

**STATE OF ILLINOIS  
DEPARTMENT OF TRANSPORTATION**

**FINANCIAL AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2020**

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



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CONSULTING**

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DEPARTMENT OF TRANSPORTATION  
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DEPARTMENT OF TRANSPORTATION  
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**STATE OF ILLINOIS  
DEPARTMENT OF TRANSPORTATION  
AGENCY OFFICIALS  
FOR THE YEAR ENDED JUNE 30, 2020**

**AGENCY OFFICIALS**

Secretary	Omer Osman (Acting)
Assistant Secretary	Vacant
Deputy Secretary	Douglas House
Deputy Secretary	Margaret vanDijk (3/16/2021 to present)
Chief of Staff	Georgina (Syas) White (11/16/2019 to present) Matt Magalis (Through 11/15/2019)
Deputy Chief of Staff	Becky Locker (3/16/2020 to present) Vacant (through 3/15/2020)
Chief Operating Officer	Sheleda Doss (10/1/2019 to present) Vacant (through 9/30/2019)
Chief Fiscal Officer	Joanne Woodworth (Acting)
Deputy Secretary for Project Implementation	Vacant (11/16/2019 to present) Paul Loete (9/1/2019 through 11/15/2019) Vacant (2/25/2019 through 8/31/2019)
Director, Office of Planning and Programming	Holly (Ostdick) Bieneman (09/16/2020 to present)
Director, Office of Highways Project Implementation	Vacant (9/1/2019 to present) Paul Loete (Through 8/31/2019)
Director, Office of Intermodal Project Implementation	Vacant
Deputy Director Rail, Office of Intermodal Project Implementation	John Oimoen
Deputy Director Transit, Office of Intermodal Project Implementation	John Oimoen (Acting) (5/1/2020 to present) Carrie Cooper (Through 4/30/2020)
Deputy Director Aeronautics, Office of Intermodal Project Implementation	Clayton Stambaugh (4/16/2020 to present) Vacant (1/1/2019 to 4/15/2020)
Director, Office of Communications	Guy Tridgell

**STATE OF ILLINOIS  
DEPARTMENT OF TRANSPORTATION  
AGENCY OFFICIALS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

Director, Office of Legislative Affairs	Nicola Cortez-Hun
Director, Office of Finance and Administration	Vacant
Deputy Director, Office of Finance And Administration	Matt Magalis (11/16/2019 to present) Vacant (Through 11/15/2019)
Director, Office of Business and Workforce Diversity	Pamela Simon
Director, Office of Chief Counsel	Margaret vanDijk (Acting) (5/1/2021 to present) Philip Kaufmann (Through 4/30/2021)
Director, Office of Internal Audit	Stephen Kirk

**AGENCY MAIN OFFICES ARE LOCATED AT:**

2300 S. Dirksen Parkway  
Springfield, IL 62764

69 W. Washington Street  
Chicago, IL 60602

**STATE OF ILLINOIS  
DEPARTMENT OF TRANSPORTATION  
FINANCIAL STATEMENT REPORT SUMMARY  
FOR THE YEAR ENDED JUNE 30, 2020**

SUMMARY

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

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

SUMMARY OF FINDINGS

The auditors identified matters involving the Department's internal control over financial reporting that they considered to be a significant deficiency.

Item No.	Page	Last/First Reported	Description	Finding Type
<u>Current Finding</u>				
2020-001	61-62	New	Lack of Census Data Reconciliations	Significant deficiency
<u>Prior Finding Not Repeated</u>				
A	63	2019/2018	Inadequate Controls over Financial Reporting	-

EXIT CONFERENCE

The Department waived its option to hold an exit conference through correspondence from Stephen Kirk, Chief Internal Auditor, dated April 23, 2021. The Department's response to the recommendation was provided by Stephen Kirk, Chief Internal Auditor, in correspondence dated April 23, 2021.



## INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

### **Report on the Financial Statements**

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the State of Illinois, Department of Transportation (Department), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Department as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 2, the financial statements of the Department are intended to present the financial position and the changes in financial position and, where applicable, cash flows, of only that portion of the governmental activities, each major fund, and the aggregate remaining fund information of the State of Illinois that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the State of Illinois as of June 30, 2020, and the changes in its financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Other 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, such as the combining general fund, nonmajor governmental funds, and motor fuel tax fund schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information, in the combining general fund, nonmajor governmental funds, and motor fuel tax fund schedules, 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. Such 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 auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, in the combining general fund, nonmajor governmental funds, and motor fuel tax fund schedules, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated May 21, 2021 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 Audit 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**

**CliftonLarsonAllen LLP**

Peoria, Illinois  
May 21, 2021

**State of Illinois**  
**Department of Transportation**

**Statement of Net Position**

June 30, 2020 (Expressed in Thousands)

	<u>Governmental Activities</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	
Unexpended appropriations	\$ 792,806
Cash equity with State Treasurer	436,790
Cash and cash equivalents	57,091
Securities lending collateral equity with State Treasurer	1,472
Receivables, net:	
Taxes	103,715
Intergovernmental	286,175
Other	4,505
Due from other State funds	468,585
Inventories	97,134
Prepaid expenses	5
Loans receivable	2,018
Due from State of Illinois component units, long-term	37,353
Capital assets not being depreciated	3,125,944
Capital assets being depreciated, net	15,927,146
<b>Total assets</b>	<u>21,340,739</u>
Deferred outflows of resources - Pension	362,723
Deferred outflows of resources - Other postemployment benefits	120,915
<b>Total deferred outflows of resources</b>	<u>483,638</u>
<b>Total assets and deferred outflows of resources</b>	<u>21,824,377</u>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	
Accounts payable and accrued liabilities	467,036
Intergovernmental payables	716,517
Due to other State funds	19,676
Due to State of Illinois component units	98,879
Obligations under securities lending of State Treasurer	1,472
Unearned revenue	1,599
Long-term obligations:	
Due within one year	8,004
Due subsequent year	47,496
Net pension liability	3,193,723
Other postemployment benefits	2,122,593
<b>Total liabilities</b>	<u>6,676,995</u>
Deferred inflows of resources - Pension	294,556
Deferred inflows of resources - Other postemployment benefits	491,119
<b>Total deferred inflows of resources</b>	<u>785,675</u>
<b>Total liabilities and deferred inflows of resources</b>	<u>7,462,670</u>
<b>NET POSITION</b>	
Net investment in capital assets	19,036,411
Restricted for:	
Transportation programs	61,452
Unrestricted	(4,736,156)
<b>Total net position</b>	<u>\$ 14,361,707</u>

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

**State of Illinois**  
**Department of Transportation**

**Statement of Activities**

For the Year Ended June 30, 2020 (Expressed in Thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities</b>					
Transportation	\$ 4,704,603	\$ 45,983	\$ 202,050	\$ 1,619,382	\$ (2,837,188)
Intergovernmental	949,035	-	-	-	(949,035)
Interest	3,382	-	-	-	(3,382)
Total governmental activities	<u>\$ 5,657,020</u>	<u>\$ 45,983</u>	<u>\$ 202,050</u>	<u>\$ 1,619,382</u>	<u>\$ (3,789,605)</u>
<b>General revenues and transfers</b>					
Sales tax					\$ 437,259
Motor fuel tax					1,112,435
Appropriations from State resources					26,989,518
Reappropriation to future year(s)					(13,242,942)
Lapsed appropriations					(9,822,125)
Receipts collected and transmitted to State Treasury					(1,767,279)
Net change in liabilities for reappropriated accounts					(11,918)
Other revenues					140
Interest and investment income					990
Amount of SAMS transfers-in					(1,018,797)
Amount of SAMS transfers-out					1,153,224
Transfers-in					271,902
Transfers-out					(8,374)
Total general revenues and transfers					<u>4,094,033</u>
Change in net position					304,428
Net position, July 1, 2019					14,057,279
Net position, June 30, 2020					<u>\$ 14,361,707</u>

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

**State of Illinois**  
**Department of Transportation**

**Balance Sheet - Governmental Funds**

June 30, 2020 (Expressed in Thousands)

	General Fund	Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>			
Unexpended appropriations	\$ -	\$ 792,806	\$ 792,806
Cash equity with State Treasurer	1,050	434,887	435,937
Cash and cash equivalents	-	57,091	57,091
Securities lending collateral equity with State Treasurer	-	1,472	1,472
Receivables, net:			
Taxes	-	103,715	103,715
Intergovernmental	-	286,175	286,175
Other	-	4,505	4,505
Due from other Department funds	-	89,350	89,350
Due from other State funds	302,544	166,032	468,576
Inventories	-	95,572	95,572
Loans receivable	-	2,018	2,018
Due from State of Illinois component units, long-term	-	37,353	37,353
<b>Total assets</b>	<b>\$ 303,594</b>	<b>\$ 2,070,976</b>	<b>\$ 2,374,570</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 15	\$ 466,992	\$ 467,007
Intergovernmental payables	303,571	412,946	716,517
Due to other Department funds	-	89,350	89,350
Due to other State funds	8	19,668	19,676
Due to State of Illinois component units	-	98,879	98,879
Obligations under securities lending of State Treasurer	-	1,472	1,472
Unearned revenue	-	1,599	1,599
<b>Total liabilities</b>	<b>303,594</b>	<b>1,090,906</b>	<b>1,394,500</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	-	100,548	100,548
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>100,548</b>	<b>100,548</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>303,594</b>	<b>1,191,454</b>	<b>1,495,048</b>
<b>FUND BALANCES</b>			
Nonspendable - inventories	-	95,572	95,572
Restricted	-	61,452	61,452
Committed	-	794,068	794,068
Unassigned	-	(71,570)	(71,570)
<b>Total fund balances</b>	<b>-</b>	<b>879,522</b>	<b>879,522</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 303,594</b>	<b>\$ 2,070,976</b>	<b>\$ 2,374,570</b>

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

**State of Illinois**  
**Department of Transportation**  
**Reconciliation of Governmental Funds Balance Sheet**  
**to Statement of Net Position**  
**June 30, 2020**  
**(Expressed in Thousands)**

