and cash equivalents	197	-	-	-	-	-	-	-	-
Securities lending collateral equity with State Treasurer	-	-	116	11,453	11,826	-	-	-	16,014
Due from other government - federal	24,168	-	-	-	-	-	-	-	2,185
Recipient services and other receivables, net	6,259	-	2	222	229	-	774	-	372
Grant advances	-	-	-	-	-	-	88,723	-	-
Due from other Department funds	6,337	-	-	-	-	-	-	-	-
Due from other State funds	129,309	-	110	-	-	-	-	-	-
Inventories	6,067	-	-	-	-	-	-	-	-
Total assets	\$ 835,821	\$ 214	\$ 915	\$ 34,183	\$ 73,748	\$ 10,000	\$ 160,599	\$ 200	\$ 100,841
LIABILITIES									
Accounts payable and accrued liabilities	560,510	-	685	7,953	44,017	-	-	1,424	43,479
Due to other government - federal	3,824	-	-	-	-	-	-	-	-
Due to other government - local	79,303	-	-	11	-	-	-	-	-
Due to other Department fiduciary funds	11	-	-	-	-	-	-	-	-
Due to other State fiduciary funds	-	-	-	-	-	-	-	-	-
Due to other Department funds	13,704	-	-	-	-	-	-	-	-
Due to other State funds	62,044	-	-	62	-	-	88,723	-	-
Due to State of Illinois component units	6,134	-	-	95	-	-	-	-	-
Unearned revenue	16,883	-	-	9,385	-	-	-	-	-
Obligations under securities lending of State Treasurer	-	-	116	11,453	11,826	-	-	-	16,014
Total liabilities	742,413	-	801	28,959	55,843	-	88,723	1,424	59,493
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue	1,033	-	-	-	-	-	-	-	2,185
Total Deferred Inflows of Resources	1,033	-	-	-	-	-	-	-	2,185
FUND BALANCES (DEFICITS)									
Nonspendable	6,067	-	-	-	-	-	-	-	-
Restricted	-	-	114	-	17,905	10,000	71,876	-	-
Committed	-	214	-	5,224	-	-	-	-	39,163
Unassigned	86,308	-	-	-	-	-	-	(1,224)	-
Total fund balances (deficits)	92,375	214	114	5,224	17,905	10,000	71,876	(1,224)	39,163
Total liabilities, deferred inflows and fund balances (deficits)	\$ 835,821	\$ 214	\$ 915	\$ 34,183	\$ 73,748	\$ 10,000	\$ 160,599	\$ 200	\$ 100,841

(Continued)

State of Illinois
Department of Human Services
Combining Schedule of
Accounts - General Fund
June 30, 2024 (Expressed in Thousands)

	Formerly Special Revenue Fund			Formerly Special Revenue Fund			Eliminations	Total
	DHS Community Services	Electronic Benefits Transfers	Commitment to Human Services	Community Mental Health Medicaid Trust	Off-Hours Child Care Program	Homelessness Prevention Revenue		
	0509	0540	0644	0718	0791	0889		
ASSETS								
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 663,184
Cash deposited with State Treasurer	142,340	-	-	7,909	2,091	3,604	-	404,918
Cash and cash equivalents	-	-	-	-	-	-	-	197
Securities lending collateral equity with State Treasurer	26,518	-	-	978	413	-	-	67,318
Due from other government - federal	-	-	-	16,354	-	-	-	42,707
Recipient services and other receivables, net	550	-	388	19	8	-	-	8,823
Grant advances	-	-	-	-	-	-	-	88,723
Due from other Department funds	-	3,569	-	-	-	-	(3,569)	6,337
Due from other State funds	4,265	-	-	-	-	296	-	133,980
Inventories	-	-	-	-	-	-	-	6,067
Total assets	\$ 173,673	\$ 3,569	\$ 388	\$ 25,260	\$ 2,512	\$ 3,900	\$ (3,569)	\$ 1,422,254
LIABILITIES								
Accounts payable and accrued liabilities	2,549	3,569	-	6,844	-	1,247	-	672,277
Due to other government - federal	7	-	-	3	-	-	-	3,834
Due to other government - local	3,343	-	-	309	-	-	-	82,966
Due to other Department fiduciary funds	-	-	-	-	-	-	-	11
Due to other State fiduciary funds	45	-	-	25	-	-	-	70
Due to other Department funds	-	-	-	-	-	-	(3,569)	10,135
Due to other State funds	1,785	-	-	11	-	-	-	152,625
Due to State of Illinois component units	1,106	-	-	-	-	-	-	7,335
Unearned revenue	-	-	-	-	-	-	-	26,268
Obligations under securities lending of State Treasurer	26,518	-	-	978	413	-	-	67,318
Total liabilities	35,353	3,569	-	8,170	413	1,247	(3,569)	1,022,839
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	36	-	-	3,789	-	-	-	7,043
Total Deferred Inflows of Resources	36	-	-	3,789	-	-	-	7,043
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	6,067
Restricted	-	-	-	-	2,099	2,653	-	104,647
Committed	138,284	-	388	13,301	-	-	-	196,574
Unassigned	-	-	-	-	-	-	-	85,084
Total fund balances (deficits)	138,284	-	388	13,301	2,099	2,653	-	392,372
Total liabilities, deferred inflows and fund balances (deficits)	\$ 173,673	\$ 3,569	\$ 388	\$ 25,260	\$ 2,512	\$ 3,900	\$ (3,569)	\$ 1,422,254

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

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

	General Revenue 0001	Illinois Veterans' Rehabilitation 0036	Special Olympics Illinois and Special Children's Charities 0073	Home Services Medicaid Trust 0120	Community Developmental Disabilities Services Medicaid Trust 0142	First Responder Behavioral Health Grant 0300	State CURES 0324	Care Provider Fund for Persons with a Developmental Disability 0344
REVENUES								
Federal operating grants, net of refunds	\$ 241,909	\$ -	\$ -	\$ 228,560	\$ 60,000	\$ -	\$ 116,189	\$ -
Licenses and fees, net of refunds	90	-	-	-	-	-	-	-
Interest and investment income	-	-	15	3,488	1,812	-	-	-
Other charges for services, net of refunds	102	-	-	-	-	-	-	-
Other revenues, net of refunds	591	(7)	-	-	-	-	8	-
Total revenues	242,692	(7)	15	232,048	61,812	-	116,197	-
EXPENDITURES								
Health and social services	6,421,919	4,986	1,233	228,464	50,479	-	258,664	43,468
Debt service - principal	3,053	-	-	68	-	-	-	-
Debt service - interest	160	-	-	2	-	-	-	-
Capital outlays	64,802	-	-	-	-	-	-	-
Total expenditures	6,489,934	4,986	1,233	228,534	50,479	-	258,664	43,468
Excess (deficiency) of revenues over (under) expenditures	(6,247,242)	(4,993)	(1,218)	3,514	11,333	-	(142,467)	(43,468)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES								
Appropriations from State resources	7,622,918	-	-	-	-	-	555,010	45,000
Lapsed appropriations	(418,327)	-	-	-	-	-	(333,480)	(1,612)
Receipts collected and transmitted to State Treasury	(182,377)	-	-	-	-	-	(2,772)	-
Amount of SAMS transfers-in	(22,543)	-	-	-	-	-	-	-
Amount of SAMS transfers-out	4,763	-	-	-	-	-	-	-
Transfers-in	-	4,763	861	-	-	-	-	-
Transfers-out	(732,779)	-	-	-	-	-	-	-
Lease and installment purchase financing	5,525	-	-	-	-	-	-	-
Net other sources (uses) of financial resources	6,277,180	4,763	861	-	-	-	218,758	43,388
Net change in fund balances	29,938	(230)	(357)	3,514	11,333	-	76,291	(80)
Fund balances (deficits), July 1, 2023, as previously presented	63,154	444	471	1,710	6,572	10,000	(4,700)	(1,144)
Change within financial reporting entity (nonmajor special revenue to major general fund)	-	-	-	-	-	-	-	-
Change within financial reporting entity (change in administering agency)	-	-	-	-	-	-	285	-
Fund balances (deficits), July 1, 2023, as restated	63,154	444	471	1,710	6,572	10,000	(4,415)	(1,144)
Increase (decrease) for change in inventories	(717)	-	-	-	-	-	-	-
FUND BALANCES (DEFICITS), June 30, 2024	\$ 92,375	\$ 214	\$ 114	\$ 5,224	\$ 17,905	\$ 10,000	\$ 71,876	\$ (1,224)

(Continued)

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

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

	Formerly Special Revenue Fund					Formerly Special Revenue Fund			Eliminations	Total
	Health and Human Services Medicaid Trust	DHS Community Services	Electronic Benefits Transfers	Commitment to Human Services	Community Mental Health Medicaid Trust	Off-Hours Child Care Program	Homelessness Prevention Revenue			
	0365	0509	0540	0644	0718	0791	0889			
REVENUES										
Federal operating grants, net of refunds	\$ 1,433	\$ -	\$ -	\$ -	\$ 47,550	\$ -	\$ -	\$ -	\$ -	695,641
Licenses and fees, net of refunds	-	-	-	-	-	-	-	-	-	90
Interest and investment income	3,292	8,495	-	-	369	94	-	-	-	17,565
Other charges for services, net of refunds	-	-	-	-	-	-	-	-	-	102
Other revenues, net of refunds	6	-	-	-	-	-	-	-	-	598
Total revenues	4,731	8,495	-	-	47,919	94	-	-	-	713,996
EXPENDITURES										
Health and social services	48,338	66,868	-	-	48,492	-	1,572	-	-	7,174,483
Debt service - principal	-	-	-	-	-	-	-	-	-	3,121
Debt service - interest	-	-	-	-	-	-	-	-	-	162
Capital outlays	-	-	-	-	-	-	-	-	-	64,802
Total expenditures	48,338	66,868	-	-	48,492	-	1,572	-	-	7,242,568
Excess (deficiency) of revenues over (under) expenditures	(43,607)	(58,373)	-	-	(573)	94	(1,572)	-	-	(6,528,572)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES										
Appropriations from State resources	-	-	-	-	-	-	-	-	-	8,222,928
Lapsed appropriations	-	-	-	-	-	-	-	-	-	(753,419)
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-	-	-	-	(185,149)
Amount of SAMS transfers-in	-	-	-	-	-	-	-	-	-	(22,543)
Amount of SAMS transfers-out	-	-	-	-	-	-	-	-	-	4,763
Transfers-in	20,000	60,889	-	-	-	-	1,351	(4,763)	-	83,101
Transfers-out	-	-	-	-	-	-	-	4,763	-	(728,016)
Lease and installment purchase financing	-	-	-	-	-	-	-	-	-	5,525
Net other sources (uses) of financial resources	20,000	60,889	-	-	-	-	1,351	-	-	6,627,190
Net change in fund balances	(23,607)	2,516	-	-	(573)	94	(221)	-	-	98,618
Fund balances (deficits), July 1, 2023, as previously presented	62,770	-	-	388	13,874	2,005	-	-	-	155,544
Change within financial reporting entity (nonmajor special revenue to major general fund)	-	135,768	-	-	-	-	2,874	-	-	138,642
Change within financial reporting entity (change in administering agency)	-	-	-	-	-	-	-	-	-	285
Fund balances (deficits), July 1, 2023, as restated	62,770	135,768	-	388	13,874	2,005	2,874	-	-	294,471
Increase (decrease) for change in inventories	-	-	-	-	-	-	-	-	-	(717)
FUND BALANCES (DEFICITS), June 30, 2024	\$ 39,163	\$ 138,284	\$ -	\$ 388	\$ 13,301	\$ 2,099	\$ 2,653	\$ -	\$ -	392,372

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

	Special Revenue							
	Prevention and Treatment of Alcoholism and Substance Abuse Block Grant 0013	Group Home Loan Revolving 0025	Mental Health 0050	Vocational Rehabilitation 0081	Assistance to the Homeless 0100	Youth Alcoholism and Substance Abuse Prevention 0128	Survivors Human Trafficking 0132	Mental Health Reporting 0148
ASSETS								
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash deposited with State Treasurer	476	148	34,422	38,847	2,010	470	21	1,316
Cash and cash equivalents	-	-	-	-	-	-	-	-
Securities lending collateral equity with State Treasurer	-	23	-	-	-	-	-	241
Investments	-	-	-	-	-	-	-	-
Due from other government - federal	7,576	-	1,725	6,308	-	-	-	-
Due from other government - local	-	-	96	-	-	-	-	-
Taxes receivable, net	-	-	1,185	7	-	-	-	5
Other receivables, net	101	-	-	-	-	-	-	-
Loans and notes receivable, net	-	40	-	-	-	-	-	-
Grant advances	-	-	-	-	-	-	-	-
Due from other Department funds	-	-	-	-	-	-	-	-
Due from other State funds	-	-	968	-	-	-	-	-
Due from State of Illinois component units	-	-	-	-	-	-	-	-
Inventories	-	-	2,262	-	-	-	-	-
Total assets	\$ 8,153	\$ 211	\$ 40,658	\$ 45,162	\$ 2,010	\$ 470	\$ 21	\$ 1,562
LIABILITIES								
Accounts payable and accrued liabilities	6,426	16	5,401	8,564	-	-	-	998
Due to other government - federal	3	-	1,907	149	-	-	-	-
Due to other government - local	712	-	-	1,254	-	-	-	-
Due to other State fiduciary funds	19	-	60	1,056	-	-	-	-
Due to other Department funds	-	-	-	-	-	-	-	-
Due to other State funds	98	-	2,485	1,711	-	-	-	-
Due to State of Illinois component units	895	-	12	1,003	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-
Obligations under securities lending of State Treasurer	-	23	-	-	-	-	-	241
Total liabilities	8,153	39	9,865	13,737	-	-	-	1,239
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	-	11	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	11	-	-	-	-
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	2,262	-	-	-	-	-
Restricted	-	172	-	31,414	-	-	21	-
Committed	-	-	28,531	-	2,010	470	-	323
Unassigned	-	-	-	-	-	-	-	-
Total fund balances (deficits)	-	172	30,793	31,414	2,010	470	21	323
Total liabilities, deferred inflows and fund balances (deficits)	\$ 8,153	\$ 211	\$ 40,658	\$ 45,162	\$ 2,010	\$ 470	\$ 21	\$ 1,562

(Continued)

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

	Special Revenue							
	Formerly Administered by Illinois Department of Revenue				Currently Administered by Illinois Department of Healthcare and Family Services			
	Rental Housing Support Program	Sexual Assault Services and Prevention	Ronald McDonald House Charities	Children's Wellness Charities	Housing for Families	DHS Technology Initiative	Autism Research Check-off	100 Club of Illinois
	0150	0158	0165	0178	0181	0211	0228	0268
ASSETS								
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash deposited with State Treasurer	17,751	1,206	502	36	45	-	4	60
Cash and cash equivalents	-	-	-	-	-	-	-	-
Securities lending collateral equity with State Treasurer	-	237	-	-	-	-	1	-
Investments	-	-	-	-	-	-	-	-
Due from other government - federal	-	-	-	-	-	-	-	-
Due from other government - local	-	-	-	-	-	-	-	-
Taxes receivable, net	-	3	-	-	-	-	-	-
Other receivables, net	-	5	-	-	-	-	-	-
Loans and notes receivable, net	-	-	-	-	-	-	-	-
Grant advances	-	-	-	-	-	-	-	-
Due from other Department funds	-	-	-	-	-	-	-	-
Due from other State funds	-	-	-	-	-	-	-	-
Due from State of Illinois component units	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Total assets	\$ 17,751	\$ 1,451	\$ 502	\$ 36	\$ 45	\$ -	\$ 5	\$ 60
LIABILITIES								
Accounts payable and accrued liabilities	-	6	-	-	-	-	-	-
Due to other government - federal	-	-	-	-	-	-	-	-
Due to other government - local	-	-	-	-	-	-	-	-
Due to other State fiduciary funds	-	-	-	-	-	-	-	-
Due to other Department funds	-	-	-	-	-	-	-	-
Due to other State funds	-	-	-	-	-	-	-	-
Due to State of Illinois component units	17,499	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-
Obligations under securities lending of State Treasurer	-	237	-	-	-	-	1	-
Total liabilities	17,499	243	-	-	-	-	1	-
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	1,208	502	36	45	-	4	60
Committed	252	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances (deficits)	252	1,208	502	36	45	-	4	60
Total liabilities, deferred inflows and fund balances (deficits)	\$ 17,751	\$ 1,451	\$ 502	\$ 36	\$ 45	\$ -	\$ 5	\$ 60

(Continued)

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

	Special Revenue							
	Formerly Administered by Illinois Department of Revenue				Gaining Early Awareness and Readiness for Undergraduate Programs			
	Drunk and Drugged Driving Prevention 0276	Illinois Affordable Housing Trust 0286	Federal National Community Services 0343	Employment and Training 0347	Drug Treatment 0368	Sexual Assault Services 0389	0394	Autism Care 0399
ASSETS								
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash deposited with State Treasurer	1,421	78,978	4	59,906	16,586	691	-	39
Cash and cash equivalents	-	-	-	-	-	-	-	-
Securities lending collateral equity with State Treasurer	-	15,782	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Due from other government - federal	-	-	-	160,616	-	-	-	-
Due from other government - local	-	-	-	-	168	9	-	-
Taxes receivable, net	-	10	-	-	-	-	-	-
Other receivables, net	-	306	-	95	-	-	-	-
Loans and notes receivable, net	-	-	-	-	-	-	-	-
Grant advances	-	20,993	-	-	-	-	-	-
Due from other Department funds	-	-	-	10,000	-	-	-	-
Due from other State funds	-	-	-	60	427	-	-	-
Due from State of Illinois component units	-	490,327	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Total assets	\$ 1,421	\$ 606,396	\$ 4	\$ 230,677	\$ 17,181	\$ 700	\$ -	\$ 39
LIABILITIES								
Accounts payable and accrued liabilities	56	2,093	-	164,107	25	-	-	-
Due to other government - federal	3	-	-	32	1	-	-	-
Due to other government - local	1	24	-	6,346	-	-	-	-
Due to other State fiduciary funds	22	-	-	232	5	-	-	-
Due to other Department funds	-	-	4	-	-	-	-	-
Due to other State funds	4	20,993	-	20,567	2	-	-	-
Due to State of Illinois component units	-	46,713	-	1,288	260	-	-	-
Unearned revenue	-	-	-	73,893	-	-	-	-
Obligations under securities lending of State Treasurer	-	15,782	-	-	-	-	-	-
Total liabilities	86	85,605	4	266,465	293	-	-	-
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	-	3,850	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	3,850	-	-	-	-
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	39
Committed	1,335	520,791	-	-	16,888	700	-	-
Unassigned	-	-	-	(39,638)	-	-	-	-
Total fund balances (deficits)	1,335	520,791	-	(39,638)	16,888	700	-	39
Total liabilities, deferred inflows and fund balances (deficits)	\$ 1,421	\$ 606,396	\$ 4	\$ 230,677	\$ 17,181	\$ 700	\$ -	\$ 39

(Continued)

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

Special Revenue								
	DHS Special Purposes Trust 0408	Autism Awareness 0458	Old Age Survivors Insurance 0495	Early Intervention Services Revolving 0502	Formerly Special Revenue Fund DHS Community Services 0509	Domestic Violence Abuser Services 0528	DHS Federal Projects 0592	Special Olympics Illinois 0623
ASSETS								
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash deposited with State Treasurer	103,085	49	2,467	38,708	-	242	4,872	3
Cash and cash equivalents	-	-	-	-	-	-	-	-
Securities lending collateral equity with State Treasurer	-	-	-	9,026	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Due from other government - federal	21,471	-	1,069	19,738	-	-	3,008	-
Due from other government - local	-	-	-	-	-	1	-	-
Taxes receivable, net	-	-	-	-	-	-	-	-
Other receivables, net	140	-	-	1,272	-	-	289	-
Loans and notes receivable, net	-	-	-	-	-	-	-	-
Grant advances	-	-	-	-	-	-	-	-
Due from other Department funds	-	-	-	-	-	-	-	-
Due from other State funds	538	-	-	121	-	-	-	-
Due from State of Illinois component units	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Total assets	\$ 125,234	\$ 49	\$ 3,536	\$ 68,865	\$ -	\$ 243	\$ 8,169	\$ 3
LIABILITIES								
Accounts payable and accrued liabilities	21,426	-	1,932	27,519	-	-	2,707	-
Due to other government - federal	3	-	89	3	-	-	124	-
Due to other government - local	998	-	1	692	-	-	537	-
Due to other State fiduciary funds	22	-	583	19	-	-	3	-
Due to other Department funds	-	-	-	-	-	-	-	-
Due to other State funds	1,817	-	931	38	-	-	17,835	-
Due to State of Illinois component units	3,272	5	-	746	-	-	500	-
Unearned revenue	42,369	1	-	3,862	-	-	1,452	1
Obligations under securities lending of State Treasurer	-	-	-	9,026	-	-	-	-
Total liabilities	69,907	6	3,536	41,905	-	-	23,158	1
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	12,097	-	-	2,889	-	-	1,549	-
Total Deferred Inflows of Resources	12,097	-	-	2,889	-	-	1,549	-
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	43	-	-	-	-	-	2
Committed	43,230	-	-	24,071	-	243	-	-
Unassigned	-	-	-	-	-	-	(16,538)	-
Total fund balances (deficits)	43,230	43	-	24,071	-	243	(16,538)	2
Total liabilities, deferred inflows and fund balances (deficits)	\$ 125,234	\$ 49	\$ 3,536	\$ 68,865	\$ -	\$ 243	\$ 8,169	\$ 3

(Continued)

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

	Special Revenue							
	DHS State Projects 0642	Alcoholism and Substance Abuse 0646	DHS Private Resources 0690	U.S.D.A. Women Infants and Children 0700	Hunger Relief 0706	Serve Illinois Commission 0727	Tobacco Settlement Recovery 0733	Illinois Opioid Remediation State Trust 0734
ASSETS								
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 283	\$ -
Cash deposited with State Treasurer	28,889	86	1,892	8,224	520	199	-	186,034
Cash and cash equivalents	-	-	-	4,963	-	-	-	-
Securities lending collateral equity with State Treasurer	-	-	-	-	79	-	-	-
Investments	-	-	-	-	-	-	-	-
Due from other government - federal	-	5,400	-	2,157	-	1,786	-	-
Due from other government - local	-	-	-	-	-	-	-	-
Taxes receivable, net	-	-	-	-	-	-	-	-
Other receivables, net	96	1	1	9,702	2	-	-	576,415
Loans and notes receivable, net	-	-	-	-	-	-	-	-
Grant advances	-	-	-	-	-	-	-	-
Due from other Department funds	-	-	-	-	-	4	-	-
Due from other State funds	10,000	-	-	-	-	-	-	-
Due from State of Illinois component units	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Total assets	\$ 38,985	\$ 5,487	\$ 1,893	\$ 25,046	\$ 601	\$ 1,989	\$ 283	\$ 762,449
LIABILITIES								
Accounts payable and accrued liabilities	25,403	3,195	94	19,515	47	1,365	34	921
Due to other government - federal	1	1	-	5	-	155	1	-
Due to other government - local	9,321	802	-	3,523	-	-	241	-
Due to other State fiduciary funds	10	6	-	40	-	6	5	-
Due to other Department funds	-	-	-	-	-	-	-	-
Due to other State funds	14,912	4	-	101	-	2	2	-
Due to State of Illinois component units	-	52	-	30	-	26	-	-
Unearned revenue	39	1,390	1,799	360	-	101	-	-
Obligations under securities lending of State Treasurer	-	-	-	-	79	-	-	-
Total liabilities	49,686	5,450	1,893	23,574	126	1,655	283	921
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	-	1,472	-	-	-	541,342
Total Deferred Inflows of Resources	-	-	-	1,472	-	-	-	541,342
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	1,869	37	-	-	475	334	-	220,186
Committed	865	-	-	-	-	-	-	-
Unassigned	(13,435)	-	-	-	-	-	-	-
Total fund balances (deficits)	(10,701)	37	-	-	475	334	-	220,186
Total liabilities, deferred inflows and fund balances (deficits)	\$ 38,985	\$ 5,487	\$ 1,893	\$ 25,046	\$ 601	\$ 1,989	\$ 283	\$ 762,449

(Continued)

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

Special Revenue										
	Thriving Youth Income Tax Checkoff 0752	Local Initiative 0762	Rehabilitation Services Elementary and Secondary Education Act 0798	Domestic Violence Shelter and Service 0865	Maternal and Child Health Services Block Grant 0872	Community Mental Health Services Block Grant 0876	Formerly Special Revenue Fund Homelessness Prevention Revenue 0889	Formerly Administered by Illinois Department of Revenue Foreclosure Prevention Program 0891		
ASSETS										
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash deposited with State Treasurer	65	10,049	686	106	-	1,154	-	-	243	-
Cash and cash equivalents	-	-	4	-	-	-	-	-	-	-
Securities lending collateral equity with State Treasurer	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-
Due from other government - federal	-	-	-	-	-	5,284	-	-	-	-
Due from other government - local	-	-	-	20	-	-	-	-	-	-
Taxes receivable, net	-	-	-	-	-	-	-	-	-	-
Other receivables, net	-	1	-	-	-	86	-	-	-	-
Loans and notes receivable, net	-	-	-	-	-	-	-	-	-	-
Grant advances	-	-	-	-	-	-	-	-	-	-
Due from other Department funds	-	-	1	-	-	-	-	-	-	-
Due from other State funds	-	-	186	-	-	-	-	-	-	-
Due from State of Illinois component units	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 65	\$ 10,050	\$ 877	\$ 126	\$ -	\$ 6,524	\$ -	\$ -	\$ 243	\$ -
LIABILITIES										
Accounts payable and accrued liabilities	-	2,798	46	-	-	5,619	-	-	-	-
Due to other government - federal	-	2	-	-	-	2	-	-	-	-
Due to other government - local	-	446	-	88	-	300	-	-	-	-
Due to other State fiduciary funds	-	16	-	-	-	11	-	-	-	-
Due to other Department funds	-	6,337	12	-	-	-	-	-	-	-
Due to other State funds	-	96	110	-	-	10	-	-	-	-
Due to State of Illinois component units	-	355	-	-	-	582	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-
Obligations under securities lending of State Treasurer	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	10,050	168	88	-	6,524	-	-	-	-
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenue	-	-	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-	-
FUND BALANCES (DEFICITS)										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	65	-	709	-	-	-	-	-	-	-
Committed	-	-	-	38	-	-	-	-	243	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total fund balances (deficits)	65	-	709	38	-	-	-	-	243	-
Total liabilities, deferred inflows and fund balances (deficits)	\$ 65	\$ 10,050	\$ 877	\$ 126	\$ -	\$ 6,524	\$ -	\$ -	\$ 243	\$ -

(Continued)