<b>Total fund balances - governmental funds</b>		\$ 879,522
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		19,053,090
Prepaid expenses for governmental activities are current uses of financial resources for funds.		5
Internal service funds are used to charge costs of air transportation activities to individual funds. The assets and liabilities of the Air Transportation Revolving Fund are reported as governmental activities in the Statement of Net Position.		2,395
Revenues in the Statement of Activities that do not provide current financial resources are deferred in the funds.		100,548
Deferred outflows of resources related to pensions		362,723
Deferred inflows of resources related to pensions		(294,556)
Deferred outflows of resources related to other postemployment benefits		120,915
Deferred inflows of resources related to other postemployment benefits		(491,119)
Some liabilities reported in the Statement of Net Position do not require the use of financial resources and therefore are not reported as liabilities in governmental funds. These liabilities consist of:		
Compensated absences	\$ (42,252)	
Capital lease obligations	(964)	
Auto liability claims	(7,934)	
Pollution remediation obligations	(4,350)	
Net pension liability	(3,193,723)	
Other postemployment benefits	<u>(2,122,593)</u>	
		<u>(5,371,816)</u>
<b>Net position of governmental activities</b>		<u><u>\$ 14,361,707</u></u>

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

**State of Illinois**

**Department of Transportation**

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

For the Year Ended June 30, 2020 (Expressed in Thousands)

	<b>General Fund</b>	<b>Nonmajor Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
Sales taxes	\$ 231,379	\$ 205,880	\$ 437,259
Motor fuel taxes	-	1,112,435	1,112,435
Operating grants - Federal	-	172,328	172,328
Capital grants - Federal	-	1,650,379	1,650,379
Other operating grants	-	73,466	73,466
Other capital grants	-	4,385	4,385
Licenses and fees	-	25,874	25,874
Other charges for services	-	16,648	16,648
Other	-	140	140
Interest and other investment income	-	990	990
<b>Total revenues</b>	<b>231,379</b>	<b>3,262,525</b>	<b>3,493,904</b>
<b>EXPENDITURES</b>			
Transportation	502,533	2,926,220	3,428,753
Intergovernmental	-	949,035	949,035
Debt service - principal	-	3,207	3,207
Debt service - interest	-	175	175
Capital outlays	-	1,344,652	1,344,652
<b>Total expenditures</b>	<b>502,533</b>	<b>5,223,289</b>	<b>5,725,822</b>
<b>Deficiency of revenues under expenditures</b>	<b>(271,154)</b>	<b>(1,960,764)</b>	<b>(2,231,918)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>			
Appropriations from State resources	-	26,989,518	26,989,518
Reappropriation to future year(s)	-	(13,242,942)	(13,242,942)
Lapsed appropriations	-	(9,822,125)	(9,822,125)
Receipts collected and transmitted to State Treasury	-	(1,767,279)	(1,767,279)
Net change in liabilities for reappropriated accounts	153	(12,071)	(11,918)
Amounts of SAMS transfers-in	-	(1,018,797)	(1,018,797)
Amounts of SAMS transfers-out	-	1,153,224	1,153,224
Transfers-in	271,001	70,646	341,647
Transfers-out	-	(78,119)	(78,119)
Capital lease financing	-	279	279
<b>Net other sources (uses) of financial resources</b>	<b>271,154</b>	<b>2,272,334</b>	<b>2,543,488</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>311,570</b>	<b>311,570</b>
Fund balances, July 1, 2019	-	567,952	567,952
<b>FUND BALANCES, JUNE 30, 2020</b>	<b>\$ -</b>	<b>\$ 879,522</b>	<b>\$ 879,522</b>

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

**State of Illinois**  
**Department of Transportation**  
**Reconciliation of Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances of Governmental Funds to Statement of Activities**  
**For the Year Ended June 30, 2020**  
**(Expressed in Thousands)**

**Net change in fund balances** \$ 311,570

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. This is the amount by which capital outlays exceeded depreciation in the current period. 75,445

Some capital assets were transferred in/out from/to other State agencies and therefore no payments were made for the capital asset's value. This is the net amount transferred out to other State agencies. 3

Internal service funds are used to charge costs of certain activities to individual funds. The net income of the internal service funds is reported as governmental activities in the Statement of Activities. (69)

Prepaid expenses in the Statement of Activities are reported as expenses in governmental funds. This amount represents the decrease in prepaid expenses over the prior year. (109)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This amount represents the decrease in unavailable revenue over the prior year. (75,665)

Pension expenses required for Statement of Activities that are not in modified accrual statements. 36,639

Other postemployment benefit expenses required for Statement of Activities that are not in modified accrual statements. (10,673)

Proceeds from sales of capital assets are reported in the governmental funds. However, in the Statement of Activities, losses from the sale of capital assets are reported. This is the net book value of the capital assets disposed. (31,444)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Below are such activities:

Increase in compensated absences	(4,525)
Decrease in capital lease obligations	183
Decrease in auto liability claims	4,423
Increase in pollution remediation obligations	(1,350)
	(1,350)

**Change in net position of governmental activities** \$ 304,428

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

**State of Illinois**  
**Department of Transportation**

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**Statement of Net Position - Proprietary Fund**  
**Air Transportation Revolving Fund (0309)**

June 30, 2020 (Expressed in Thousands)

	<b>Governmental Activities - Internal Service Fund</b>
<b>ASSETS</b>	
Cash equity with State Treasurer	\$ 853
Due from other State funds	9
Inventories	1,562
<b>Total assets</b>	<u><u>\$ 2,424</u></u>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	\$ 29
<b>Total liabilities</b>	<u>29</u>
<b>NET POSITION</b>	
Unrestricted	2,395
<b>Total net position</b>	<u><u>\$ 2,395</u></u>

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

**State of Illinois**  
**Department of Transportation**

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**Statement of Revenues, Expenses, and Changes in  
Fund Net Position - Proprietary Fund  
Air Transportation Revolving Fund (0309)**

For the Year Ended June 30, 2020 (Expressed in Thousands)

	<b>Governmental Activities - Internal Service Fund</b>
<b>OPERATING REVENUES</b>	\$ -
<b>OPERATING EXPENSES</b>	
Cost of sales and services	<u>69</u>
<b>Operating loss and change in net position</b>	<b>(69)</b>
Net position, July 1, 2019	<u>2,464</u>
<b>NET POSITION, JUNE 30, 2020</b>	<b><u>\$ 2,395</u></b>

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

**State of Illinois**  
**Department of Transportation**

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**Statement of Cash Flows - Proprietary Fund**  
**Air Transportation Revolving Fund (0309)**

For the Year Ended June 30, 2020 (Expressed in Thousands)

	<b>Governmental Activities - Internal Service Fund</b>
	<hr/>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash payments to suppliers for goods and services	\$ (66)
Net cash used by operating activities	<hr/> (66)
<b>Net decrease in cash equity with State Treasurer</b>	(66)
Cash equity with State Treasurer, July 1, 2019	<hr/> 919
<b>CASH EQUITY WITH STATE TREASURER, JUNE 30, 2020</b>	<hr/> <b>\$ 853</b> <hr/>
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
<b>OPERATING LOSS</b>	\$ (69)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Changes in assets and liabilities:	
Decrease in inventory	4
Decrease in accounts payable and accrued liabilities	<hr/> (1)
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<hr/> <b>\$ (66)</b> <hr/>

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

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**(1) Organization**

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

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

**(2) Summary of Significant Accounting Policies**

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

**(a) Financial Reporting Entity**

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

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

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

**(b) Basis of Presentation**

The financial statements of the Department are intended to present the financial position, the changes in financial position, and the cash flows, when applicable, of only the portion of the governmental activities, each major fund of the State of Illinois, and the aggregate remaining fund information of the State of Illinois attributable to the transactions of the Department. They do not purport to, and do not present fairly, the financial position of the State of Illinois as of June 30,

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2020, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The financial activities of the Department, which consist only of governmental activities, are reported under the transportation function in the State of Illinois' Comprehensive Annual Financial Report. A brief description of the Department's government-wide and fund financial statements follows:

**Government-wide Statements.** The government-wide Statement of Net Position and Statement of Activities report the overall financial activity of the Department. Eliminations have been made to minimize the double-counting of internal activities of the Department. The financial activities of the Department consist only of governmental activities, which are primarily supported by taxes, charges for services, and intergovernmental revenues.

The Statement of Net Position presents net position as the difference between the Department's assets plus deferred outflows of resources less liabilities less deferred inflows of resources. The assets and liabilities are presented in order of their relative liquidity by class of asset or liability with liabilities whose average maturities are greater than one year reported in two components - the amount due within one year and the amount due in more than one year.

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

**Fund Financial Statements.** The fund financial statements provide information about the Department's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis on fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

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

**General** – This is the State's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund. The services which are administered by the Department and accounted for in the General Fund include, among others, public transportation and air transportation for the Governor and State Legislature on official business. Certain resources obtained from federal grants and used to support general governmental activities are accounted for in the General Fund consistent with applicable legal requirements.

Additionally, the Department reports the following fund types:

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**Governmental Fund Types:**

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

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

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

**Proprietary Fund Types:**

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

**(c) Measurement Focus and Basis of Accounting**

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Department gives (or receives) value without directly receiving (or giving) equal value in exchange, include intergovernmental grants. Revenue from grants, entitlements, and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the State considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, principal and interest on formal debt issues, claims and judgments, and compensated absences are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

**(d) Shared Fund Presentation**

The financial statement presentation for the General Fund and nonmajor governmental funds represents only the portion of shared funds that can be directly attributed to the operations of the Department. Financial statements for total fund operations of the shared State funds are presented in the State of Illinois' Comprehensive Annual Financial Report.

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

Unexpended Appropriations

This "asset" account represents lapse period warrants processed by the State Comptroller's Office after June 30, annually, in accordance with the Statewide Accounting Management System (SAMS) records plus any liabilities relating to obligations re-appropriated to the subsequent fiscal year.

Appropriations from State Resources

This "other financing source" account represents the final legally adopted appropriation according to SAMS records.

Reappropriation to Future Year(s)

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

Lapsed Appropriations

Lapsed appropriations are the legally adopted appropriations less net warrants issued for the 14 month period from July to August of the following year and re-appropriations to subsequent years according to SAMS records. For fiscal year 2020, the lapse period was extended through September.

Net Change in Liabilities for Reappropriated Accounts

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

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Receipts Collected and Transmitted to State Treasury

This “other financing use” account represents all cash receipts received during the fiscal year from 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 provision from the corresponding fund during the fiscal year per SAMS records in which a legally adopted appropriation was not charged.

**(e) Eliminations**

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

**(f) Cash and Cash Equivalents**

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

**(g) Inventories**

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

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**(h) Interfund Transactions**

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

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

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

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

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

**(i) Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure, are reported at cost or estimated historical cost. Contributed assets are reported at acquisition value at the time received. Capital assets are depreciated using the straight-line method.

Capitalization thresholds and the estimated useful lives are as follows:

Capital Asset Category	Capitalization Threshold	Estimated Useful Life (in Years)
Infrastructure	\$250,000	5-50
Land	100,000	N/A
Land improvements	25,000	N/A
Site improvements	25,000	3-50
Buildings	100,000	10-60
Building improvements	25,000	10-45
Equipment	5,000	3-25
Internally-generated intangible assets	1,000,000	3-25
Non-internally generated intangible assets	25,000	3-25

**(j) Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Deferred outflows of resources included the following related to pensions and other postemployment benefits: (i) differences

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between expected and actual experience, (ii) changes in assumptions, (iii) net difference between projected and actual investment earnings on pension plan investments, (iv) changes in proportion and differences between employer contributions and proportionate share of contributions, and (v) Department contributions subsequent to the measurement date. In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until then. Deferred inflows of resources included the following related to pensions and other postemployment benefits: (i) differences between expected and actual experience, (ii) changes in assumptions, and (iii) changes in proportion and differences between employer contributions and proportionate share of contributions. Unavailable revenues in governmental funds include receivables not "available" to finance the current period.

**(k) *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 has been calculated based on the employees' current salary level 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.

**(l) *Pollution Remediation Obligations***

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

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**(m) Fund Balances**

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

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

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

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

Assigned fund balance represents resources that are intended by the Department to be used for a specific purpose. In all governmental funds, other than the General Fund, residual amounts are classified as assigned.

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

When both restricted and unrestricted resources are available for use, generally it is the State's policy to use restricted resources first, then unrestricted resources when they are needed. Unrestricted resources which are committed are generally used before assigned resources and unassigned resources.

**(n) Net Position**

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

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

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

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

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**(o) Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**(p) Pension Benefits**

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

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

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources, pension expense, and expenditures associated with the Department's contribution requirements, information about the fiduciary net position of the plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported within the separately issued plan financial statements. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with terms of the plan. Investments are reported at fair value.

**(q) Other Postemployment Benefits**

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

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OPEB liability is required to be recognized to the extent the liability is normally expected to be liquidated with expendable available financial resources.

**(r) Adoption of New Accounting Pronouncements**

Effective for the year ended June 30, 2020, the Department adopted GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which postpones the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, or later. The effective dates of certain provisions contained in the following pronouncements are were postponed by one year: Statement No. 83, *Certain Asset Retirement Obligations*; Statement No. 84, *Fiduciary Activities*; Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*; Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*; Statement No. 90, *Majority Equity Interests*; Statement No. 91, *Conduit Debt Obligations*; Statement No. 92, *Omnibus 2020*; and Statement No. 93, *Replacement of Interbank Offered Rates*. The effective dates of Statement No. 87, *Leases*, was postponed by 18 months. This Statement provides governments with sufficient time to apply the authoritative guidance addressed in this Statement and help safeguard the reliability of financial statements, which in turn will benefit the users of those financial statements. The implementation of this Statement had no impact on the Department's financial statements.

**(s) Future Adoption of GASB Statements**

Effective for the year ending June 30, 2021, the Department will adopt GASB Statement No. 84, *Fiduciary Activities*, which establishes guidance regarding what constitutes fiduciary activities for accounting and financial reporting purposes, the recognition of liabilities to beneficiaries, and how fiduciary activities should be reported. The Statement redefines the fiduciary fund types focusing on the resources to be recorded within each type. The impact this Statement will have on the Department's financial statements has not yet been determined.

Effective for the year ending June 30, 2021, the Department will adopt GASB Statement No. 90, *Majority Equity Interests*, which establishes standards to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. This Statement defines a majority equity interest and provides information on how the holding of a majority equity interest in a legally separate organization should be accounted for based on the ownership percentage, whether the holding meets the definition of an investment, or whether the legally separate organization should be reported as a component unit. The impact this Statement will have on the Department's financial statements has not yet been determined.

Effective for the year ending June 30, 2022, the Department will adopt GASB Statement No. 87, *Leases*, which increases usefulness of government's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This Statement establishes a single model for lease accounting based on the foundation principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing

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

Effective for the year ending June 30, 2022, the Department will adopt GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which establishes requirements to enhance the relevance and comparability of information about capital assets and the cost of borrowings for a reporting period. This Statement establishes requirements for interest cost incurred before the end of a construction period and how interest costs incurred before the end of construction should be recognized. The impact this Statement will have on the Department's financial statements has not yet been determined.

Effective for the year ending June 30, 2022, the Department will adopt GASB Statement No. 92, *Omnibus 2020*, which establishes requirements to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The impact this Statement will have on the Department's financial statements has not yet been determined.

Effective for the year ending June 30, 2022, the Department will adopt GASB Statement No. 93, *Replacement of Interbank Offered Rates*, which prompts governments to amend or replace financial instruments for the purpose of replacing the London Interbank Offered Rate (LIBOR) with other reference rates as a result of global reference rate reform. The impact this Statement will have on the Department's financial statements has not yet been determined.

Effective for the year ending June 30, 2023, the Department will adopt GASB Statement No. 91, *Conduit Debt Obligations*, which provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. The impact this Statement will have on the Department's financial statements has not yet been determined.

Effective for the year ending June 30, 2023, the Department will adopt GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which establishes requirements to enhance financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset, for a period of time in an exchange or exchange-like transaction. The impact this Statement will have on the Department's financial statements has not yet been determined.

**(3) Deposits and Investments**

**(a) Deposits**

The State Treasurer is the custodian of the State's cash and cash equivalents for funds maintained in the State Treasury. Deposits in the custody of the State Treasurer are pooled and

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

Cash and cash equivalents, which includes money market accounts and locally held funds, had a balance of \$57.091 million at June 30, 2020.

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

**(b) Investments**

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

The Department held no investments requiring fair value measurement in accordance with GASB Statement No. 72 as of June 30, 2020.

Interest Rate Risk: The Department does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

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

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

**(c) Securities Lending Transactions**

The 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

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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 2020 and 2019, 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 years 2020 and 2019 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 years 2020 and 2019 resulting from a default of the borrowers or Deutsche Bank AG.

During fiscal years 2020 and 2019, 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 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. The securities lending collateral invested in repurchase agreements and the fair value of securities on loan for the State Treasurer as of June 30, 2020 were \$4,344,267,500 and \$4,290,619,359, respectively. The securities lending collateral received invested in repurchase agreements and the fair value of securities on loan for the State Treasurer as of June 30, 2019 were \$3,103,274,125 and \$3,064,814,670, respectively.

**(4) Accounts Receivable**

Accounts Receivable and the related allowance for doubtful accounts as of June 30, 2020, are as follows (amounts expressed in thousands):

<u>Receivable Type</u>	<u>Nonmajor funds</u>
Intergovernmental Receivables	\$ 286,175
Allowance for Doubtful Accounts	-
Intergovernmental Receivables, Net	<u>\$ 286,175</u>
Other Receivables	\$ 7,707
Allowance for Doubtful Accounts	(3,202)
Other Receivables, Net	<u>\$ 4,505</u>
Taxes Receivables	\$ 103,715
Allowance for Doubtful Accounts	-
Taxes Receivable, Net	<u>\$ 103,715</u>

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**(5) Interfund Balances and Activity**

**(a) Balances Due to/from Other Funds**

The following balances (amounts expressed in thousands) as of June 30, 2020, represent amounts due from other Department and State of Illinois funds:

<u>Fund</u>	<u>Due from</u>		<u>Description/Purpose</u>
	<u>Other Department Funds</u>	<u>Other State Funds</u>	
General	\$ -	\$ 302,544	Due from other State funds for June 2020 tax allocations, debt service payments, and interfund transfers. Due from Motor Fuel Tax Fund for motor fuel tax allocation from June 2020 and due from other State funds for tax allocations, interfund transfers, and reimbursement of expenditures incurred.
Nonmajor governmental funds	89,350	166,032	
Internal service funds	-	9	
	<u>\$ 89,350</u>	<u>\$ 468,585</u>	Due from other State funds for air transportation services provided.

The following balances (amounts expressed in thousands) at June 30, 2020, represent amounts due to other Department and State of Illinois funds:

<u>Fund</u>	<u>Due to</u>		<u>Description/Purpose</u>
	<u>Other Department Funds</u>	<u>Other State Funds</u>	
General	\$ -	\$ 8	Due to other State internal service funds for services received.
Nonmajor governmental funds	89,350	19,668	
	<u>\$ 89,350</u>	<u>\$ 19,676</u>	Due to other Department Funds for motor fuel tax allocations for June 2020 and to other State funds for motor fuel tax allocations and services received.

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**(b) Transfers to/from Other Funds**

Interfund transfers in (amounts expressed in thousands) for the year ended June 30, 2020, were as follows:

<u>Fund</u>	<u>Transfers in from</u>		<u>Description/Purpose</u>
	<u>Other Department Funds</u>	<u>Other State Funds</u>	
General	\$ -	\$ 271,001	Transfers from other State funds for sales tax allocation, debt service, and for public transportation purposes. Transfers in from Motor Fuel Tax Fund for allocation pursuant to State statute, transportation maintenance, and debt service and from other State funds for DUI prevention and education related programs.
Nonmajor governmental funds	69,745	901	
	<u>\$ 69,745</u>	<u>\$ 271,902</u>	

Interfund transfers out (amounts expressed in thousands) for the year ended June 30, 2020, were as follows:

<u>Fund</u>	<u>Transfers out to</u>		<u>Description/Purpose</u>
	<u>Other Department Funds</u>	<u>Other State Funds</u>	
Nonmajor governmental funds	\$ 69,745	\$ 8,374	Transfers to other Department funds for motor fuel tax allocation pursuant to State statute, transportation maintenance, and debt service payment and due to other State funds for motor fuel tax allocation, interfund transfers, and for other transportation purposes.
	<u>\$ 69,745</u>	<u>\$ 8,374</u>	

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

The following balances (amounts expressed in thousands) as of June 30, 2020, represent amounts due from State of Illinois Component Units for reimbursements for expenditures incurred and services received:

<b>Component Unit</b>	<b>Due from Nonmajor Governmental Funds</b>
Illinois State Toll Highway Authority	
Long-term	\$ 37,353
	\$ 37,353

The following balances (amounts expressed in thousands) as of June 30, 2020, represent amounts due to State of Illinois Component Units for reimbursements for expenditures incurred for grant programs:

<b>Component Unit</b>	<b>Due to Nonmajor Governmental Funds</b>
Illinois State Toll Highway Authority	\$ 94,401
Western Illinois University	293
Northern Illinois University	35
Southern Illinois University	252
University of Illinois	3,898
	\$ 98,879

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**(6) Capital Assets**

Capital asset activity (amounts expressed in thousands) for the year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Additions	Deletions	Net Transfers	Balance June 30, 2020
<b>Governmental activities:</b>					
Capital assets not being depreciated:					
Land and land improvements	\$ 3,033,795	\$ 24,435	\$ 31,595	\$ -	\$ 3,026,635
Easements	11,549	252	-	-	11,801
Internally generated intangible assets in development	8,152	1,789	-	-	9,941
Construction in progress	66,220	17,946	-	(6,599)	77,567
Total capital assets not being depreciated	3,119,716	44,422	31,595	(6,599)	3,125,944
Capital assets being depreciated:					
Infrastructure	28,926,019	1,269,488	1,120,293	-	29,075,214
Site improvements	18,056	-	-	229	18,285
Buildings and building improvements	183,766	-	-	6,397	190,163
Easements	3,514	651	967	-	3,198
Equipment	811,869	29,812	3,318	(15,952)	822,411
Non-internally generated software	153	-	-	-	153
Internally generated software	10,820	-	-	-	10,820
Capital leases - equipment	1,765	279	36	-	2,008
Total capital assets being depreciated	29,955,962	1,300,230	1,124,614	(9,326)	30,122,252
Less accumulated depreciation:					
Infrastructure	13,564,000	1,214,429	1,120,293	-	13,658,136
Site improvements	6,448	786	-	-	7,234
Buildings and building improvements	112,330	4,388	-	-	116,718
Easements	1,814	729	967	-	1,576
Equipment	377,618	47,352	3,469	(15,928)	405,573
Non-internally generated software	65	15	-	-	80
Internally generated software	3,521	1,082	-	-	4,603
Capital leases - equipment	796	426	36	-	1,186
Total accumulated depreciation	14,066,592	1,269,207	1,124,765	(15,928)	14,195,106
Total capital assets being depreciated, net	15,889,370	31,023	(151)	6,602	15,927,146
Governmental activity capital assets, net	\$ 19,009,086	\$ 75,445	\$ 31,444	\$ 3	\$ 19,053,090

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Depreciation expense for governmental activities (amounts expressed in thousands) for the year ended June 30, 2020, was charged to the following function:

Transportation     \$ 1,269,207

**(7) Long-Term Obligations**

**(a) Changes in Long-Term Obligations**

Changes in long-term obligations (amounts expressed in thousands) for the year ended June 30, 2020, were as follows:

	<b>Balance July 1, 2019</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2020</b>	<b>Amounts Due Within One Year</b>
<b>Governmental activities:</b>					
Compensated absences	\$ 37,727	\$ 27,864	\$ 23,339	\$ 42,252	\$ 4,196
Capital lease obligations	1,147	279	462	964	517
Auto liability claims	12,357	3,900	8,323	7,934	1,091
Pollution remediation obligations	3,000	1,500	150	4,350	2,200
<b>Total</b>	<b>\$ 54,231</b>	<b>\$ 33,543</b>	<b>\$ 32,274</b>	<b>\$ 55,500</b>	<b>\$ 8,004</b>

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

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**(b) Capital lease obligations**

The Department leases land, office facilities, office and computer equipment, and other assets with a historical cost and accumulated depreciation of \$2.008 million and \$1.186 million, respectively, under capital lease arrangements as of June 30, 2020. 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. Future minimum commitments for noncancelable capital leases (amounts expressed in thousands) as of June 30, 2020, are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 517	\$ 109	\$ 626
2022	178	37	215
2023	132	24	156
2024	82	13	95
2025	55	4	59
	<u>\$ 964</u>	<u>\$ 187</u>	<u>\$ 1,151</u>

**(c) Pollution Remediation Obligations**

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

**(8) Defined Benefit Pension Plan**

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

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

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

<b>Regular Formula Tier 1</b>	<b>Regular Formula Tier 2</b>
<p>A member must have a minimum of eight years of service credit and may retire at:</p> <ul style="list-style-type: none"> <li>• Age 60, with 8 years of service credit.</li> <li>• Any age, when the member's age (years &amp; whole months) plus years of service credit (years &amp; whole months) equal 85 years (1,020 months) (Rule of 85) with 8 years of credited service.</li> <li>• Between ages 55-60 with 25-30 years of service credit (reduced 1/2 of 1% for each month under age 60).</li> </ul> <p>The retirement benefit is based on final average compensation and credited service. Final average compensation is the 48 highest consecutive months of service within the last 120 months of service.</p> <p>Under the Rule of 85, a member is eligible for the first 3% increase on January 1 following the first full year of retirement, even if the member is not age 60. If the member retires at age 60 or older, he/she will receive a 3% pension increase every year on January 1, following the first full year of retirement.</p> <p>If the member retires before age 60 with a reduced retirement benefit, he/she will receive a 3% pension increase every January 1 after the member turns age 60 and has been retired at least one full year. These pension increases are not limited by the 75% maximum.</p>	<p>A member must have a minimum of 10 years of credited service and may retire at:</p> <ul style="list-style-type: none"> <li>• Age 67, with 10 years of credited service.</li> <li>• Between ages 62-67 with 10 years of credited service (reduced 1/2 of 1% for each month under age 67).</li> </ul> <p>The retirement benefit is based on final average compensation and credited service. For regular formula employees, final average compensation is the average of the 96 highest consecutive months of service within the last 120 months of service. The retirement benefit is calculated on a maximum salary of \$106,800. This amount increases annually by 3% or one-half of the Consumer Price Index, whichever is less.</p> <p>If the member retires at age 67 or older, he/she will receive a pension increase of 3% or one-half of the Consumer Price Index for the preceding calendar year, whichever is less, every year on January 1, following the first full year of retirement. The calendar year 2019 rate is \$114,952.</p> <p>If the member retires before age 67 with a reduced retirement benefit, he/she will receive a pension increase of 3% or one-half of the Consumer Price Index for the preceding calendar year, whichever is less, every January 1 after the member turns age 67 and has been retired at least one full year. These pension increases are not limited by the 75% maximum.</p>

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

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removal from the payroll. Occupational disability benefits are provided when the member becomes disabled as a direct result of injuries or diseases arising out of and in the course of State employment. The monthly benefit is equal to 75% of the monthly rate of compensation on the date of removal from the payroll. This benefit amount is reduced by Workers' Compensation or payments under the Occupational Diseases Act.

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

**Contributions.** Contribution requirements of active employees and the State are established in accordance with Chapter 40, section 5/14-133 of the Illinois Compiled Statutes. Member contributions are based on fixed percentages of covered payroll ranging between 4.00% and 12.50%. Employee contributions are fully refundable, without interest, upon withdrawal from State employment. Tier 1 members contribute based on total annual compensation. Tier 2 members contribute based on an annual compensation rate not to exceed \$106,800 with limitations for future years increased by the lesser of 3% or one-half of the annual percentage increase in the Consumer Price Index. For 2020, this amount was \$115,929.

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

For fiscal year 2020, 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 2020, the employer contribution rate was 54.290%. The Department's contribution amount for fiscal year 2020 was \$235,928,259.

**Pension liability, deferred outflows of resources, deferred inflows of resources, and expense related to pensions.** At June 30, 2020, the Department reported a liability of \$3.194 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, 2019 (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, 2019. As of the current year measurement date of June 30, 2019, the Department's proportion was 9.5637%, which was an decrease of 0.7126% from its proportion measured as of the prior year measurement date of June 30, 2018.

For the year ended June 30, 2020, the Department recognized pension expense of \$195 million. At June 30, 2020, the Department reported deferred outflows and deferred inflows of resources related to the pension liability, as of the measurement date of June 30, 2019, from the following sources (amounts expressed in thousands):

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	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 39,935
Changes of assumptions	89,017	46,104
Net difference between projected and actual investment earnings on pension plan investments	-	4,662
Changes in proportion	37,778	203,855
Department contributions subsequent to the measurement date	235,928	-
<b>Total</b>	<b>\$ 362,723</b>	<b>\$ 294,556</b>

A total of \$235.928 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows (amounts expressed in thousands):

<b>Year Ending June 30,</b>	
2021	\$ (22,655)
2022	(73,882)
2023	(43,460)
2024	(27,763)
Total	\$ (167,760)

**Actuarial methods and assumptions.** The total pension liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.25%

Investment Rate of Return: 6.75%, net of pension plan investment expense, including inflation.

Projected Salary increases: 2.75% - 7.17%, salary increase rates based on age related productivity and merit rates plus inflation.

Post-retirement benefit increases of 3.00%, compounded, for Tier 1 and the lesser of 3.00% or one-half of the annual increase in the Consumer Price Index for Tier 2.

Retirement Age: Experience-based table of rates specific to the type of eligibility condition. Table was last updated for the June 30, 2019, valuation pursuant to an experience study of the period July 1, 2015 to June 30, 2018.

Mortality: Pub-2010 General and Public Safety Healthy Retiree mortality tables, sex distinct, with rates projected to 2018 generational mortality improvement factors were updated to projection scale MP-2018.

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

The rate of inflation decreased from 2.50% to 2.25%.

The investment rate of return decreased from 7.00% to 6.75%.

The projected salary increase range changed from 3.00% - 7.42% to 2.75% - 7.17%.

The retirement age experience study was updated to July 2015 – June 2018.

The mortality rate was updated from using the 105 percent of the RP 2014 Healthy Annuitant mortality table, sex distinct, with rates projected to 2015; generational mortality improvement factors were added.

The long-term expected real rate of return on pension plan investments is determined using the best estimates of geometric real rates of return for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plan's target asset allocation, calculated as of the measurement date of June 30, 2019, the best estimates of geometric real rates of return are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	23.0%	4.8%
Developed Foreign Equity	13.0%	4.6%
Emerging Market Equity	8.0%	6.9%
Private Equity	7.0%	6.8%
Intermediate Investment Grade Bonds	14.0%	0.7%
Long-term Government Bonds	4.0%	1.0%
TIPS	4.0%	0.8%
High Yield and Bank Loans	5.0%	2.7%
Opportunistic Debt	8.0%	4.2%
Emerging Market Debt	2.0%	2.7%
Real Estate	10.0%	4.4%
Infrastructure	2.0%	4.1%
<b>Total</b>	<b>100%</b>	

**Discount rate.** A discount rate of 6.47% was used to measure the total pension liability as of the measurement date of June 30, 2019, as compared to a discount rate of 6.81% used to measure the total pension liability as of the prior year measurement date. The June 30, 2019, 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 3.13%, based on an index of 20 year general obligation bonds with an average

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AA credit rating as published by the Federal Reserve. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions will be made based on the statutorily required rates under Illinois law. 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 2073. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2073, and the municipal bond rate was applied to all benefit payments after that date.