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

	Special Revenue							
	Formerly Administered by Illinois Department of Revenue							
	Abandoned Residential Property Municipality							
	Relief	Youth Drug Abuse Prevention 0910	Juvenile Justice Trust 0911	DHS Recoveries Trust 0921	DHS Other Special Trusts 1139	DHS Rehabilitation 1144	DHS/DORS Special Revenue 1149	Food Stamp and Commodity 1245
ASSETS								
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash deposited with State Treasurer	1,817	769	740	5,396	-	-	-	-
Cash and cash equivalents	-	-	-	-	293	62	339	-
Securities lending collateral equity with State Treasurer	-	-	-	-	-	-	-	-
Investments	-	-	-	-	316	-	-	-
Due from other government - federal	-	-	21	-	103	-	-	-
Due from other government - local	-	-	-	-	-	-	13	-
Taxes receivable, net	-	-	-	-	-	-	-	-
Other receivables, net	-	-	-	86,995	-	-	-	-
Loans and notes receivable, net	-	-	-	-	-	-	-	-
Grant advances	-	-	-	-	-	-	-	-
Due from other Department funds	-	-	-	-	-	-	147	-
Due from other State funds	-	-	-	-	-	-	-	-
Due from State of Illinois component units	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Total assets	\$ 1,817	\$ 769	\$ 761	\$ 92,391	\$ 712	\$ 62	\$ 499	\$ -
LIABILITIES								
Accounts payable and accrued liabilities	-	-	87	411	-	-	-	-
Due to other government - federal	-	-	-	39,860	-	3	-	-
Due to other government - local	-	-	-	3	-	-	-	-
Due to other State fiduciary funds	-	-	-	83	-	-	-	-
Due to other Department funds	-	-	-	-	-	-	1	-
Due to other State funds	-	-	7	45	-	-	-	-
Due to State of Illinois component units	-	-	57	-	-	-	-	-
Unearned revenue	-	-	610	-	-	-	-	-
Obligations under securities lending of State Treasurer	-	-	-	-	-	-	-	-
Total liabilities	-	-	761	40,402	-	3	1	-
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	-	84,786	103	-	-	-
Total Deferred Inflows of Resources	-	-	-	84,786	103	-	-	-
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	609	59	498	-
Committed	1,817	769	-	-	-	-	-	-
Unassigned	-	-	-	(32,797)	-	-	-	-
Total fund balances (deficits)	1,817	769	-	(32,797)	609	59	498	-
Total liabilities, deferred inflows and fund balances (deficits)	\$ 1,817	\$ 769	\$ 761	\$ 92,391	\$ 712	\$ 62	\$ 499	\$ -

(Continued)

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

	Special Revenue		Capital Projects	Permanent		Total
	Vending Facility Program for the Blind 1385	Hansen- Therkelsen College Loan 1409	Formerly Administered by Illinois Department of Revenue Build Illinois Bond 0971	DHS/DORS	Burr Bequest	
				Permanent Trust 1150	1272	
ASSETS						
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	283
Cash deposited with State Treasurer	-	-	-	-	-	651,234
Cash and cash equivalents	384	1,211	-	552	1,079	8,887
Securities lending collateral equity with State Treasurer	-	-	-	-	-	25,389
Investments	-	-	-	381	-	697
Due from other government - federal	-	-	-	-	-	236,262
Due from other government - local	-	-	-	-	-	211
Taxes receivable, net	-	-	-	-	-	109
Other receivables, net	13	-	-	-	-	676,717
Loans and notes receivable, net	269	11	-	-	-	320
Grant advances	-	-	-	-	-	20,993
Due from other Department funds	-	-	-	-	-	10,152
Due from other State funds	-	-	-	-	-	12,300
Due from State of Illinois component units	-	-	-	-	-	490,327
Inventories	-	-	-	-	-	2,262
Total assets	\$ 666	\$ 1,222	\$ -	\$ 933	\$ 1,079	\$ 2,136,143
LIABILITIES						
Accounts payable and accrued liabilities	27	-	-	-	-	300,838
Due to other government - federal	-	-	-	-	-	42,344
Due to other government - local	-	-	-	-	-	25,289
Due to other State fiduciary funds	-	-	-	-	-	2,198
Due to other Department funds	-	-	-	-	-	6,354
Due to other State funds	-	-	-	-	-	81,770
Due to State of Illinois component units	-	-	-	-	-	73,295
Unearned revenue	-	-	-	-	-	125,877
Obligations under securities lending of State Treasurer	-	-	-	-	-	25,389
Total liabilities	27	-	-	-	-	683,354
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	-	-	-	-	-	648,099
Total Deferred Inflows of Resources	-	-	-	-	-	648,099
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	121	945	3,328
Restricted	639	1,222	-	812	134	261,194
Committed	-	-	-	-	-	642,576
Unassigned	-	-	-	-	-	(102,408)
Total fund balances (deficits)	639	1,222	-	933	1,079	804,690
Total liabilities, deferred inflows and fund balances (deficits)	\$ 666	\$ 1,222	\$ -	\$ 933	\$ 1,079	\$ 2,136,143

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

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

Special Revenue

	Prevention and Treatment of Alcoholism and Substance Abuse Block Grant 0013	Group Home Loan Revolving 0025	Mental Health 0050	Vocational Rehabilitation 0081	Assistance to the Homeless 0100	Youth Alcoholism and Substance Abuse Prevention 0128	Survivors Human Trafficking 0132	Mental Health Reporting 0148
REVENUES								
Federal operating grants, net of refunds	\$ 107,346	\$ -	\$ 351	\$ 152,442	\$ -	\$ -	\$ -	\$ -
Licenses and fees, net of refunds	-	-	-	-	-	-	-	2,255
Interest and investment income	-	7	-	-	-	-	-	150
Other charges for services, net of refunds	-	-	23,144	-	-	-	-	-
Other operating grants, net of refunds	-	-	-	-	-	-	-	-
Other taxes, net of refunds	-	-	536	-	-	-	-	-
Other revenues, net of refunds	-	35	-	1	296	-	3	-
Total revenues	107,346	42	24,031	152,443	296	-	3	2,405
EXPENDITURES								
Health and social services	107,346	117	22,958	146,563	-	1	-	5,787
General government	-	-	-	-	-	-	-	-
Debt service - principal	-	-	709	161	-	-	-	-
Debt service - interest	-	-	33	10	-	-	-	-
Capital outlays	-	-	179	676	-	-	-	-
Total expenditures	107,346	117	23,879	147,410	-	1	-	5,787
Excess (deficiency) of revenues over (under) expenditures	-	(75)	152	5,033	296	(1)	3	(3,382)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES								
Appropriations from State resources	-	-	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-	-	-
Transfers-in	-	-	-	120	-	-	-	-
Transfers-out	-	-	-	-	-	-	-	-
Transfer of administration of funds to / from other state agencies	-	-	-	-	-	-	-	-
Transfer of fund type designation from fiduciary	-	-	-	-	-	-	-	-
Capital lease and installment purchase financing	-	-	-	199	-	-	-	-
Net other sources (uses) of financial resources	-	-	-	319	-	-	-	-
Net change in fund balances	-	(75)	152	5,352	296	(1)	3	(3,382)
Fund balances (deficits), July 1, 2023, as previously presented	-	247	30,422	26,062	1,714	471	18	3,705
Change within financial reporting entity (nonmajor special revenue to major general fund)	-	-	-	-	-	-	-	-
Change within financial reporting entity (change in administering agency)	-	-	-	-	-	-	-	-
Fund balances (deficits), July 1, 2023, as restated	-	247	30,422	26,062	1,714	471	18	3,705
Increase for changes in inventories	-	-	219	-	-	-	-	-
FUND BALANCES (DEFICITS), June 30, 2024	\$ -	\$ 172	\$ 30,793	\$ 31,414	\$ 2,010	\$ 470	\$ 21	\$ 323

(Continued)

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

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

Special Revenue

	Formerly Administered by Illinois Department of Revenue				Currently Administered by Illinois Department of Healthcare and Family Services			
	Rental Housing Support Program	Sexual Assault Services and Prevention	Ronald McDonald House Charities	Children's Wellness Charities	Housing for Families	DHS Technology Initiative	Autism Research Check-off	100 Club of Illinois
	0150	0158	0165	0178	0181	0211	0228	0268
REVENUES								
Federal operating grants, net of refunds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and fees, net of refunds	-	-	-	-	-	-	-	-
Interest and investment income	-	48	-	-	-	-	-	-
Other charges for services, net of refunds	-	335	-	-	-	-	-	-
Other operating grants, net of refunds	-	-	-	-	-	-	-	-
Other taxes, net of refunds	18,808	-	-	-	-	-	-	-
Other revenues, net of refunds	-	-	200	-	-	-	-	32
Total revenues	18,808	383	200	-	-	-	-	32
EXPENDITURES								
Health and social services	-	-	-	-	-	-	-	-
General government	18,187	-	-	-	-	-	-	-
Debt service - principal	-	-	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-
Total expenditures	18,187	-	-	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	621	383	200	-	-	-	-	32
OTHER SOURCES (USES) OF FINANCIAL RESOURCES								
Appropriations from State resources	-	-	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-	-	-
Transfers-in	-	-	-	-	-	-	-	-
Transfers-out	-	-	-	-	-	-	-	-
Transfer of administration of funds to / from other state agencies	-	-	-	-	-	-	-	-
Transfer of fund type designation from fiduciary	-	-	-	-	-	-	-	-
Capital lease and installment purchase financing	-	-	-	-	-	-	-	-
Net other sources (uses) of financial resources	-	-	-	-	-	-	-	-
Net change in fund balances	621	383	200	-	-	-	-	32
Fund balances (deficits), July 1, 2023, as previously presented	-	825	302	36	45	5,290	4	28
Change within financial reporting entity (nonmajor special revenue to major general fund)	-	-	-	-	-	-	-	-
Change within financial reporting entity (change in administering agency)	(369)	-	-	-	-	(5,290)	-	-
Fund balances (deficits), July 1, 2023, as restated	(369)	825	302	36	45	-	4	28
Increase for changes in inventories	-	-	-	-	-	-	-	-
FUND BALANCES (DEFICITS), June 30, 2024	\$ 252	\$ 1,208	\$ 502	\$ 36	\$ 45	\$ -	\$ 4	\$ 60

(Continued)

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

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

Special Revenue

	Drunk and Drugged Driving Prevention 0276	Formerly Administered by Illinois Department of Revenue Illinois Affordable Housing Trust 0286	Federal National Community Services 0343	Employment and Training 0347	Drug Treatment 0368	Sexual Assault Services 0389	Gaining Early Awareness and Readiness for Undergraduate Programs 0394	Autism Care 0399
REVENUES								
Federal operating grants, net of refunds	\$ -	\$ 239,971	\$ -	\$ 1,203,833	\$ -	\$ -	\$ -	\$ -
Licenses and fees, net of refunds	1,355	-	-	-	-	-	-	-
Interest and investment income	-	4,533	-	-	-	-	-	-
Other charges for services, net of refunds	-	-	-	-	-	-	-	-
Other operating grants, net of refunds	-	-	-	-	-	-	-	-
Other taxes, net of refunds	-	40,958	-	-	-	-	-	-
Other revenues, net of refunds	-	52,918	-	-	3,535	155	-	-
Total revenues	1,355	338,380	-	1,203,833	3,535	155	-	-
EXPENDITURES								
Health and social services	1,069	41,276	(1)	1,819,835	5,501	-	-	-
General government	-	286,701	-	-	-	-	-	-
Debt service - principal	-	-	-	7	-	-	-	-
Debt service - interest	-	-	-	1	-	-	-	-
Capital outlays	-	-	-	17	-	-	-	-
Total expenditures	1,069	327,977	(1)	1,819,860	5,501	-	-	-
Excess (deficiency) of revenues over (under) expenditures	286	10,403	1	(616,027)	(1,966)	155	-	-
OTHER SOURCES (USES) OF FINANCIAL RESOURCES								
Appropriations from State resources	-	-	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-	-	-
Transfers-in	-	-	-	572,124	5,090	-	-	-
Transfers-out	-	-	(1)	-	-	-	-	-
Transfer of administration of funds to / from other state agencies	-	-	-	-	-	-	-	-
Transfer of fund type designation from fiduciary	-	-	-	-	-	-	-	-
Capital lease and installment purchase financing	-	-	-	17	-	-	-	-
Net other sources (uses) of financial resources	-	-	(1)	572,141	5,090	-	-	-
Net change in fund balances	286	10,403	-	(43,886)	3,124	155	-	-
Fund balances (deficits), July 1, 2023, as previously presented	1,049	-	-	4,248	13,764	545	-	39
Change within financial reporting entity (nonmajor special revenue to major general fund)	-	-	-	-	-	-	-	-
Change within financial reporting entity (change in administering agency)	-	510,388	-	-	-	-	-	-
Fund balances (deficits), July 1, 2023, as restated	1,049	510,388	-	4,248	13,764	545	-	39
Increase for changes in inventories	-	-	-	-	-	-	-	-
FUND BALANCES (DEFICITS), June 30, 2024	\$ 1,335	\$ 520,791	\$ -	(39,638)	\$ 16,888	\$ 700	\$ -	\$ 39

(Continued)