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

	<b>1% Decrease 5.47%</b>	<b>Discount Rate 6.47%</b>	<b>1% Increase 7.47%</b>
Department's proportionate share of the net pension liability	\$ 3,862,427	\$ 3,193,723	\$ 2,643,927

**Payables to the pension plan.** At June 30, 2020, the Department reported a payable of \$11.443 million to SERS for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

**(9) Other Postemployment Benefits**

**Plan Description.** The State Employees Group Insurance Act of 1971 (Act), as amended, authorizes the Illinois State Employees Group Insurance Program (SEGIP) to provide health, dental, vision, and life insurance benefits for certain retirees and their dependents. Substantially all of the Department's full-time employees are members of SEGIP. Members receiving monthly benefits from the General Assembly Retirement System (GARS), Judges' Retirement System (JRS), State Employees' Retirement System of Illinois (SERS), Teachers' Retirement System (TRS), and State Universities Retirement System of Illinois (SURS) are eligible for these other postemployment benefits (OPEB). The eligibility provisions for each of the retirement systems are defined within Pension Footnote 8. 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

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subsidized SEGIP premium available to Medicare eligible participants. The Act requires the State to provide life insurance benefits for annuitants equal to their annual salary as of the last day of employment until age 60, at which time, the benefit amount becomes \$5,000.

**Funding policy and annual other postemployment benefit cost.** OPEB offered through SEGIP are financed through a combination of retiree premiums, State contributions, and Federal government subsidies from the Medicare Part D program. Contributions are deposited in the Health Insurance Reserve Fund, which covers both active State employees and retirement members. Annuitants may be required to contribute towards health and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998, and who are vested in the SERS do not contribute toward health and vision benefits. For annuitants who retired on or after January 1, 1998, the annuitant's contribution amount is reduced 5% for each year of credited service with the State allowing those annuitants with twenty or more years of credited service to not have to contribute towards health and vision benefits. All annuitants are required to pay for dental benefits regardless of retirement date. The Director of Central Management Services shall, on an annual basis, determine the amount the State shall contribute toward the basic program of group health benefits. State contributions are made primarily from the General Revenue Fund on a pay-as-you-go basis. No assets are accumulated or dedicated to funding the retiree health insurance benefit and a separate trust has not been established for the funding of OPEB.

For fiscal year 2020, the annual cost of the basic program of group health, dental, and vision benefits before the State's contribution was \$11,681.04 (\$6,703.92 if Medicare eligible) if the annuitant chose benefits provided by a health maintenance organization and \$14,959.44 (\$5,592.24 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, 2020, was measured as of June 30, 2019, with an actuarial valuation as of June 30, 2018. At June 30, 2020, the Department recorded a liability of \$2.123 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, 2019. As of the current year measurement date of June 30, 2019, the Department's proportion was 4.8363%, which was an decrease of 0.5692% from its proportion measured as of the prior year measurement date of June 30, 2018.

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The Department recognized OPEB expense for the year ended June 30, 2020, of \$12.844 million. At June 30, 2020, the Department reported deferred outflows and deferred inflows of resources, as of the measurement date of June 30, 2019, from the following sources (amounts expressed in thousands):

<b>Deferred outflows of resources</b>	
Differences between expected and actual experience	\$ 3,047
Changes in assumptions	73,796
Changes in proportion and differences between employer contributions and proportionate share of contributions	43,283
Department contributions subsequent to the measurement date	789
<b>Total deferred outflows of resources</b>	<b>\$ 120,915</b>

<b>Deferred inflows of resources</b>	
Differences between expected and actual experience	\$ 32,380
Changes of assumptions	130,981
Changes in proportion and differences between employer contributions and proportionate share of contributions	327,758
<b>Total deferred inflows of resources</b>	<b>\$ 491,119</b>

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, 2021. 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 Ending June 30,</u>		
2021	\$	(123,064)
2022		(123,064)
2023		(85,614)
2024		(34,687)
2025		(4,564)
Total	\$	<u>(370,993)</u>

**Actuarial methods and assumptions.** The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement unless otherwise specified. The actuarial valuation for the SEGIP was based on GARS, JRS, SERS, TRS, and SURS active, inactive, and retiree data as of June 30, 2018, for eligible SEGIP employees, and SEGIP retiree data as of June 30, 2018.

**STATE OF ILLINOIS  
DEPARTMENT OF TRANSPORTATION**

Notes to Financial Statements

June 30, 2020

<b>Valuation Date</b>	June 30, 2018
<b>Measurement Date</b>	June 30, 2019
<b>Actuarial Cost Method</b>	Entry Age Normal
<b>Inflation Rate</b>	2.50%
<b>Projected Salary Increases*</b>	2.75% - 12.25%
<b>Discount Rate</b>	3.13%
<b>Healthcare Cost Trend Rate:</b>	
Medical (Pre-Medicare)	8.0% grading down 0.5% in the first year to 7.5%, then grading down 0.11% in the second year to 7.39%, followed by grading down of 0.5% per year over 5 years to 4.89% in year 7
Medical (Post-Medicare)	9.0% grading down 0.5% per year over 9 years to 4.5%
Dental	6.0% grading down 0.5% per year over 3 years to 4.5%
<b>Retirees' share of benefit-related costs</b>	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% for each year of service under 20 years. Eligible dependents receive coverage provided they pay 100% of the required dependent premium. Premiums for plan year 2019 and 2020 are based on actual premiums. Premiums after 2020 were projected based on the same healthcare cost trend rates applied to per capita claim costs but excluding the additional trend rate that estimates the impact of the Excise Tax.
* Dependent upon service and participation in the respective retirement systems. Includes inflation rate listed.	

Since the last measurement date on June 30, 2019, the State has not made any significant changes to the benefit terms affecting the measurement of the collective total OPEB liability. On December 20, 2019, the *Further Consolidated Appropriations Act, 2020* (Public Law 116-94) was signed into law repealing the federal excise taxes of 40% on total employer premium spending in excess of specified dollar amounts, also known as the "Cadillac Tax." The impact of this repeal to the State's financial statements, which could be significant, is not known at this time.

Additionally, the demographic assumptions used in the OPEB valuation are identical to those used in the June 30, 2018, valuations for GARS, JRS, SERS, TRS, and SURS as follows:

	<b>Retirement age experience study<sup>^</sup></b>	<b>Mortality<sup>^^</sup></b>
<b>GARS</b>	July 2012 - June 2015	RP-2014 White Collar Total Healthy Annuitant mortality table, sex distinct, set forward 1 year for males and set back 1 year for females and generational mortality improvements using MP-2014 two-dimensional mortality improvement scales

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<b>JRS</b>	July 2012 - June 2015	RP-2014 White Collar Total Healthy Annuitant mortality table, sex distinct, set forward 1 year for males and set back 1 year for females and generational mortality improvements using MP-2014 two-dimensional mortality improvement scales
<b>SERS</b>	July 2012 - June 2015	105% of the RP 2014 Healthy Annuitant mortality table, sex distinct, with rates projected to 2015; generational mortality improvement factors were added
<b>TRS</b>	July 2014 - June 2017	RP-2014 with future mortality improvements on a fully generational basis using projection table MP-2017
<b>SURS</b>	July 2014 - June 2017	RP-2014 White Collar, gender distinct, projected using MP-2014 two-dimensional mortality improvement scale, set forward 1 year for male and female annuitants

^ The actuarial assumptions used in the respective actuarial valuations are based on the results of actuarial experience studies for the periods defined. A modified experience review was completed for SERS for the 3-year period ending June 30, 2015. Changes were made to the assumptions regarding investment rate of return, projected salary increases, inflation rate, and mortality based on this review. All other assumptions remained unchanged.

^^ Mortality rates are based on mortality tables published by the Society of Actuaries' Retirement Plans Experience Committee.

**Discount rate.** Retirees contribute a percentage of the premium rate based on service at retirement. The State contributes additional amounts to cover claims and expenses in excess of retiree contributions. Because plan benefits are financed on a pay-as-you-go basis, the single discount rate is based on a tax-exempt municipal bond rate index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. A single discount rate of 3.62% at June 30, 2018, and 3.13% at June 30, 2019, 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 3.13%, 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 (4.13%) or lower (2.13%) than the current rate (amounts expressed in thousands):

	1% Decrease (2.13%)	Current Single Discount Rate Assumption (3.13%)	1% Increase (4.13%)
Department's proportionate share of total OPEB liability	\$ 2,499,912	\$ 2,122,593	\$ 1,820,775

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**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 8.0% in 2020 decreasing to an ultimate trend rate of 4.89% in 2027, for non-Medicare coverage, and 9.0% decreasing to an ultimate trend rate of 4.5% in 2029 for Medicare coverage.

	1% Decrease	Current Healthcare Cost Trend Rates Assumption	1% Increase
Department's proportionate share of total OPEB liability	\$ 1,779,802	\$ 2,122,593	\$ 2,566,561

**(10) Fund Balance**

**(a) Categories**

As of June 30, 2020, the Department's fund balances were classified as follows:

	Nonmajor Funds	Total
Nonspendable:		
Inventory	\$ 95,572	\$ 95,572
Restricted:		
General Transportation	61,452	61,452
Committed:		
General Transportation	794,068	794,068
Unassigned	(71,570)	(71,570)
<b>Total Fund Balances</b>	\$ 879,522	\$ 879,522

**(b) Fund Deficits**

The Federal Local Airport Fund and Federal Mass Transit Trust Fund had deficit fund balances of \$68.451 million and \$3.119 million, respectively, as of June 30, 2020. The fund deficits will be eliminated by future recognition of earned but unavailable revenues and future grant resources.

**(11) Risk Management**

The Department is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; aviation liability; auto liability; workers compensation; and natural disasters. Except for a portion of the auto liability, the State retains the risk of loss (i.e. self-insured) for these risks.