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

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

Special Revenue								
					Formerly Special Revenue Fund			
	DHS Special Purposes Trust 0408	Autism Awareness 0458	Old Age Survivors Insurance 0495	Early Intervention Services Revolving 0502	DHS Community Services 0509	Domestic Violence Abuser Services 0528	DHS Federal Projects 0592	Special Olympics Illinois 0623
REVENUES								
Federal operating grants, net of refunds	\$ 100,287	\$ -	\$ 71,705	\$ 70,271	\$ -	\$ -	\$ 21,573	\$ -
Licenses and fees, net of refunds	-	23	-	70	-	-	-	13
Interest and investment income	-	-	-	1,440	-	-	-	-
Other charges for services, net of refunds	-	-	-	-	-	-	-	-
Other operating grants, net of refunds	-	-	-	-	-	-	137	-
Other taxes, net of refunds	-	-	-	-	-	-	-	-
Other revenues, net of refunds	-	-	-	(124)	-	24	-	-
Total revenues	100,287	23	71,705	71,657	-	24	21,710	13
EXPENDITURES								
Health and social services	115,023	5	71,626	216,571	-	-	19,117	11
General government	-	-	-	-	-	-	-	-
Debt service - principal	8	-	27	3	-	-	-	-
Debt service - interest	2	-	2	-	-	-	-	-
Capital outlays	521	-	117	3	-	-	-	-
Total expenditures	115,554	5	71,772	216,577	-	-	19,117	11
Excess (deficiency) of revenues over (under) expenditures	(15,267)	18	(67)	(144,920)	-	24	2,593	2
OTHER SOURCES (USES) OF FINANCIAL RESOURCES								
Appropriations from State resources	-	-	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-	-	-
Transfers-in	-	-	-	155,892	-	-	-	-
Transfers-out	-	-	-	-	-	-	-	-
Transfer of administration of funds to / from other state agencies	-	-	-	-	-	-	-	-
Transfer of fund type designation from fiduciary	-	-	-	-	-	-	-	-
Capital lease and installment purchase financing	521	-	67	3	-	-	-	-
Net other sources (uses) of financial resources	521	-	67	155,895	-	-	-	-
Net change in fund balances	(14,746)	18	-	10,975	-	24	2,593	2
Fund balances (deficits), July 1, 2023, as previously presented	57,976	25	-	13,096	135,768	219	(19,131)	-
Change within financial reporting entity (nonmajor special revenue to major general fund)	-	-	-	-	(135,768)	-	-	-
Change within financial reporting entity (change in administering agency)	-	-	-	-	-	-	-	-
Fund balances (deficits), July 1, 2023, as restated	57,976	25	-	13,096	-	219	(19,131)	-
Increase for changes in inventories	-	-	-	-	-	-	-	-
FUND BALANCES (DEFICITS), June 30, 2024	\$ 43,230	\$ 43	\$ -	\$ 24,071	\$ -	\$ 243	\$ (16,538)	\$ 2

(Continued)

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

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

Special Revenue

	DHS State Projects 0642	Alcoholism and Substance Abuse 0646	DHS Private Resources 0690	U.S.D.A. Women Infants and Children 0700	Hunger Relief 0706	Serve Illinois Commission 0727	Tobacco Settlement Recovery 0733	Illinois Opioid Remediation State Trust 0734
REVENUES								
Federal operating grants, net of refunds	\$ 66,877	\$ 34,947	\$ -	\$ 187,096	\$ -	\$ 7,857	\$ -	\$ -
Licenses and fees, net of refunds	-	-	-	-	-	-	-	-
Interest and investment income	-	-	-	-	26	-	-	-
Other charges for services, net of refunds	-	-	-	-	-	-	-	-
Other operating grants, net of refunds	-	18	-	-	-	-	-	-
Other taxes, net of refunds	-	-	-	-	-	-	-	-
Other revenues, net of refunds	4,000	-	239	-	166	22	1,035	125,392
Total revenues	70,877	34,965	239	187,096	192	7,879	1,035	125,392
EXPENDITURES								
Health and social services	83,989	34,619	239	187,096	250	7,879	1,747	7,427
General government	-	-	-	-	-	-	-	-
Debt service - principal	-	-	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-
Total expenditures	83,989	34,619	239	187,096	250	7,879	1,747	7,427
Excess (deficiency) of revenues over (under) expenditures	(13,112)	346	-	-	(58)	-	(712)	117,965
OTHER SOURCES (USES) OF FINANCIAL RESOURCES								
Appropriations from State resources	-	-	-	-	-	-	5,189	-
Lapsed appropriations	-	-	-	-	-	-	(3,363)	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-	(1,114)	-
Transfers-in	-	-	-	-	-	1	-	-
Transfers-out	-	-	-	-	-	-	-	-
Transfer of administration of funds to / from other state agencies	-	-	-	-	-	-	-	-
Transfer of fund type designation from fiduciary	-	-	-	-	-	-	-	-
Capital lease and installment purchase financing	-	-	-	-	-	-	-	-
Net other sources (uses) of financial resources	-	-	-	-	-	1	712	-
Net change in fund balances	(13,112)	346	-	-	(58)	1	-	117,965
Fund balances (deficits), July 1, 2023, as previously presented	2,411	(309)	-	-	533	333	-	102,221
Change within financial reporting entity (nonmajor special revenue to major general fund)	-	-	-	-	-	-	-	-
Change within financial reporting entity (change in administering agency)	-	-	-	-	-	-	-	-
Fund balances (deficits), July 1, 2023, as restated	2,411	(309)	-	-	533	333	-	102,221
Increase for changes in inventories	-	-	-	-	-	-	-	-
FUND BALANCES (DEFICITS), June 30, 2024	\$ (10,701)	\$ 37	\$ -	\$ -	\$ 475	\$ 334	\$ -	\$ 220,186

(Continued)

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

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

Special Revenue

	Thriving Youth Income Tax Checkoff 0752	Local Initiative 0762	Rehabilitation Services Elementary and Secondary Education Act 0798	Domestic Violence Shelter and Service 0865	Maternal and Child Health Services Block Grant 0872	Community Mental Health Services Block Grant 0876	Formerly Special Revenue Fund Homelessness Prevention Revenue 0889	Formerly Administered by Illinois Department of Revenue Foreclosure Prevention Program 0891
REVENUES								
Federal operating grants, net of refunds	\$ -	\$ 17,968	\$ 472	\$ -	\$ -	\$ 46,896	\$ -	\$ -
Licenses and fees, net of refunds	-	-	-	-	-	-	-	-
Interest and investment income	-	-	-	-	-	-	-	-
Other charges for services, net of refunds	-	-	-	-	-	-	-	-
Other operating grants, net of refunds	-	-	-	-	-	-	-	-
Other taxes, net of refunds	-	-	-	-	-	-	-	-
Other revenues, net of refunds	-	-	529	349	-	-	-	-
Total revenues	-	17,968	1,001	349	-	46,896	-	-
EXPENDITURES								
Health and social services	-	17,968	887	528	-	46,896	-	-
General government	-	-	-	-	-	-	-	-
Debt service - principal	-	-	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-	-
Capital outlays	-	8	235	-	-	-	-	-
Total expenditures	-	17,976	1,122	528	-	46,896	-	-
Excess (deficiency) of revenues over (under) expenditures	-	(8)	(121)	(179)	-	-	-	-
OTHER SOURCES (USES) OF FINANCIAL RESOURCES								
Appropriations from State resources	-	-	-	-	2,503	-	-	-
Lapsed appropriations	-	-	-	-	(2,503)	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-	-	-
Transfers-in	-	-	-	-	-	-	-	-
Transfers-out	-	-	-	-	-	-	-	-
Transfer of administration of funds to / from other state agencies	-	-	-	-	-	-	-	-
Transfer of fund type designation from fiduciary	-	-	-	-	-	-	-	-
Capital lease and installment purchase financing	-	8	-	-	-	-	-	-
Net other sources (uses) of financial resources	-	8	-	-	-	-	-	-
Net change in fund balances	-	-	(121)	(179)	-	-	-	-
Fund balances (deficits), July 1, 2023, as previously presented	65	-	830	217	-	-	2,874	-
Change within financial reporting entity (nonmajor special revenue to major general fund)	-	-	-	-	-	-	(2,874)	-
Change within financial reporting entity (change in administering agency)	-	-	-	-	-	-	-	243
Fund balances (deficits), July 1, 2023, as restated	65	-	830	217	-	-	-	243
Increase for changes in inventories	-	-	-	-	-	-	-	-
FUND BALANCES (DEFICITS), June 30, 2024	\$ 65	\$ -	\$ 709	\$ 38	\$ -	\$ -	\$ -	\$ 243

(Continued)

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

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

Special Revenue

	Formerly Administered by Illinois Department of Revenue							
	Abandoned Residential Property							
	Municipality Relief	Youth Drug Abuse Prevention	Juvenile Justice Trust	DHS Recoveries Trust	DHS Other Special Trusts	DHS Rehabilitation	DHS/DORS Special Revenue	Food Stamp and Commodity
	0892	0910	0911	0921	1139	1144	1149	1245
REVENUES								
Federal operating grants, net of refunds	\$ -	\$ -	\$ 884	\$ -	\$ 273	\$ -	\$ -	\$ 4,769,671
Licenses and fees, net of refunds	16	-	-	-	-	-	-	-
Interest and investment income	-	-	-	-	6	-	-	-
Other charges for services, net of refunds	-	6	-	8,495	-	-	-	-
Other operating grants, net of refunds	-	-	-	-	-	-	-	-
Other taxes, net of refunds	-	-	-	-	-	-	-	-
Other revenues, net of refunds	-	196	-	-	265	291	208	-
Total revenues	16	202	884	8,495	544	291	208	4,769,671
EXPENDITURES								
Health and social services	-	-	758	11,626	589	293	380	4,769,671
General government	-	-	-	-	-	-	-	-
Debt service - principal	-	-	-	6	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	87	-	-	-	-
Total expenditures	-	-	758	11,719	589	293	380	4,769,671
Excess (deficiency) of revenues over (under) expenditures	16	202	126	(3,224)	(45)	(2)	(172)	-
OTHER SOURCES (USES) OF FINANCIAL RESOURCES								
Appropriations from State resources	-	-	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-	-	-
Transfers-in	-	-	-	-	-	-	-	-
Transfers-out	-	-	-	-	-	-	-	-
Transfer of administration of funds to / from other state agencies	-	-	-	-	-	-	-	-
Transfer of fund type designation from fiduciary	-	-	-	-	-	-	-	-
Capital lease and installment purchase financing	-	-	-	87	-	-	-	-
Net other sources (uses) of financial resources	-	-	-	87	-	-	-	-
Net change in fund balances	16	202	126	(3,137)	(45)	(2)	(172)	-
Fund balances (deficits), July 1, 2023, as previously presented	-	567	(126)	(29,660)	654	61	670	-
Change within financial reporting entity (nonmajor special revenue to major general fund)	-	-	-	-	-	-	-	-
Change within financial reporting entity (change in administering agency)	1,801	-	-	-	-	-	-	-
Fund balances (deficits), July 1, 2023, as restated	1,801	567	(126)	(29,660)	654	61	670	-
Increase for changes in inventories	-	-	-	-	-	-	-	-
FUND BALANCES (DEFICITS), June 30, 2024	\$ 1,817	\$ 769	\$ -	(32,797)	\$ 609	\$ 59	\$ 498	\$ -

(Continued)

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

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

	Special Revenue		Capital Projects	Permanent		
	Vending Facility Program for the Blind 1385	Hansen-Therkelsen College Loan 1409	Formerly Administered by Illinois Department of Revenue Build Illinois Bond 0971	DHS/DORS Permanent Trust 1150	Burr Bequest 1272	Total
REVENUES						
Federal operating grants, net of refunds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,100,720
Licenses and fees, net of refunds	-	-	-	-	-	3,732
Interest and investment income	-	41	-	9	51	6,311
Other charges for services, net of refunds	-	-	-	-	-	31,980
Other operating grants, net of refunds	-	-	-	-	-	155
Other taxes, net of refunds	-	-	-	-	-	60,302
Other revenues, net of refunds	441	1	-	418	-	190,627
Total revenues	441	42	-	427	51	7,393,827
EXPENDITURES						
Health and social services	286	-	51,014	(53)	8	7,796,902
General government	-	-	-	-	-	304,888
Debt service - principal	-	-	-	-	-	921
Debt service - interest	-	-	-	-	-	48
Capital outlays	-	-	-	-	-	1,843
Total expenditures	286	-	51,014	(53)	8	8,104,602
Excess (deficiency) of revenues over (under) expenditures	155	42	(51,014)	480	43	(710,775)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Appropriations from State resources	-	-	150,000	-	-	157,692
Lapsed appropriations	-	-	(98,986)	-	-	(104,852)
Receipts collected and transmitted to State Treasury	-	-	-	-	-	(1,114)
Transfers-in	-	-	-	-	-	733,227
Transfers-out	(120)	-	-	-	-	(121)
Transfer of administration of funds to / from other state agencies	-	-	-	-	-	-
Transfer of fund type designation from fiduciary	-	1,180	-	-	-	1,180
Capital lease and installment purchase financing	-	-	-	-	-	902
Net other sources (uses) of financial resources	(120)	1,180	51,014	-	-	786,914
Net change in fund balances	35	1,222	-	480	43	76,139
Fund balances (deficits), July 1, 2023, as previously presented	604	-	-	453	1,036	360,201
Change within financial reporting entity (nonmajor special revenue to major general fund)	-	-	-	-	-	(138,642)
Change within financial reporting entity (change in administering agency)	-	-	-	-	-	506,773
Fund balances (deficits), July 1, 2023, as restated	604	-	-	453	1,036	728,332
Increase for changes in inventories	-	-	-	-	-	219
FUND BALANCES (DEFICITS), June 30, 2024	\$ 639	\$ 1,222	\$ -	\$ 933	\$ 1,079	\$ 804,690

State of Illinois
Department of Human Services
Combining Statement of Fiduciary Net Position -
Custodial Funds

June 30, 2024 (Expressed in Thousands)

	DHS Resident's Trust 1143	DHS/DORS Agency 1147	Total
ASSETS			
Cash and cash equivalents	\$ 4,031	\$ 2	\$ 4,033
Investments	890	-	890
Due from other government - federal	19	-	19
Due from other Department funds	-	11	11
Total assets	4,940	13	4,953
LIABILITIES			
Total liabilities	\$ -	\$ -	\$ -
NET POSITION			
Restricted for:			
Individuals	4,940	13	4,953
Total net position	\$ 4,940	\$ 13	\$ 4,953

State of Illinois
Department of Human Services
Combining Statement of Changes in Assets and Liabilities -
Custodial Funds

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

	DHS Resident's Trust 1143	DHS/DORS Agency 1147	Total
Additions			
Interest and other investment income	\$ -	\$ -	\$ -
Resident deposits received	2,325	-	2,325
Othr additions	-	12	12
Total additions	<u>2,325</u>	<u>12</u>	<u>2,337</u>
Deductions			
Custodial fund disbursed	2,762	-	2,762
Other deductions	-	14	14
Total deductions	<u>2,762</u>	<u>14</u>	<u>2,776</u>
Net Increase (decrease) in fiduciary net position	(437)	(2)	(439)
Net position July 1, 2023	<u>5,377</u>	<u>15</u>	<u>5,392</u>
Net position June 30, 2024	<u>\$ 4,940</u>	<u>\$ 13</u>	<u>\$ 4,953</u>

**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***

Independent Auditor's Report

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 (*Government Auditing Standards*), the financial statements of the governmental activities, the major fund and the aggregate remaining fund information of the Department of Human Services (Department) of the State of Illinois (the State), 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 January 30, 2026. Our report contained emphasis-of-matter paragraphs to indicate the basic financial statements represent a Department of the State and to address the restatement of beginning fund balance and beginning net position due to changes in the reporting entity.