Auto liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not

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reported. Claims liabilities are based upon the estimated ultimate cost of settling the claims including specific, incremental claim adjustment expenses, salvage, and subrogation and considering the effects of inflation and recent claim settlement trends including frequency and amount of payouts and other economic and social factors. The Department's risk financing for auto liabilities has been determined using an estimate of claims outstanding.

The following is a reconciliation of the Department's claims liabilities for the years ended June 30, 2019, and June 30, 2020:

<u>Year Ended June 30</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
2019	\$ 11,460	\$ 951	\$ 54	\$ 12,357
2020	12,357	3,900	8,323	7,934

**(12) Commitments and Contingencies**

**(a) Commitments**

The Department has outstanding construction projects for highway program improvements and administrative expenses in which it has entered into future commitments. The amount of the Department's commitments was \$3.446 billion as of June 30, 2020.

**(b) Encumbrances**

The Department has Road Fund encumbrances for goods ordered but not received prior to June 30, 2020, of \$2.029 million.

**(c) Operating Leases**

The Department leases various real property and equipment under the terms of noncancelable operating lease agreements that require the Department to make minimum lease rental payments plus pay a pro rata share of certain operating costs. Rent expense under operating leases was \$20.174 million for the year ended June 30, 2020.

The following is a schedule of future minimum lease rental payments under operating leases (amounts expressed in thousands):

<u>Year Ending June 30,</u>	<u>Total</u>
2021	\$ 928
2022	28
2023	27
2024	-
2025	-
	<u>\$ 983</u>

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DEPARTMENT OF TRANSPORTATION**

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June 30, 2020

**(d) Federal Funding**

The Department receives federal grants which are subject to review and audit by federal grantor agencies. Certain costs could be questioned as not being an eligible expenditure under the terms of the grants. As of June 30, 2020, there were no material questioned costs that have not been resolved with the federal awarding agencies. However, questioned costs could still be identified during audits to be conducted in the future. Management of the Department believes there will be no material adjustments to the federal grants and, accordingly, has not recorded a provision for possible repayment.

**(e) Litigation**

On April 19, 2004, an auto accident occurred wherein the plaintiff sued the State in *Chraca v. Miles*. On September 8, 2009, judgment was entered in the Circuit Court of Cook County for the amount of \$23.8 million against the State. On February 18, 2010, the State appealed the judgment to the First District Appellate Court of Illinois. The Appellate Court has ruled against the State. The plaintiff is seeking to enforce the judgment through the Court of Claims. However, this was denied. On August 26, 2016, the Court of Claims granted the claimant's Motion to Reconsider. An amount of \$2 million, the statutory limit on auto liability exposure per case, has been included in the long-term auto liability. Any amount to be paid in addition to this \$2 million is uncertain at this time. Any court-ordered judgment amount, including the \$2 million already accrued, would be paid from the Road Fund. A hearing was held in February 2018 and the case has been argued before the Court of Claims, but an order has not yet been entered.

The Department is also 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.

**SUPPLEMENTARY INFORMATION**

**State of Illinois**  
**Department of Transportation**

**Combining Schedule of Accounts -**  
**General Fund**

June 30, 2020 (Expressed in Thousands)

	General Fund Accounts			Total
	General Revenue 0001	I-FLY 0306	Public Transportation 0627	
<b>ASSETS</b>				
Cash equity with State Treasurer	\$ -	\$ -	\$ 1,050	\$ 1,050
Due from other State funds	-	-	302,544	302,544
<b>Total assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 303,594</b>	<b>\$ 303,594</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 15	\$ 15
Intergovernmental payables	-	-	303,571	303,571
Due to other State funds	-	-	8	8
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>303,594</b>	<b>303,594</b>
<b>FUND BALANCES</b>				
	-	-	-	-
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 303,594</b>	<b>\$ 303,594</b>

See accompanying independent auditors' report.

**State of Illinois**  
**Department of Transportation**

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

For the Year Ended June 30, 2020 (Expressed in Thousands)

	General Fund Accounts			Total
	General Revenue 0001	I-FLY 0306	Public Transportation 0627	
<b>REVENUES</b>				
Sales taxes	\$ -	\$ -	\$ 231,379	\$ 231,379
<b>Total revenues</b>	-	-	231,379	231,379
<b>EXPENDITURES</b>				
Transportation	153	-	502,380	502,533
<b>Total expenditures</b>	153	-	502,380	502,533
<b>Deficiency of revenues under expenditures</b>	(153)	-	(271,001)	(271,154)
<b>OTHER SOURCES OF FINANCIAL RESOURCES</b>				
Net change in liabilities for reappropriated accounts	153	-	-	153
Transfers-in	-	-	271,001	271,001
<b>Net other sources of financial resources</b>	153	-	271,001	271,154
<b>Net change in fund balances</b>	-	-	-	-
Fund balances, July 1, 2019	-	-	-	-
<b>FUND BALANCES, JUNE 30, 2020</b>	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditors' report.

**State of Illinois**  
**Department of Transportation**  
**Combining Balance Sheet -**  
**Nonmajor Governmental Funds**  
June 30, 2020 (Expressed in Thousands)

	Special Revenue							
	Motor Fuel Tax Funds	Road Fund 0011	Grade Crossing Protection 0019	Aeronautics 0046	Federal/Local Airport 0095	Intercity Passenger Rail 0233	State Rail Freight Loan Repayment 0265	Tax Recovery 0310
<b>ASSETS</b>								
Unexpended appropriations	\$ 71,844	\$ 510,494	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity with State Treasurer	-	4,589	74,208	833	3,532	-	4,006	2,653
Cash and cash equivalents	-	-	-	-	-	-	-	-
Securities lending collateral equity with State Treasurer	-	-	-	-	-	-	1,192	-
Receivables, net:								
Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	205,959	-	-	71,570	-	-	-
Other	-	4,316	-	-	-	-	3	17
Due from other Department funds	-	22,908	3,500	-	-	-	-	-
Due from other State funds	-	6,178	50,000	-	-	-	6,000	-
Inventories	-	72,619	-	-	-	-	-	-
Loans receivable, net	-	-	-	-	-	-	2,018	-
Due from State of Illinois component units, long-term	-	37,353	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 71,844</b>	<b>\$ 864,416</b>	<b>\$ 127,708</b>	<b>\$ 833</b>	<b>\$ 75,102</b>	<b>\$ -</b>	<b>\$ 13,219</b>	<b>\$ 2,670</b>
<b>LIABILITIES</b>								
Accounts payable and accrued liabilities	\$ 405	\$ 262,103	\$ 5,723	\$ -	\$ 9,791	\$ -	\$ -	\$ 168
Intergovernmental payables	31,474	130,944	3,370	-	63,911	-	-	130
Due to other Department funds	39,312	-	-	-	-	-	-	-
Due to other State funds	653	19,015	-	-	-	-	-	-
Due to State of Illinois component units	-	98,432	-	-	135	-	-	-
Obligations under securities lending of State Treasurer	-	-	-	-	-	-	1,192	-
Unearned revenue	-	-	-	-	1,265	-	-	334
<b>Total liabilities</b>	<b>71,844</b>	<b>510,494</b>	<b>9,093</b>	<b>-</b>	<b>75,102</b>	<b>-</b>	<b>1,192</b>	<b>632</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue	-	26,769	-	-	68,451	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>26,769</b>	<b>-</b>	<b>-</b>	<b>68,451</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>71,844</b>	<b>537,263</b>	<b>9,093</b>	<b>-</b>	<b>143,553</b>	<b>-</b>	<b>1,192</b>	<b>632</b>
<b>FUND BALANCES (DEFICITS)</b>								
Nonspendable portion of inventories	-	72,619	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	-	254,534	118,615	833	-	-	12,027	2,038
Unassigned	-	-	-	-	(68,451)	-	-	-
<b>Total fund balances (deficits)</b>	<b>-</b>	<b>327,153</b>	<b>118,615</b>	<b>833</b>	<b>(68,451)</b>	<b>-</b>	<b>12,027</b>	<b>2,038</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ 71,844</b>	<b>\$ 864,416</b>	<b>\$ 127,708</b>	<b>\$ 833</b>	<b>\$ 75,102</b>	<b>\$ -</b>	<b>\$ 13,219</b>	<b>\$ 2,670</b>

(Continued)

**State of Illinois**  
**Department of Transportation**  
**Combining Balance Sheet -**  
**Nonmajor Governmental Funds**  
June 30, 2020 (Expressed in Thousands)

	<b>Special Revenue</b>							
	<b>Federal High Speed Rail Trust 0433</b>	<b>Downstate Transit Improvement 0559</b>	<b>Transportation Safety Highway Hire-Back 0589</b>	<b>Downstate Public Transportation 0648</b>	<b>Airport Land Loan Revolving 0669</b>	<b>Federal Mass Transit Trust 0853</b>	<b>Cycle Rider Safety Training 0863</b>	<b>State Aviation Program 0928</b>
<b>ASSETS</b>								
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4	\$ -
Cash equity with State Treasurer	22,247	19,822	292	31,992	99	1	-	5,128
Cash and cash equivalents	-	-	-	-	-	-	-	-
Securities lending collateral equity with State Treasurer	-	-	-	-	31	-	-	-
Receivables, net:								
Taxes	-	-	-	13,834	-	-	-	242
Intergovernmental	2,068	-	-	-	-	6,578	-	-
Other	-	-	3	-	-	-	-	-
Due from other Department funds	-	-	-	-	-	-	-	-
Due from other State funds	-	-	-	103,854	-	-	-	-
Inventories	22,953	-	-	-	-	-	-	-
Loans receivable, net	-	-	-	-	-	-	-	-
Due from State of Illinois component units, long-term	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 47,268</b>	<b>\$ 19,822</b>	<b>\$ 295</b>	<b>\$ 149,680</b>	<b>\$ 130</b>	<b>\$ 6,579</b>	<b>\$ 4</b>	<b>\$ 5,370</b>
<b>LIABILITIES</b>								
Accounts payable and accrued liabilities	\$ 4,025	\$ 79	\$ -	\$ -	\$ -	\$ 1,525	\$ 4	\$ -
Intergovernmental payables	-	181	-	35,258	-	4,742	-	-
Due to other Department funds	-	-	-	-	-	-	-	-
Due to other State funds	-	-	-	-	-	-	-	-
Due to State of Illinois component units	-	-	-	-	-	312	-	-
Obligations under securities lending of State Treasurer	-	-	-	-	31	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>4,025</b>	<b>260</b>	<b>-</b>	<b>35,258</b>	<b>31</b>	<b>6,579</b>	<b>4</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue	2,068	-	-	-	-	3,119	-	-
<b>Total deferred inflows of resources</b>	<b>2,068</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,119</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>6,093</b>	<b>260</b>	<b>-</b>	<b>35,258</b>	<b>31</b>	<b>9,698</b>	<b>4</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS)</b>								
Nonspendable portion of inventories	22,953	-	-	-	-	-	-	-
Restricted	-	-	295	-	-	-	-	5,370
Committed	18,222	19,562	-	114,422	99	-	-	-
Unassigned	-	-	-	-	-	(3,119)	-	-
<b>Total fund balances (deficits)</b>	<b>41,175</b>	<b>19,562</b>	<b>295</b>	<b>114,422</b>	<b>99</b>	<b>(3,119)</b>	<b>-</b>	<b>5,370</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ 47,268</b>	<b>\$ 19,822</b>	<b>\$ 295</b>	<b>\$ 149,680</b>	<b>\$ 130</b>	<b>\$ 6,579</b>	<b>\$ 4</b>	<b>\$ 5,370</b>

(Continued)

**State of Illinois**  
**Department of Transportation**  
**Combining Balance Sheet -**  
**Nonmajor Governmental Funds**  
June 30, 2020 (Expressed in Thousands)

	Special Revenue					
	Rail Freight Loan Repayment 0936	Transportation Renewal 0952	DUI Prevention and Education 0956	Regional Transportation Authority Capital Improvement 0964	Downstate Mass Transportation Capital Improvement 0965	High Speed Rail Escrow Account 1438
<b>ASSETS</b>						
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity with State Treasurer	802	73,835	901	170,952	18,995	-
Cash and cash equivalents	-	-	-	-	-	57,091
Securities lending collateral equity with State Treasurer	249	-	-	-	-	-
Receivables, net:						
Taxes	-	89,639	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Other	1	-	-	-	-	-
Due from other Department funds	-	-	-	13,245	1,472	-
Due from other State funds	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Loans receivable, net	-	-	-	-	-	-
Due from State of Illinois component units, long-term	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 1,052</b>	<b>\$ 163,474</b>	<b>\$ 901</b>	<b>\$ 184,197</b>	<b>\$ 20,467</b>	<b>\$ 57,091</b>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ -	\$ 930	\$ -	\$ -	\$ -	\$ 2,205
Intergovernmental payables	-	112,506	-	-	-	-
Due to other Department funds	-	50,038	-	-	-	-
Due to other State funds	-	-	-	-	-	-
Due to State of Illinois component units	-	-	-	-	-	-
Obligations under securities lending of State Treasurer	249	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
<b>Total liabilities</b>	<b>249</b>	<b>163,474</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,205</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>249</b>	<b>163,474</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,205</b>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable portion of inventories	-	-	-	-	-	-
Restricted	-	-	901	-	-	54,886
Committed	803	-	-	184,197	20,467	-
Unassigned	-	-	-	-	-	-
<b>Total fund balances (deficits)</b>	<b>803</b>	<b>-</b>	<b>901</b>	<b>184,197</b>	<b>20,467</b>	<b>54,886</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ 1,052</b>	<b>\$ 163,474</b>	<b>\$ 901</b>	<b>\$ 184,197</b>	<b>\$ 20,467</b>	<b>\$ 57,091</b>

(Continued)

**State of Illinois**  
**Department of Transportation**  
**Combining Balance Sheet -**  
**Nonmajor Governmental Funds**  
June 30, 2020 (Expressed in Thousands)

	Capital Projects					Debt Service		Total
	Transportation Bond Series A 0553	Transportation Bond Series B 0554	Transportation Bond Series D 0695	State Construction Account 0902	Multi-Modal Transportation Bond 0959	General Obligation Bond Retirement and Interest 0101	IDOT Debt Service 2494	
<b>ASSETS</b>								
Unexpended appropriations	\$ 6,642	\$ 28,255	\$ 35,255	\$ 140,312	\$ -	\$ -	\$ -	\$ 792,806
Cash equity with State Treasurer	-	-	-	-	-	-	-	434,887
Cash and cash equivalents	-	-	-	-	-	-	-	57,091
Securities lending collateral equity with State Treasurer	-	-	-	-	-	-	-	1,472
Receivables, net:								
Taxes	-	-	-	-	-	-	-	103,715
Intergovernmental	-	-	-	-	-	-	-	286,175
Other	-	-	-	165	-	-	-	4,505
Due from other Department funds	-	-	-	48,225	-	-	-	89,350
Due from other State funds	-	-	-	-	-	-	-	166,032
Inventories	-	-	-	-	-	-	-	95,572
Loans receivable, net	-	-	-	-	-	-	-	2,018
Due from State of Illinois component units, long-term	-	-	-	-	-	-	-	37,353
<b>Total assets</b>	<b>\$ 6,642</b>	<b>\$ 28,255</b>	<b>\$ 35,255</b>	<b>\$ 188,702</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,070,976</b>
<b>LIABILITIES</b>								
Accounts payable and accrued liabilities	\$ 5,224	\$ 12,082	\$ 22,441	\$ 140,287	\$ -	\$ -	\$ -	\$ 466,992
Intergovernmental payables	1,418	16,173	12,814	25	-	-	-	412,946
Due to other Department funds	-	-	-	-	-	-	-	89,350
Due to other State funds	-	-	-	-	-	-	-	19,668
Due to State of Illinois component units	-	-	-	-	-	-	-	98,879
Obligations under securities lending of State Treasurer	-	-	-	-	-	-	-	1,472
Unearned revenue	-	-	-	-	-	-	-	1,599
<b>Total liabilities</b>	<b>6,642</b>	<b>28,255</b>	<b>35,255</b>	<b>140,312</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,090,906</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue	-	-	-	141	-	-	-	100,548
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>141</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100,548</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>6,642</b>	<b>28,255</b>	<b>35,255</b>	<b>140,453</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,191,454</b>
<b>FUND BALANCES (DEFICITS)</b>								
Nonspendable portion of inventories	-	-	-	-	-	-	-	95,572
Restricted	-	-	-	-	-	-	-	61,452
Committed	-	-	-	48,249	-	-	-	794,068
Unassigned	-	-	-	-	-	-	-	(71,570)
<b>Total fund balances (deficits)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>48,249</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>879,522</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ 6,642</b>	<b>\$ 28,255</b>	<b>\$ 35,255</b>	<b>\$ 188,702</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,070,976</b>

See accompanying independent auditors' report.

State of Illinois  
Department of Transportation

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

For the Year Ended June 30, 2020 (Expressed in Thousands)

	Special Revenue							
	Motor Fuel Tax Funds	Road Fund 0011	Grade Crossing Protection 0019	Aeronautics 0046	Federal/Local Airport 0095	Intercity Passenger Rail 0233	State Rail Freight Loan Repayment 0265	Tax Recovery 0310
<b>REVENUES</b>								
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Motor fuel taxes	(560,070)	356,152	-	-	-	-	-	-
Operating grants - Federal	-	35,887	-	-	94,275	-	-	-
Capital grants - Federal	-	1,650,379	-	-	-	-	-	-
Other operating grants	-	65,020	-	-	8,446	-	-	-
Other capital grants	-	4,385	-	-	-	-	-	-
Licenses and fees	-	25,754	-	120	-	-	-	-
Other charges for services	-	15,340	-	-	-	-	-	1,308
Other	-	-	-	-	-	-	-	-
Interest and other investment income	-	-	765	-	-	4	105	-
<b>Total revenues</b>	<b>(560,070)</b>	<b>2,152,917</b>	<b>765</b>	<b>120</b>	<b>102,721</b>	<b>4</b>	<b>105</b>	<b>1,308</b>
<b>EXPENDITURES</b>								
Transportation	15,222	1,939,336	8,675	41	60,691	-	-	1,595
Intergovernmental	532,614	-	-	-	-	-	-	-
Debt service - principal	-	462	-	-	-	-	-	-
Debt service - interest	-	175	-	-	-	-	-	-
Capital outlays	-	180,249	-	-	-	-	-	-
<b>Total expenditures</b>	<b>547,836</b>	<b>2,120,222</b>	<b>8,675</b>	<b>41</b>	<b>60,691</b>	<b>-</b>	<b>-</b>	<b>1,595</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(1,107,906)</b>	<b>32,695</b>	<b>(7,910)</b>	<b>79</b>	<b>42,030</b>	<b>4</b>	<b>105</b>	<b>(287)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>								
Appropriations from State resources	19,668	8,041,686	-	-	-	-	-	-
Reappropriation to future year(s)	-	(5,790,170)	-	-	-	-	-	-
Lapsed appropriations	(4,446)	(119,426)	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	(1,765,565)	-	-	-	-	-	-
Net change in liabilities for reappropriated accounts	(13,500)	(26,122)	-	-	-	-	-	-
Amount of SAMS transfers-in	-	(355,471)	-	-	-	-	-	-
Amount of SAMS transfers-out	1,153,224	-	-	-	-	-	-	-
Transfers-in	-	-	42,000	-	-	-	-	-
Transfers-out	(47,040)	(27,745)	(3,000)	-	-	(334)	-	-
Capital lease financing	-	279	-	-	-	-	-	-
<b>Net other sources (uses) of financial resources</b>	<b>1,107,906</b>	<b>(42,534)</b>	<b>39,000</b>	<b>-</b>	<b>-</b>	<b>(334)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>(9,839)</b>	<b>31,090</b>	<b>79</b>	<b>42,030</b>	<b>(330)</b>	<b>105</b>	<b>(287)</b>
Fund balances (deficits), July 1, 2019	-	336,992	87,525	754	(110,481)	330	11,922	2,325
<b>FUND BALANCES (DEFICITS), JUNE 30, 2020</b>	<b>\$ -</b>	<b>\$ 327,153</b>	<b>\$ 118,615</b>	<b>\$ 833</b>	<b>\$ (68,451)</b>	<b>\$ -</b>	<b>\$ 12,027</b>	<b>\$ 2,038</b>

(Continued)

**State of Illinois**  
**Department of Transportation**

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

For the Year Ended June 30, 2020 (Expressed in Thousands)