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.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2024-001 through 2024-009 that we consider to be material weaknesses.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings as items 2024-002, 2024-007, 2024-008 and 2024-009.

Department's Response to Findings

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

State of Illinois, Department of Healthcare and Family Services' Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the State of Illinois, Department of Healthcare and Family Services' response to the findings identified in our audit and described in the accompanying Schedule of Findings for items 2023-005 through 2024-009. The State of Illinois, Department of Healthcare and Family Services' response was not subjected to the other auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on the response.

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.

SIGNED ORIGINAL ON FILE

Schaumburg, Illinois
January 30, 2026

**State of Illinois
Department of Human Services**

**Schedule of Findings
For the Year Ended June 30, 2024**

Current Findings – Government Auditing Standards

Finding 2024-001 Inadequate Internal Controls over Accounting for Federal Awards

The Department of Human Services (Department) does not have sufficient internal control over accounting for grant transactions resulting in material misstatements to the draft financial statements.

In preparing the SCO forms, the Department made errors in reporting expenditure amounts, including expenditure adjustments, and cash receipts, including lapse period receipts, for its federal award programs, resulting in errors in the financial statements for grant transactions. Additionally, based on audit procedures performed, the SCO forms for the fiscal year ended June 30, 2024 required multiple revisions throughout calendar year 2025.

For financial reporting purposes, the Department (Fiscal Services) tracks grant data for purposes of accruing grant receivables, unearned revenue, unavailable revenue and payable balances, all of which impact Federal Operating Grant Revenue, using Office of Comptroller required SCO forms including SCO-563 *Grant/Contract Analysis*, SCO-567 *Interfund Transfers – Grantee Agency*, and SCO-568 *Interfund Transactions – Grantor Agency*.

In addition, the Department became the funding agent over five funds (Fund 0150 – Rental Housing Support Program, Fund 0286 – Illinois Affordable Housing Trust, Fund 0891 – Foreclosure Prevention, Fund 0892 – Residential Property Municipality Relief, and Fund 0971 – Build Illinois Fund) previously administered by the Illinois Department of Revenue (IDOR). When reporting the activity for these new funds, the Department did not properly track current year expenditures and revenues for financial reporting purposes in two of the funds.

Corrected Misstatements:

- 1) In the Employment and Training Fund (0347), the ending Federal Operating Grant Revenue amount per the SCO-563 form did not agree to the trial balance. As a result, Federal Operating Grant Revenue was overstated by \$16.8 million which resulted in an understatement of Unearned Revenue.
- 2) In the U.S.D.A. Women, Infants, and Children Fund (0700), the ending Due from Other Government - Federal amount per the SCO-563 form did not agree to the trial balance. As a result, Due from Other Government - Federal was understated by \$1.5 million which resulted in understatement of Unavailable Revenue.
- 3) In the Illinois Affordable Housing Trust Fund (0286), grant funds provided to the Illinois Housing Development Authority, a component unit of the state government responsible for housing related programs, in advance of eligibility requirements being met were not reported correctly in the trial balance. Further, Total Reimbursable Costs and Federal Operating Grant Revenue amounts per the SCO-567 and SCO-568 did not agree to the trial balance. As a result, Grant Advances were understated by \$21 million, General Government Expenditures were understated by \$240 million and beginning Committed Fund Balance was understated by \$261 million.

**State of Illinois
Department of Human Services**

**Schedule of Findings
For the Year Ended June 30, 2024**

**Finding 2024-001 Inadequate Internal Controls over Accounting for Federal Awards
(Continued)**

- 4) In the State Cure Fund (0324), grant funds provided to a subrecipient in advance of eligibility requirements being met were not reported correctly in the trial balance. Further, Total Reimbursable Costs and Federal Operating Grant Revenue amounts per the SCO-567 and SCO-568 forms did not agree to the trial balance. As a result, Grant Advances were understated by \$88.7 million, General Government Expenditures were understated by \$41.8 million, Federal Operating Grant Revenue was understated by \$96.6 million and beginning fund balance, based on the ending fund balance transferred from the Illinois Department of Revenue, was understated by \$130.2 million.

The errors reflected above were corrected in the final financial statements.

Uncorrected Misstatements:

Uncorrected misstatements were identified as follows:

- 5) In the Vocational Rehabilitation Fund (0081), the ending Total Reimbursable Costs and the Federal Operating Grants amounts per the SCO-563 form did not agree to the trial balance. As a result, Accounts Payable and Health and Social Services expenditures were understated by \$11.4 million, Due from Other Government - Federal was understated by \$5.5 million, Federal Operating Grants Revenue was understated by \$5.4 million, and Unavailable Revenue was understated by \$110 thousand.
- 6) In the Prevention and Treatment of Alcoholism and Substance Abuse Block Grant Fund (0013), the ending Federal Operating Grants amount per the SCO-563 form did not agree to the trial balance. As a result, Due from Other Government - Federal was understated by \$823 thousand, Federal Operating Grants was understated by \$717 thousand, and Unavailable Revenue was understated by \$106 thousand.
- 7) In the DHS Federal Projects Fund (0592), the ending Federal Operating Grants amount per the SCO-563 form did not agree to the trial balance. As a result, Federal Operating Grants Revenue and Due from Other Government - Federal were overstated by \$1.4 million.
- 8) In the Alcoholism and Substance Abuse Fund (0646), the ending Total Reimbursable Costs amount per the SCO-563 form did not agree to the trial balance. As a result, Health and Social Services expenditures and Federal Operating Grants were understated by \$18 thousand.
- 9) In the Serve Illinois Commission Fund (0727), the ending Total Reimbursable Costs and Federal Operating Grants amounts per the SCO-563 form did not agree to the trial balance. As a result, Health and Social Services expenditures were overstated by \$18 thousand, Unavailable Revenue was understated by \$107 thousand, Due from Other Government - Federal was understated by \$4 thousand, and Federal Operating Grants amount was overstated by \$121 thousand.
- 10) In the Local Initiative Fund (0762), the ending Federal Operating Grants amount per the SCO-563 form did not agree to the trial balance. As a result, Federal Operating Grants Revenue was overstated and Unearned Revenue was understated by \$1.1 million.

**State of Illinois
Department of Human Services**

**Schedule of Findings
For the Year Ended June 30, 2024**

**Finding 2024-001 Inadequate Internal Controls over Accounting for Federal Awards
(Continued)**

- 11) In the DHS Other Special Trust Fund (1139), the ending Total Reimbursable Costs and Federal Operating Grants amounts per the SCO-563 form did not agree to the trial balance. As a result, Health and Social Services expenditures were understated by \$2 thousand and Federal Operating Grants Revenue was understated by \$2 thousand.
- 12) In the General Fund (0001), the ending Federal Operating Grants amount per the SCO-563 form did not agree to the trial balance. As a result, Federal Operating Grants Revenue was understated by \$55 thousand which resulted in an understatement of Health and Social Services expenditures.
- 13) In the Community Developmental Disabilities Services Medicaid Trust Fund (0142), the ending Federal Operating Grants amount per the SCO-563 form did not agree to the trial balance. As a result, Federal Operating Grants Revenue was overstated by \$9.9 million which resulted in an understatement of Unearned Revenue.
- 14) In the State Cure Fund (0324), exceptions were noted during federal grant expenditure testing which resulted in Other Receivables being understated by \$3.6 million and Health and Social Services expenditures being overstated by \$3.6 million. As a result of the exceptions, Other Receivables were projected to be understated by \$11.9 million and Health and Social Services expenditures were projected to be overstated by \$11.9 million.
- 15) In the State Cure Fund (0324), exceptions were noted during federal grant expenditure and revenue testing which resulted in Health and Social Services expenditures being overstated by \$14.3 million and Federal Operating Grant Revenue being overstated by \$14.6 million as expenditures were paid out in fiscal year 2024 but were incurred in fiscal year 2023 and revenue was recognized in fiscal year 2024 which met revenue recognition criteria in fiscal year 2023. The expenditures and related revenue should have been recorded in fiscal year 2023.
- 16) In the Illinois Affordable Housing Trust Fund (0286), the Department inaccurately recorded a negative revenue amount on the financial statements which understated Health and Social Services expenditures by \$3.2 million.
- 17) In the Employment and Training Fund (0347), the Department included a receivable that was later deemed uncollectible and written off. As a result, the Due from Other Government - Federal and Deferred Revenue – Unavailable were overstated by \$3.4 million.
- 18) In the DHS Special Purpose Fund (0408), the Due from Other Government - Federal per the SCO-563 form did not agree to the trial balance. As a result, the Due From Other Government - Federal was overstated by \$141 thousand and Deferred Revenue – Unavailable was overstated by \$141 thousand.
- 19) In the State Cure Fund (0324), the Department inaccurately recorded Federal Operating Grants Revenue in the amount of \$5.0 million for expenditures incurred during fiscal year ended June 30, 2023. The revenue should have been recognized during fiscal year ended June 30, 2023.

**State of Illinois
Department of Human Services**

**Schedule of Findings
For the Year Ended June 30, 2024**

**Finding 2024-001 Inadequate Internal Controls over Accounting for Federal Awards
(Continued)**

20) In the Mental Health Fund (0050), the ending Due from Other Government - Federal amount per the SCO-563 form did not agree to the trial balance. As a result, Due from Other Government - Federal and the Allowance for Uncollectible Due from Other Government were overstated by \$5.3 million which resulted in an understatement of Other Receivables and Allowance for Uncollectible Other Receivables.

GASB Codification Section N50 provides the authoritative guidance for reporting nonexchange transactions. The majority of the Department's Federal awards are voluntary nonexchange transactions which are considered expenditure-driven or reimbursement-type grants. For these award types, the provider (Federal agency) stipulates that a recipient (the Department) cannot qualify for resources without first incurring allowable costs under the provider's program (eligibility requirement). Recipients of voluntary nonexchange transactions should recognize receivables (or a decrease in liabilities) and revenues (not of estimated uncollectible amounts), when all applicable eligibility requirements, including time requirements, are met. In addition, cash and other assets provided in advance should be reported as advances (assets) by providers and as deferred revenues (liabilities) by recipients until allowable costs have been incurred and any other eligibility requirements have been met. Resources transmitted before the eligibility requirements are met should be reported as advances by the provider.

Under a good system of internal control, detailed records of monthly grant transactions should be maintained for each Federal award, by fund, and reconciled to the general ledger by fund, to ensure amounts used to calculate receivables, unearned amounts, unavailable amounts and revenue are accurate in each Fund's SCO forms.

Department management stated federal expenditure data was reported within the Department on an accrual basis rather than a cash basis, which is needed for GAAP reporting. This created numerous differences between the trial balance and the SCO-563 forms. Additionally, the Department became the new administering agency for five funds in Fiscal Year 2024. Fund 0286 was particularly challenging as it was a new fund for the Department and also included activity related to both COVID funding and State funding.

As a result of errors in the SCO forms used as a basis for recording financial statement transactions, as well as the errors in accounting for the new funds previously administered by IDOR, the draft financial statements were materially misstated as noted in the discussion above. (Finding Code No. 2024-001, 2023-001, 2022-001)

**State of Illinois
Department of Human Services**

**Schedule of Findings
For the Year Ended June 30, 2024**

**Finding 2024-001 Inadequate Internal Controls over Accounting for Federal Awards
(Continued)**

Recommendation

We recommend the Department strengthen its internal control over preparing the SCO Forms by including a reconciliation of Federal grant receipts and expenditures by ALN included in each SCO Form to the general ledger for each fund (the ERP System). Deposits of federal draws should be recorded in the fund(s) that incurred the associated expenditures. Once prepared, balances reported in the SCO forms should be compared to the draft financial statements, by fund, to conclude if amounts are reasonable. Additionally, large balances in Due from Other Government - Federal, Unearned Revenue and Unavailable Revenue should be investigated as they are unusual for reimbursement type grant awards in which the Department can generally draw funds monthly upon the incurrence of qualifying expenditures.

Department Response

The Department accepts the recommendation. The federal grant expenditure data used to prepare the SCO forms comes from data compiled by the Bureau of Federal Reporting, which is then reconciled to SAP data. Moving forward, the Department will also reconcile the expenditure data to SAMS to ensure that all data is being reported on a cash basis rather than on an accrual basis. In addition, the Department will reconcile federal grant receipts recorded on the SCO forms to SAP data. After the SCO forms have been prepared, the Department will review large balances recorded on the SCO forms as Due from Other Governments – Federal, Unearned Revenue, or Unavailable Revenue that are related to federal grants that are drawn on a reimbursement basis.

**State of Illinois
Department of Human Services**

**Schedule of Findings
For the Year Ended June 30, 2024**

Finding 2024-002 Medical Assistance Program Financial Information

The Department of Human Services (Department) does not have an adequate understanding of the suitability of the design of internal control or the operating effectiveness of internal control in place over all data recorded in its financial statements for transactions initiated by other State agencies and recorded in the Department's financial statements.

During our testing of the financial statements and supporting documentation, we noted the following:

- The Department could not provide documentation of the preparation or the Department's review of expenditure reconciliations for Federal Medical Assistance Program (MAP) funds or the State Children's Health Insurance Program (CHIP) (Funds 0120, 0142, 0365, 0502, 0509 and 0718) between amounts reported in the Department's general ledger system (ERP) and amounts reported in the Grant/Contract Analysis Forms (SCO-563s) provided to the Office of Comptroller (IOC) which support the receivable and revenue calculation for financial reporting. The amount per the Form SCO-563s (totaling approximately \$384 million for total reimbursable costs "TRC" for Assistance Listing Numbers (ALN) 93.767 and 93.778), is a computed amount (a formula), essentially the amount needed to achieve the reported receivable balance provided by the Department of Healthcare and Family Services (HFS), a separate State agency, or a maximum amount for funds which have a statutory deposit limit. The Department does not retain a reconciliation between what is reported on the Form SCO-563s (claimable expenditures) and within ERP (all expenditures) for each fund which identifies which expenditures were used for claiming the federal award. Additionally, there is no documentation maintained by the Department to support the calculation and methodology used by HFS in preparing the federal receivable amount (approximately \$38.3 million for the two ALNs).
- During testing of expenditures and liabilities, we determined that the Department is not monitoring or reviewing the payments submitted by HFS, or the liabilities calculated by HFS, on behalf of the Department and reported in the Department's financial statements. When HFS submits a request for payment to the IOC, a summary file is also sent to the Department which goes through an interface and is recorded into ERP. An employee in the Department's Office of Fiscal Services reconciles the payments between ERP and the IOC before accepting them into the ERP. Although, the Department has documented their understanding of how transactions for DHS programs are processed within HFS, the Department was not able to provide auditors with documentation of their monitoring performed over the amounts reported in the Department's financial statements.
- Additionally, the Department is placing reliance on the internal control over the applicable HFS system without recent independent verification of the system. Currently, the Department receives summarized information from HFS and records the transactions into ERP and the SCO-563 forms without performing sufficient procedures to determine the accuracy of the information.

A good system of internal control requires that management review all significant accounts and balances recorded in the financial statements for accuracy, which includes transactions initiated by other State agencies.

**State of Illinois
Department of Human Services**

**Schedule of Findings
For the Year Ended June 30, 2024**

Finding 2024-002 Medical Assistance Program Financial Information (Continued)

Internal controls over financial reporting for governmental entities should be designed to provide reasonable assurance of achieving effective and efficient operations, reliability of reporting for internal and external use, and/or compliance with provisions of applicable laws and regulations.

The Governmental Accounting Standards Board's *Codification of Governmental Financial and Reporting Standards*, Section 1100.101, provides that a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions. This requires the financial statements to agree with and to be supported by the Department's underlying records to enable accurate financial statements to be prepared.

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 the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

This finding was first noted during the Department's financial audit of the year ended June 30, 2017. In subsequent years, the Department has been unable to fully implement its corrective action plan.

Department management indicated they rely on the HFS Bureau of Claims Processing and the controls in the Medicaid Management Information System (MMIS). Although management has outlined a corrective action plan to address the findings, Department management stated that the plan was not executed prior to June 30, 2024. The Department has established a reporting process for the DHS budget office to review HFS claims but has not memorialized the process and responsibilities in an Intergovernmental Agreement.

Lack of sufficient internal controls over transactions and balances recorded in the Department's financial statements increases the likelihood of misstatements. (Finding Code No. 2024-002, 2023-002, 2022-002, 2021-001, 2020-001, 2019-001, 2018-001, 2017-002)

Recommendation

We recommend the Department assume more responsibility for the transactions and balances reported in its financial statements that are initiated/estimated by other State agencies, including the following:

- The Department should enter into an Intergovernmental Agreement (IA) with HFS that details the responsibilities of each agency with regards to initiating, processing and recording transactions, and how the sufficiency of internal control over Department transactions will be monitored (i.e. annual internal audit, SOC 1 Type 2 audit, or other).
- Once an IA is executed, on a regular basis, the Department should determine if the control system and related monitoring agreed to through the IA is sufficient to prevent and detect significant financial statement errors. The sufficiency of internal control should be monitored each time there is a major change to Federal MAP/CHIP programs or IT systems used for those programs.
- Expenditure and accrual amounts provided by HFS in connection with year-end reporting of Federal MAP receivables should be reconciled to ERP or agreed to reports and source data compiled by HFS.

**State of Illinois
Department of Human Services**

**Schedule of Findings
For the Year Ended June 30, 2024**

Finding 2024-002 Medical Assistance Program Financial Information (Continued)

Department Response

The Department accepts the recommendation. The Department has drafted and will work to finalize an interagency agreement between DHS and HFS which outlines the responsibilities of each agency regarding the reliability of and monitoring of internal controls over HFS' MMIS data. The Department will also work with HFS to document how the federal MAP receivables are supported by reports and source data compiled by HFS.

**State of Illinois
Department of Human Services**

**Schedule of Findings
For the Year Ended June 30, 2024**

Finding 2024-003 Inadequate Internal Controls over Cutoff of Accounts Payable and Expenditures

The Department of Human Services (Department) does not have sufficient internal control over accounting for cutoff related to Accounts Payables and Expenditures.

During our testing of the financial statements and supporting documentation, we noted the following:

- During accounts payable existence testing, one transaction totaling \$648,659 recorded in the General Revenue Fund (0001) out of 44 transactions totaling \$126.9 million tested in the overall general fund accounts payable as of June 30, 2024, was included in accounts payable at the incorrect amount. \$528,243 out of the \$648,659 transaction was related to FY25 and should not have been included in accounts payable and expenses in the General Revenue Fund (0001) as of and for the year ended June 30, 2024.
- During subsequent disbursements testing, three transactions totaling \$1,367,443 paid from the General Fund (0001) subsequent to year end and one transaction in the amount of \$61,873 paid from the State CURES Fund (0324) subsequent to year end out of 36 subsequent disbursement transactions totaling \$129,950,377 tested in the overall general fund, were improperly excluded from accounts payable and expenses as of and for the year ended June 30, 2024. These four transactions related to expenditures incurred during FY24 but recognized during FY25.
- During subsequent disbursement testing, we identified four transactions totaling \$1,032,149 paid from the Fund for Illinois Future (0611) subsequent to year end were improperly excluded from the General Fund (0001) accounts payable and expenses as of and for the year ended June 30, 2024. These four transactions related to expenditures incurred during FY24 but recognized during FY25. An adjusting entry was recorded in the amount of \$38,385,000 to recognize Fund 0611 expenditures paid subsequent to year-end that should have been recognized in accounts payable/due to and expenses of the General Fund (0001) as of and for the year ended June 30, 2024.
- During grants and awards expenditure testing, two transactions totaling \$20,002,354 recorded in the State CURES Fund (0324) out of 306 transactions totaling \$330.7 million tested in the overall general fund for the year ended June 30, 2024, were partially improperly included in expenses for the year ended June 30, 2024. \$3,563,329 recognized as expenditures represented pass through grant funding that had not yet met expense recognition criteria.
- During grants and awards expenditures testing, we identified that \$22,803,414 of grants and awards related payments made during the year ended June 30, 2024 related to expenditures incurred during the year ended June 30, 2023 which were not properly accrued for in accounts payable and expenditures as of and for the year ended June 30, 2023, resulting in a current year overstatement of expenditures by \$8,464,067 and \$14,339,347 in the General Revenue Fund (0001) and the State CURES Fund (0324), respectively.

Except as noted above, all were uncorrected misstatements. As a result of the uncorrected misstatements noted above, prepaid grant advance is understated by \$3,563,329, accounts payable is understated by \$901,073, opening fund balance is overstated by \$22,803,313 and expenditures are overstated by \$25,465,569 in the current year financial statements. Additionally, there is a projected misstatement for expenditures for all populations sampled of approximately \$8.4 million.

**State of Illinois
Department of Human Services**

**Schedule of Findings
For the Year Ended June 30, 2024**

Finding 2024-003 Inadequate Internal Controls over Cutoff of Accounts Payable and Expenditures (Continued)

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that expenditures, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial reports. Good internal control procedures require adequately trained personnel with the knowledge, skills, and experience to prepare GAAP-based financial statements, management oversight and review of accounting policies and procedures, as well as an overall review of financial reporting for accuracy and compliance with GAAP.

NCGA Statement 1 paragraph 70, as interpreted, requires that governmental funds accrue liabilities and expenditures in the period in which the government incurs the liability.

Expenses or expenditures for grants, entitlements, and shared revenues, including appropriations from a primary government to a component unit, generally meet the definitions in GASB Statement No. 33, as amended, of government-mandated or voluntary nonexchange transactions. Governments should recognize expenses and liabilities for government-mandated and voluntary nonexchange transactions when all applicable eligibility requirements – required characteristics of recipients, time requirements, reimbursements, and contingencies (for voluntary nonexchange transactions) – are met. For reimbursements, the provider stipulates that a recipient cannot qualify for resources without first incurring allowable costs under the provider's program. That is, there is no award – the provider has no liability and the recipient has no asset (receivable) - until the recipient has met the provider's requirements by incurring costs in accordance with the provider's program. Cash and other assets provided in advance should be reported as advances (assets) by providers and as deferred revenues (liabilities) by recipients until allowable costs have been incurred and any other eligibility requirements have been met.

Department management indicated that expenditure amounts that should have been included in the FY24 accounts payable amount occurred either after or near the due date for FY24 financial reporting. Lapse expenditure reports used for financial reporting must be generated prior to the close of lapse period in order to meet required reporting deadlines which resulted in the errors noted by the auditors.

These deficiencies in the Department's internal control over financial and fiscal operations pose a reasonable possibility that a misstatement of the Department's financial statements will occur and not be prevented or detected and corrected in a timely basis. Accurate preparation of the Department's financial information for GAAP and financial reporting purposes is important due to the impact adjustments may have on the Statewide financial statements. (Finding Code No. 2024-003)

Recommendation

We recommend the Department evaluate its policies and procedures for the performance of appropriate reviews of invoice details to ensure the service period is being utilized to determine the period in which accounts payable and the related expenditures should be recorded in the financial statements. We also recommend the Department review the service date entered into the system to ensure amounts are accrued in the proper fiscal year.

Department Response

The Department accepts the recommendation. The Department will implement procedures requiring the review of the service period on invoices to ensure invoices are recorded in the proper fiscal year.

**State of Illinois
Department of Human Services**

**Schedule of Findings
For the Year Ended June 30, 2024**

Finding 2024-004 Inadequate Internal Controls over Financial Accounting and Reporting

The Department of Human Services (Department) incorrectly classified opioid settlement revenue (Other Revenues) as general revenues in the draft financial statements provided to the auditors for review.

The Department's year-end financial reporting in accordance with generally accepted accounting principles contained inaccuracies due to improper classification and inadequate review. This matter, if not detected and corrected, could have resulted in a material classification error in the Department's financial statements.

During our audit of the Department's June 30, 2024 financial statements, we noted the Department improperly classified Other Revenues in the amount of \$125,392,000 as general revenue instead of program revenue. Opioid settlement revenues are exchange transactions based on the notion that the payments are made to the settling states in exchange for their agreement to release the opioid distributors, manufactures, and chain pharmacies from present and future litigation which are required to be used for opioid remediation efforts. Funds received from external parties should be classified as program revenue if restricted to a specific program.

The Department subsequently adjusted the financial statements to correct the classification.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that expenditures, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial reports. Good internal control procedures require adequate management oversight and review of accounting policies and procedures, as well as an overall review of financial reporting for accuracy and compliance with GAAP.

Governmental Accounting Standards Board (GASB) provides detailed guidance to State government entities on the proper financial reporting for assets, liabilities, revenues and expenditures. GASB Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, paragraph 47 requires that programs financed from parties outside of the reporting entity's citizenry (i.e. by other governments and nongovernmental entities or individuals) be reported on the statement of activities as program revenue, if restricted to a specific program or programs.

DHS management indicated that the amount was populated in the general revenue portion of the financial statements in error and was then correctly moved to the program revenue portion of the financial statements.

Lack of sufficient control over transactions and balances recorded in the Department's financial statements increases the likelihood of misstatements. (Finding Code No. 2024-004)

Recommendation

We recommend the Department implement internal control procedures related to the review of classification of revenue items reported in the financial statements to ensure accurate financial statement preparation.

Department Response

The Department accepts the recommendation. The Department will work with the Illinois Office of the Comptroller to ensure the classification of revenue items is accurate in the Statewide Annual Comprehensive Financial Report (ACFR).

**State of Illinois
Department of Human Services**

**Schedule of Findings
For the Year Ended June 30, 2024**

Finding 2024-005 Inadequate Disaster Recovery Controls over the Integrated Eligibility System (IES)

The Department of Human Services and the Department of Healthcare and Family Services (collectively, the “Departments”) lacked adequate disaster recovery controls over the Integrated Eligibility System (IES).

Management of the Departments have a shared responsibility for various human service programs in the State and for internal controls over the manual and automated processes relating to eligibility for these programs. The Departments’ IES is the automated system used by the Departments to intake, process (with the assistance of caseworkers), and approve assistance applications, maintenance items, Mid-Point Reports, and redeterminations of eligibility as well as to make payments for the State’s human service programs. Additionally, the Departments work with the Department of Innovation and Technology (DoIT) for information technology management and support over IES.

The Departments’ Disaster Recovery Plan for its IES application did not include the following:

- Detailed recovery scripts over the application and its data,
- Detailed environment diagrams,
- IES support staff and vendor contact information,
- Documentation on the backup and responsibilities for recovery of IES, and
- Documentation of the current environment.

Additionally, we noted the Departments did not conduct recovery testing of critical systems and components in fiscal year 2024.

This finding was first noted during the Departments’ financial audits of the year ended June 30, 2019. In subsequent years, the Departments have been unable to fully implement its corrective action plan.

The Code of Federal Regulations (Code) (45 C.F.R. § 95.621(f)(2)(ii)(F)), ADP System Security Requirements and Review Process, requires the Departments’ automated data processing (ADP) security plan, policies and procedures to include contingency plans to meet critical processing needs in the event of short or long-term interruption of service.

The Security and Privacy Controls for Information Systems and Organizations (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology, Contingency Planning section requires entities to develop contingency plans for systems to achieve continuity of operations for organizational missions and business functions along with addressing system restoration and implementation of alternative missions or business processes when systems are compromised or breached.

The Control Objectives for Information and Related Technologies published by Information Systems Audit and Control Association (ISACA), Managed I&T-Related Risk Area, promotes controls for analyzing risks and maintaining a risk profile of risks and their potential impact and responses.

The Departments’ management indicated delayed completion of the Disaster Recovery Plan and conducting testing for IES was due to IES migration to the Technical Refresh environments not being completed until November 2024.

**State of Illinois
Department of Human Services**

**Schedule of Findings
For the Year Ended June 30, 2024**

Finding 2024-005 Inadequate Disaster Recovery Controls over the Integrated Eligibility System (IES) (Continued)

The lack of an adequate Disaster Recovery Plan and testing could result in the Departments' inability to recover IES data in the event of disaster, which would be detrimental to recipients of benefits, and the Departments' and State's operations. (DHS Finding Code No. 2024-005, 2023-005, 2022-004, 2021-007, 2020-009, 2019-009; HFS Finding Code No. 2024-002, 2023-002, 2022-002, 2021-003, 2020-005, 2019-005)

Recommendation

We recommend the Departments work with DoIT to allocate sufficient resources necessary to enable a full recovery of IES in the event of a disaster and implement adequate disaster recovery controls over IES. Additionally, in the interim, we recommend the Departments work with DoIT to develop a prioritization plan and emergency operating procedures to allow IES to operate under reduced capacity in the event of a disaster.

We further recommend management of the Departments enhance the Disaster Recovery Plan to include:

- Detailed recovery scripts over the application and its data,
- Detailed environment diagrams,
- IES support staff and vendor contact information,
- Documentation on the backup and responsibilities for recovery of IES, and
- Documentation of the current environment.

Finally, we recommend the Departments perform disaster recovery testing on a regular basis as defined in the plan.

Department of Human Services' Response

The Department of Human Services (DHS) accepts the recommendation. In FY25, DHS worked with IES application stakeholders, including DoIT, to update the Information System Contingency Plans for the Application for Benefits Eligibility (ABE) and IES in the DoIT Bureau of Continuity Management (BCM) portal. The plans document the recovery control requirements of the finding. A successful failover test exercise of the IES contingency plan and playbook was completed in FY25 with a second failover test targeted for early 2026. DHS will work toward testing and updating the IES contingency plans annually.

Department of Healthcare and Family Services' Response

The Department of Healthcare and Family Services (HFS) accepts the recommendation. HFS will follow the technical lead of the Department of Human Services on this recommendation and provide assistance and support as required or requested. The Departments and DoIT will work together to identify a contingency plan in the event of reduced capacity due to disasters and enhance the existing Disaster Recovery Plan per the recommendation. The Departments will also collaborate to fully implement disaster recovery policies and procedures and test disaster recovery scenarios regularly.

**State of Illinois
Department of Human Services**

**Schedule of Findings
For the Year Ended June 30, 2024**

Finding 2024-006 Inadequate General Information Technology Controls over IES

The Department of Healthcare and Family Services and the Department of Human Services (collectively, the “Departments”) had weaknesses in the general information technology (IT) and security controls over the Integrated Eligibility System (IES).

Management of the Departments have a shared responsibility for various human service programs in the State and for internal controls over the manual and automated processes relating to eligibility for these programs. The Departments’ IES is the automated system used by the Departments to intake, process (with the assistance of caseworkers), and approve assistance applications, maintenance items, Mid-Point Reports, and redeterminations of eligibility as well as to make payments for the State’s human service programs.

In addition to the conditions noted below, related IES issues over disaster recovery controls are noted in Finding Code No. 2024-005.

Environment

The IES application and data reside on the Department of Innovation and Technology (DoIT) environment. In this regard, DoIT is a service provider to the Departments.

During the Departments’ internal security review, completed as part of its Plan of Actions and Milestones (2024) report to the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services (Federal CMS), significant threats over DoIT’s general IT environment, which hosts IES, were identified.

Further, during our fieldwork it was noted the Departments experienced a security breach related to the IES system in August 2023.

The Code of Federal Regulations (Code) (45 C.F.R. § 95.621(f)(1)), *ADP System Security Requirements and Review Process*, requires the Departments to be responsible for the security of all automated data processing (ADP) projects under development, and operational systems involved in the administration of the U.S. Department of Health and Human Services programs. The Departments are required to determine the appropriate security requirements based on recognized industry standards or standards governing the security of federal ADP systems and information processing.

Federal CMS’ *MARS-E Document Suite* (minimum acceptable risk standards for exchanges) states that protecting and ensuring the confidentiality, integrity, and availability of state Marketplace information, common enrollment information, and associated information is the responsibility of the states.

The internal control requirements of the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) within the Code (2 C.F.R. § 200.303) requires the Departments to establish and maintain effective internal control over the Medicaid Program to provide reasonable assurance the Departments are managing the Medicaid Program in compliance with federal statutes, regulations, and the terms and conditions and comply with federal statutes, regulations and terms and conditions of the Medicaid Program.

**State of Illinois
Department of Human Services**

**Schedule of Findings
For the Year Ended June 30, 2024**

Finding 2024-006 Inadequate General Information Technology Controls over IES (Continued)

These internal controls should be in compliance with guidance in Standards for Internal Control in the Federal Government (otherwise commonly referred to as the Green Book) issued by the Comptroller General of the United States or the Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The Departments' management stated that migration for secure user access was not completed until September 2024. Also, the State had not migrated to the IES Technical Refresh environments until November 2024.

Findings over the IES Environment were first noted during the Departments' financial audits of the year ended June 30, 2017. In subsequent years, the Departments have been unsuccessful in fully implementing corrective action plans.

Failure to maintain adequate internal controls over the security of the IES application led to a security breach and increases the risk IES may be exposed to further malicious attacks, security breaches, and unauthorized access to recipients' personal information. (DHS Finding Code No. 2024-006, 2023-006, 2022-005, 2021-005, 2021-006, 2020-007, 2020-008, 2019-008, 2018-010, 2017-010; HFS Finding Code No. 2024-001, 2023-001, 2022-001, 2021-001, 2021-002, 2020-003, 2020-004, 2019-004, 2018-007, 2017-009)

Recommendation

We recommend management of both Departments work together to strengthen controls over the IES environment by addressing all significant threats identified in the Plan of Actions and Milestones (2024) report to the Federal CMS.

Department of Human Services' Response

The Department of Human Services (DHS) accepts the recommendation. DHS implemented the IES Technical Refresh (TR) and Multi-Factor Authentication (MFA) projects, as planned, in FY25, which resolved security weaknesses and closed out aged Plan of Action and Milestone findings. DHS also worked with the Department of Innovation and Technology on documenting backout instructions (i.e., the ability to restore the system to its pre-changes state) with all IES infrastructure changes.

Department of Healthcare and Family Services' Response

The Department of Healthcare and Family Services (HFS) accepts the recommendation. HFS will follow the technical lead of the Department of Human Services on this recommendation. The Departments will collaborate on all aspects of IES access and security to reduce threats identified in the Plan of Actions and Milestones (2024) report to the Federal CMS.

**State of Illinois
Department of Human Services**

**Schedule of Findings
For the Year Ended June 30, 2024**

Finding 2024-007 Inadequate Controls over Eligibility Determinations and Redeterminations

The Department of Healthcare and Family Services and the Department of Human Services (collectively, the “Departments”) lacked controls over eligibility determinations and redeterminations for Federal programs where such determination is documented using the Integrated Eligibility System (IES).

Management of the Departments have a shared responsibility for various human service programs in the State and for internal controls over the manual and automated processes relating to eligibility for these programs. The Departments’ IES is the automated system used by the Departments to intake, process (with the assistance of caseworkers), and approve assistance applications, maintenance items, Mid-Point Reports and redeterminations of eligibility as well as to make payments for the State’s human service programs.

In order to conclude if the determination of eligibility was proper, we selected a sample of 60 cases (30 new applications and 30 redeterminations) and tested whether the cases were properly certified (approved or denied) based on non-financial, financial and timeliness criteria. Our testing considered all the documentation contained within the case file, including the scanned documentation supporting caseworker overrides required prior to certification. During testing, we noted two applications (7%) were incorrectly included in the new application population provided by the Departments. Due to this limitation, we were unable to conclude the Departments’ population was sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AU-C § 500.08).

Even given the population limitations noted above which hindered our ability to conclude whether the selected sample was representative of the population as a whole, in 13 of the 60 cases tested (22%), we noted exceptions. Specifically, we noted:

- During new applications testing of 30 samples:
 - Two new applications for food benefits (SNAP and State) (7%) tested did not have the certification completed timely. Certifications were 122 and 661 days late.
 - One new application for medical benefits (3%) tested did not have the certification completed timely. Certification was 66 days late.
 - Three new applications for Cash benefits (10%) tested did not have the certification completed timely. Certifications were one to 104 days late.
 - Five new applications for medical benefits (17%) tested did not have supporting documentation and/or did not have sufficient supporting documentation related to the applicant’s income reported.
- During redetermination testing of 30 samples:
 - One redetermination for SNAP benefits (3%) tested had a different calculated income than what the paystub indicated, with no impact to the benefit provided.
 - One redetermination for SNAP benefits (3%) tested did not have the certification completed timely. Certification was 29 days late.

**State of Illinois
Department of Human Services**

**Schedule of Findings
For the Year Ended June 30, 2024**

**Finding 2024-007 Inadequate Controls over Eligibility Determinations and Redeterminations
(Continued)**

The Code of Federal Regulations (Code) (42 C.F.R. § 435.403), *Eligibility in the States, District of Columbia, the Northern Mariana Islands, and American Samoa*, requires recipients of Medicaid to provide documentary evidence of their citizenship, residency, SSNs, and income. Further, the Code (42 C.F.R. § 431.17), *Maintenance of Records*, requires the Departments to maintain records of each applicant and beneficiary, including records which support the determination of eligibility.

The Code (7 C.F.R. § 273.10), *Determining Household Eligibility and Benefit Levels*, requires the household's eligibility be determined for the month of application by considering the household's circumstances for the entire calendar month in which the household filed its application. Eligibility for recertification shall be determined based on circumstances anticipated for the certification period starting the month following the expiration of the current certification period.

The Administrative Code, Title 89 Section 110.20, *Time Limitations On the Disposition Of An Application*, requires the Departments to determine the eligibility of applications no later than 60 calendar days for applicants seeking medical assistance on the basis of having a disability and 45 calendar days for all other applicants.

Additionally, The Code (7 C.F.R. § 274.1 and §274.2), *Issuance System Approval Standards and Providing Benefits to Participants*, indicates DHS is responsible for the timely and accurate issuance of SNAP benefits to certified eligible households, and that all newly certified households (except those given expedited service) shall be given the opportunity to participate no later than 30 calendar days following the date the application was filed.

The Departments' management indicated contributing factors for the exceptions noted include worker errors in manual processes, the high volume of work and the complexity of the programs involved.

Inadequate controls over eligibility determinations resulted in determinations of eligibility that were not demonstrated or documented prior to recipient certification, and the State expending Federal and State funds for recipients that may not have been eligible to receive benefits. Noncompliance with federal laws and regulations could lead to sanctions and/or loss of future Federal funding, disallowance of costs, and the requirement to return Federal funds previously received. (DHS Finding Code No. 2024-007, 2023-007; HFS Finding Code No. 2024-003, 2023-003)

Recommendation

We recommend management of both Departments work together to implement additional controls to ensure appropriate documentation of eligibility is obtained at the time of certification and retained in IES, and to complete certifications of applications and redeterminations timely.

Department of Human Services' Response

The Department of Human Services (DHS) accepts the recommendation. DHS, in conjunction with the Department of Healthcare and Family Services (HFS) and the third-party vendor, have implemented and are continuing to refine monitoring dashboards. In addition, DHS is in the process of implementing further, systematic control flags in the system.

**State of Illinois
Department of Human Services**

**Schedule of Findings
For the Year Ended June 30, 2024**

**Finding 2024-007 Inadequate Controls over Eligibility Determinations and Redeterminations
(Continued)**

Department of Healthcare and Family Services' Response

The Department of Healthcare and Family Services (HFS) accepts the recommendation. HFS will continue to work with DHS in addressing timely certification of medical and collection/retention of eligibility documents. HFS Division of Medical Eligibility has collaborated with IDHS to institute the first "Medical Annual Accuracy Training".

**State of Illinois
Department of Human Services**

**Schedule of Findings
For the Year Ended June 30, 2024**

Finding 2024-008 IES Backlog Untimeliness

The Department of Healthcare and Family Services (HFS) and the Department of Human Services (DHS) (collectively, the “Departments”) did not maintain adequate internal controls to ensure initial applications for benefits, redeterminations of eligibility for benefits, and change documentation were reviewed and/or completed timely.

Management of the Departments have a shared responsibility for various human service programs in the State and for internal controls over the manual and automated processes relating to eligibility for these programs. The Departments’ Integrated Eligibility System (IES) is the automated system used by the Departments to intake, process (with the assistance of caseworkers), and approve assistance applications, maintenance items, Mid-Point Reports, and redetermination of eligibility as well as to make payments for the State’s human service programs.

As part of our audit procedures, we tested the Departments’ compliance with the federal time requirements for approving or denying applications, conducting redeterminations, and working any changes communicated by recipients for the Supplemental Nutritional Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), and Medical programs.

Initial Applications

As of June 30, 2024, the Departments had a backlog of 63,789 medical applications, 30,396 SNAP related applications, and 13,517 TANF related applications, for which the determination of eligibility to receive benefits was not completed timely.

Redeterminations

As of June 30, 2024, the Departments had a backlog of 42,061 medical recipient redeterminations, 2,682 SNAP recipient redeterminations, and 1,853 TANF recipient redeterminations, for which the redetermination of eligibility to continue receiving benefits was not completed timely.

Change Documentation

When a recipient encounters a change in their situation, which may have an impact on eligibility, the recipient is to notify the Departments of such change. As of June 30, 2024, the Departments had a backlog of 4,381 cases in which information had been received but not reviewed. Because the Departments had not reviewed the information, the Departments did not know which program(s) might be impacted. As such, we were unable to determine the timeliness of processing the information.

The Code of Federal Regulations (Code) (42 C.F.R. § 435.912(c)(3)), *Timely Determination and Redetermination of Eligibility*, requires the Departments to determine the eligibility of applicants for medical program benefits within 45 calendar days of receipt of the application for benefits. Additionally, the Code (7 C.F.R. § 273.2(g)), *Office Operations and Applications Processing*, requires the Departments to determine the eligibility of applicants for SNAP benefits no later than 30 calendar days following the date the application was received. Furthermore, the Code (45 C.F.R. §206.10(3)(i)), *Application, Determination of Eligibility, and Furnishing of Assistance*, requires the Departments to determine the eligibility of applicants for TANF benefits within 45 days of receipt of the application.

The Code of Federal Regulations (Code) (42 C.F.R. § 435.916(d)(1)), *Periodic Renewal of Medicaid Eligibility*, requires the Departments to promptly redetermine eligibility upon receipt of information affecting eligibility.

**State of Illinois
Department of Human Services**

**Schedule of Findings
For the Year Ended June 30, 2024**

Finding 2024-008 IES Backlog Untimeliness (Continued)

Additionally, the Code (7 C.F.R. § 274.1 and § 274.2), *Issuance System Approval Standards and Providing Benefits to Participants*, indicates DHS is responsible for the timely and accurate issuance of SNAP benefits to certified eligible households, and that all newly certified households (except those given expedited service) shall be given the opportunity to participate no later than 30 calendar days following the date the application was filed.

The Departments' management indicated contributing factors for the exceptions noted include worker errors in manual processes, the high volume of work, and the complexity of the programs involved.

Untimely determination of eligibility, untimely redetermination of eligibility and not promptly processing of change documentation is a violation of the Code. Failure to make timely determinations of eligibility could result in hardships for the applicants. Furthermore, failure to timely redetermine eligibility for benefits could result in the Departments paying benefits to ineligible individuals as well as them receiving federal financial participation in connection with those ineligible benefits paid (DHS Finding Code No. 2024-008; HFS Finding Code No. 2024-004).

Recommendation

We recommend management of both Departments work together to implement controls to comply with the requirement that applications are reviewed and approved or denied timely. Additionally, the Departments should establish appropriate controls to both monitor the progress of eligibility redeterminations and ensure those redeterminations occur timely. Furthermore, the Departments should establish appropriate controls to monitor and process change documentation as appropriate. Finally, the Departments should assign and train any additional personnel necessary so that eligibility is performed within the timeframes required by the Code.

Department of Human Services' Response

The Department of Human Services (DHS) will work with HFS to implement additional controls to ensure compliance with the requirement that applications are reviewed and approved or denied timely. Starting in November 2023, DHS has implemented a series of Tableau Dashboards to monitor work and staff activity. Managers were trained on the released dashboards and use them daily to monitor and assign new and in progress tasks, aging tasks, and to review completed tasks. One additional dashboard is still in the testing phase of development. In addition, efforts are underway to increase Human Services Caseworker headcount at DHS.

Department of Healthcare and Family Services' Response

The Department of Healthcare and Family Services (HFS) accepts the recommendation. In February of 2024, HFS had hired 40 caseworkers to process medical redeterminations. In addition, another 34 new positions were being posted to increase casework staff. These positions require a one-year training plan. In October of 2024, HFS began using a report to identify applications and redeterminations performed outside of the required timeframes. This report provides specific information that assists management on where to focus efforts to improve timeliness. Finally, a training was designed to improve proper application of policy for both timeliness and accuracy of cases. This training was completed by all HFS and Department of Human Services eligibility staff. HFS is currently 91% timely on application processing and 99% timely in completing redeterminations.

**State of Illinois
Department of Human Services**

**Schedule of Findings
For the Year Ended June 30, 2024**

Finding 2024-009 Failure to Perform Provider Revalidations

The Department of Healthcare and Family Services (HFS) and the Department of Human Services (DHS) (collectively, the “Departments”) failed to perform revalidations required for ongoing provider enrollment.

Management of the Departments have a shared responsibility for various human service programs in the State and for internal controls over the manual and automated processes relating to eligibility for these programs. The Illinois Medicaid Program Advanced Cloud Technology (IMPACT) system is a multi-agency effort to implement a web-based system to give providers more convenient and consistent user experience and to ensure beneficiaries receive timely and high-quality Medicaid services. IMPACT is an automated system used by the Departments to accommodate provider enrollment approvals and all Medicaid claim payments to such providers.

The Departments are required to revalidate previously enrolled providers every five years. Due to the COVID-19 Public Health Emergency (PHE), the Centers of Medicare and Medicaid Services (Federal CMS) granted a waiver allowing the Departments to delay the revalidation process until after the conclusion of the PHE, or May 11, 2023. Guidance issued by Federal CMS provided additional time after the conclusion of the PHE to begin the revalidation process. As such, fiscal year 2024 was the first year the revalidation process was required to be completed.

- Based on prior audits, we noted the first applications within IMPACT were dated July 2015, resulting in an original revalidation date of July 2020. Using the Federal CMS guidance for PHE unwinding, the Departments had 44 months from the original revalidation date to perform any revalidations due during the PHE. The Departments should have revalidated all providers who had an original revalidation date between July 2020 and October 2020. These revalidations should have occurred between March 2024 and June 2024.
- Using the Federal CMS guidance for PHE unwinding, providers with a revalidation due date within six months after the conclusion of the PHE had an additional six months to be revalidated. The Departments should have revalidated all providers with an original revalidation date between June 2023 and November 2023. These revalidations should have occurred between December 2023 and May 2024.
- Starting in December 2023, no additional time for the completion of revalidations was approved by Federal CMS. Therefore, any required revalidations from December 2023 through June 2024 should have been revalidated at the time due, or five years from enrollment.

We obtained from HFS a population of all providers, including the date the provider was enrolled/approved, original revalidation date (without consideration of the PHE), and if the provider is currently active or inactive. Based on our testing and discussion with HFS management, we determined 47,478 of 393,856 (12%) active providers should have been revalidated during fiscal year 2024. The Departments did not perform the revalidation process for any of these providers (100%).

The Code of Federal Regulations (Code) (42 C.F.R. § 455.414), *Program Integrity: Medicaid*, requires the Departments to revalidate the enrollment of all providers regardless of provider type at least every five years.

**State of Illinois
Department of Human Services**

**Schedule of Findings
For the Year Ended June 30, 2024**

Finding 2024-009 Failure to Perform Provider Revalidations (Continued)

Federal CMS State Health Official Policy #20-004, *Planning for the Resumption of Normal State Medicaid, Children's Health Insurance Program (CHIP), and Basic Health Program Operations Upon Conclusion of the COVID-19 Public Health Emergency*, states the Departments may delay the revalidation due date by the amount of time the PHE is in place with an additional six months lead time to allow for notification to the provider of the new revalidation date. For revalidations that are due within six months after the expiration of the PHE, states are granted an additional six months to complete those revalidations.

The Code (2 C.F.R. § 200.303), *Internal Controls*, requires the Departments to: (1) establish, document, and maintain effective internal control over the Medicaid Program to provide reasonable assurance the Departments are managing the Medicaid Program in compliance with federal statutes, regulations, and the terms and conditions; and (2) comply with federal statutes, regulations and terms and conditions of the Medicaid Program. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" (otherwise commonly referred to as the Green Book) issued by the Comptroller General of the United States or the "Internal Control Integrated Framework" issued by the Committee of Sponsoring Organization of the Treadway Commission (COSO).

The Code (42 C.F.R. § 431.17), *Maintenance of Records*, requires the Departments to maintain records necessary for the proper and efficient operations of the State's Medicaid Plan.

Further, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Departments to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources are utilized efficiently, effectively, and in compliance with applicable laws.

HFS management indicated providers were not revalidated during fiscal year 2024 due to a misinterpretation of the Federal CMS unwinding guidance. Additionally, system updates were required to make the revalidation job functionality configurable to HFS' processing needs. DHS management stated the functionality to process revalidations was not activated in IMPACT until September 2024. IMPACT is the book of record for determining whether someone is a Medicaid provider, and DHS could not officially begin processing revalidations until such functionality was activated in the system.

Inadequate controls over the operation of the IMPACT system, such as not performing the revalidation process, could result in providers remaining active when they should no longer be enrolled for payment, the State expending federal and State funds for which providers eligibility for continued enrollment have not been adequately demonstrated or documented, and could result in further expenditures to providers who are ineligible for continued enrollment. Noncompliance with federal laws and regulations could result in denied claims, sanctions and/or loss of future federal funding, and ultimately inaccurate financial statements or financial information. (DHS Finding Code No. 2024-009; HFS Finding Code No 2024-005)

Recommendation

We recommend the Departments strengthen internal controls to ensure providers are properly revalidated in accordance with the Code.

**State of Illinois
Department of Human Services**

**Schedule of Findings
For the Year Ended June 30, 2024**

Finding 2024-009 Failure to Perform Provider Revalidations (Continued)

Department of Human Services' Response

The Department of Human Services (DHS) accepts the recommendation. DHS began processing revalidations in September 2024 once the functionality was activated in IMPACT by the Department of Healthcare and Family Services (HFS). DHS will continue to work with HFS to ensure revalidations are processed.

Department of Healthcare and Family Services' Response

The Department of Healthcare and Family Services (HFS) accepts the recommendation. HFS will improve internal controls to ensure providers are revalidated as required.

**State of Illinois
Department of Human Services**

**Schedule of Findings
For the Year Ended June 30, 2024**

Prior Findings Not Repeated – Government Auditing Standards

A. Finding (Intergovernmental Expenses)

During the previous engagement, the Department of Human Services did not have sufficient internal controls over accounting for intergovernmental expense transactions. During testing, it was determined that approximately \$53.5 million of contractual services and other expenditures incurred by the Department of Information Technology to be billed out to the Department, of which only approximately \$37.5 million had been recognized in accounts payable during fiscal year 2022. The Department reported nearly \$15.9 million in expenditures for the year ended June 30, 2023, that were incurred for data center charges, supplemental IT charges and communication charges in the year ended June 30, 2022.

During the current engagement, we noted the Department of Human Services properly recorded intergovernmental expenditures in the correct period for the selections tested. (Finding Code No. 2023-003)

B. Finding (Classification of Fund Balance)

During the previous engagement, the Department Human Services (DHS) did not properly classify fund balance in the General Revenue Fund. During testing of fund balance classifications, the auditors noted that the Department inappropriately classified \$57,470,000 of fund balance in the General Revenue Fund. The \$57,470,000 of fund balance was reported as restricted fund balance but should have been reported as unassigned fund balance.

During the current engagement, we noted the Department properly reported fund balance in the General Revenue Fund. (Finding Code No. 2023-004)

C. Finding (Insufficient Review and Documentation of Provider Enrollment)

During the previous engagement, the Department of Healthcare and Family Services (HFS) and Department of Human Services (DHS) (collectively, the “Departments”) failed to sufficiently review and document provider enrollment requirements during the required monthly screenings for enrolled providers.

During the current engagement, the Departments were able to provide support the required monthly batch screenings were reviewed and documented for all the enrolled providers in the sample tested. (Finding Code No. 2023-008, 2022-007, 2021-009, 2020-011, 2019-011, 2018-006)

D. Finding (Inadequate General Information Technology Controls over IMPACT)

During the prior engagement, the Departments had inadequate general information technology controls over the State of Illinois’ Illinois Medicaid Program Advanced Cloud Technology (IMPACT) system. Specifically, the Departments did not have adequate user access controls over the IMPACT system. (Finding Code No. 2023-009, 2022-008, 2021-010, 2020-012, 2019-012, 2018-005)