	Special Revenue							
	Federal High Speed Rail Trust 0433	Downstate Transit Improvement 0559	Transportation Safety Highway Hire- Back 0589	Downstate Public Transportation 0648	Airport Land Loan Revolving 0669	Federal Mass Transit Trust 0853	Cycle Rider Safety Training 0863	State Aviation Program 0928
<b>REVENUES</b>								
Sales taxes	\$ -	\$ -	\$ -	\$ 200,807	\$ -	\$ -	\$ -	\$ 5,073
Motor fuel taxes	-	-	-	-	-	-	-	297
Operating grants - Federal	12,317	-	-	-	-	29,849	-	-
Capital grants - Federal	-	-	-	-	-	-	-	-
Other operating grants	-	-	-	-	-	-	-	-
Other capital grants	-	-	-	-	-	-	-	-
Licenses and fees	-	-	-	-	-	-	-	-
Other charges for services	-	-	-	-	-	-	-	-
Other	-	-	140	-	-	-	-	-
Interest and other investment income	-	-	3	-	2	-	-	-
<b>Total revenues</b>	<b>12,317</b>	<b>-</b>	<b>143</b>	<b>200,807</b>	<b>2</b>	<b>29,849</b>	<b>-</b>	<b>5,370</b>
<b>EXPENDITURES</b>								
Transportation	(15,545)	4,161	200	216,852	-	32,793	3,773	-
Intergovernmental	-	-	-	-	-	-	-	-
Debt service - principal	-	-	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-	-
Capital outlays	4,725	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>(10,820)</b>	<b>4,161</b>	<b>200</b>	<b>216,852</b>	<b>-</b>	<b>32,793</b>	<b>3,773</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>23,137</b>	<b>(4,161)</b>	<b>(57)</b>	<b>(16,045)</b>	<b>2</b>	<b>(2,944)</b>	<b>(3,773)</b>	<b>5,370</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>								
Appropriations from State resources	-	-	-	-	-	-	16,106	-
Reappropriation to future year(s)	-	-	-	-	-	-	(11,265)	-
Lapsed appropriations	-	-	-	-	-	-	(247)	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-	-	-
Net change in liabilities for reappropriated accounts	-	-	-	-	-	-	(821)	-
Amount of SAMS transfers-in	-	-	-	-	-	-	-	-
Amount of SAMS transfers-out	-	-	-	-	-	-	-	-
Transfers-in	-	-	-	-	-	-	-	-
Transfers-out	-	-	-	-	-	-	-	-
Capital lease financing	-	-	-	-	-	-	-	-
<b>Net other sources (uses) of financial resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,773</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>23,137</b>	<b>(4,161)</b>	<b>(57)</b>	<b>(16,045)</b>	<b>2</b>	<b>(2,944)</b>	<b>-</b>	<b>5,370</b>
Fund balances (deficits), July 1, 2019	18,038	23,723	352	130,467	97	(175)	-	-
<b>FUND BALANCES (DEFICITS), JUNE 30, 2020</b>	<b>\$ 41,175</b>	<b>\$ 19,562</b>	<b>\$ 295</b>	<b>\$ 114,422</b>	<b>\$ 99</b>	<b>\$ (3,119)</b>	<b>\$ -</b>	<b>\$ 5,370</b>

(Continued)

**State of Illinois**  
**Department of Transportation**

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

For the Year Ended June 30, 2020 (Expressed in Thousands)

	Special Revenue					
	Rail Freight Loan Repayment 0936	Transportation Renewal 0952	DUI Prevention and Education 0956	Regional Transportation Authority Capital Improvement 0964	Downstate Mass Transportation Capital Improvement 0965	High Speed Rail Escrow Account 1438
<b>REVENUES</b>						
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Motor fuel taxes	-	416,421	-	184,197	20,467	-
Operating grants - Federal	-	-	-	-	-	-
Capital grants - Federal	-	-	-	-	-	-
Other operating grants	-	-	-	-	-	-
Other capital grants	-	-	-	-	-	-
Licenses and fees	-	-	-	-	-	-
Other charges for services	-	-	-	-	-	-
Other	-	-	-	-	-	-
Interest and other investment income	14	-	-	-	-	47
<b>Total revenues</b>	<u>14</u>	<u>416,421</u>	<u>-</u>	<u>184,197</u>	<u>20,467</u>	<u>47</u>
<b>EXPENDITURES</b>						
Transportation	-	-	-	-	-	17,208
Intergovernmental	-	416,421	-	-	-	-
Debt service - principal	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>416,421</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,208</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>14</u>	<u>-</u>	<u>-</u>	<u>184,197</u>	<u>20,467</u>	<u>(17,161)</u>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>						
Appropriations from State resources	-	-	-	-	-	-
Reappropriation to future year(s)	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-
Net change in liabilities for reappropriated accounts	-	-	-	-	-	-
Amount of SAMS transfers-in	-	-	-	-	-	-
Amount of SAMS transfers-out	-	-	-	-	-	-
Transfers-in	-	-	901	-	-	25,000
Transfers-out	-	-	-	-	-	-
Capital lease financing	-	-	-	-	-	-
<b>Net other sources (uses) of financial resources</b>	<u>-</u>	<u>-</u>	<u>901</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
<b>Net change in fund balances</b>	<u>14</u>	<u>-</u>	<u>901</u>	<u>184,197</u>	<u>20,467</u>	<u>7,839</u>
Fund balances (deficits), July 1, 2019	789	-	-	-	-	47,047
<b>FUND BALANCES (DEFICITS), JUNE 30, 2020</b>	<u>\$ 803</u>	<u>\$ -</u>	<u>\$ 901</u>	<u>\$ 184,197</u>	<u>\$ 20,467</u>	<u>\$ 54,886</u>

(Continued)

State of Illinois  
Department of Transportation

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

For the Year Ended June 30, 2020 (Expressed in Thousands)

	Capital Projects					Debt Service		Total
	Transportation	Transportation	Transportation	State	Multi-Modal	General	DOT Debt	
	Bond Series A 0553	Bond Series B 0554	Bond Series D 0695	Construction Account 0902	Transportation Bond 0959	Obligation Bond Retirement and Interest 0101	Service 2494	
<b>REVENUES</b>								
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 205,880
Motor fuel taxes	-	-	-	694,971	-	-	-	1,112,435
Operating grants - Federal	-	-	-	-	-	-	-	172,328
Capital grants - Federal	-	-	-	-	-	-	-	1,650,379
Other operating grants	-	-	-	-	-	-	-	73,466
Other capital grants	-	-	-	-	-	-	-	4,385
Licenses and fees	-	-	-	-	-	-	-	25,874
Other charges for services	-	-	-	-	-	-	-	16,648
Other	-	-	-	-	-	-	-	140
Interest and other investment income	-	-	-	-	-	50	-	990
<b>Total revenues</b>	-	-	-	694,971	-	50	-	3,262,525
<b>EXPENDITURES</b>								
Transportation	255,976	125,066	14,388	245,788	-	-	-	2,926,220
Intergovernmental	-	-	-	-	-	-	-	949,035
Debt service - principal	-	-	-	-	-	-	2,745	3,207
Debt service - interest	-	-	-	-	-	-	-	175
Capital outlays	(1,334)	(31,683)	146,752	1,045,943	-	-	-	1,344,652
<b>Total expenditures</b>	254,642	93,383	161,140	1,291,731	-	-	2,745	5,223,289
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(254,642)	(93,383)	(161,140)	(596,760)	-	50	(2,745)	(1,960,764)
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>								
Appropriations from State resources	6,501,577	1,591,135	578,735	5,740,611	4,500,000	-	-	26,989,518
Reappropriation to future year(s)	(360,387)	(657,164)	(384,429)	(4,500,889)	(1,538,638)	-	-	(13,242,942)
Lapsed appropriations	(5,890,918)	(823,014)	(22,712)	-	(2,961,362)	-	-	(9,822,125)
Receipts collected and transmitted to State Treasury	-	-	-	-	-	(1,714)	-	(1,767,279)
Net change in liabilities for reappropriated accounts	4,370	(17,574)	(10,454)	52,030	-	-	-	(12,071)
Amount of SAMS transfers-in	-	-	-	(663,326)	-	-	-	(1,018,797)
Amount of SAMS transfers-out	-	-	-	-	-	-	-	1,153,224
Transfers-in	-	-	-	-	-	-	2,745	70,646
Transfers-out	-	-	-	-	-	-	-	(78,119)
Capital lease financing	-	-	-	-	-	-	-	279
<b>Net other sources (uses) of financial resources</b>	254,642	93,383	161,140	628,426	-	(1,714)	2,745	2,272,334
<b>Net change in fund balances</b>	-	-	-	31,666	-	(1,664)	-	311,570
Fund balances (deficits), July 1, 2019	-	-	-	16,583	-	1,664	-	567,952
<b>FUND BALANCES (DEFICITS), JUNE 30, 2020</b>	\$ -	\$ -	\$ -	\$ 48,249	\$ -	\$ -	\$ -	\$ 879,522

See accompanying independent auditors' report.

**State of Illinois**  
**Department of Transportation**

**Combining Schedule of Accounts -**  
**Motor Fuel Tax Fund**

June 30, 2020 (Expressed in Thousands)

	<b>Special Revenue</b>					
	<b>Motor Fuel Tax</b>	<b>Motor Fuel Tax -</b>		<b>Motor Fuel Tax -</b>		
	<b>0012</b>	<b>Counties</b>	<b>Municipalities</b>	<b>Townships and</b>		
		<b>0413</b>	<b>0414</b>	<b>Road Districts</b>		<b>Eliminations</b>
				<b>0415</b>		<b>Total</b>
<b>ASSETS</b>						
Unexpended appropriations	\$ 71,844	\$ -	\$ -	\$ -	\$ -	\$ 71,844
Due from other Department funds	-	11,008	15,439	4,996	(31,443)	-
<b>Total assets</b>	<b>\$ 71,844</b>	<b>\$ 11,008</b>	<b>\$ 15,439</b>	<b>\$ 4,996</b>	<b>\$ (31,443)</b>	<b>\$ 71,844</b>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ 405	\$ -	\$ -	\$ -	\$ -	\$ 405
Intergovernmental payables	31	11,008	15,439	4,996	-	31,474
Due to other Department funds	70,755	-	-	-	(31,443)	39,312
Due to other State funds	653	-	-	-	-	653
<b>Total liabilities</b>	<b>71,844</b>	<b>11,008</b>	<b>15,439</b>	<b>4,996</b>	<b>(31,443)</b>	<b>71,844</b>
<b>FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 71,844</b>	<b>\$ 11,008</b>	<b>\$ 15,439</b>	<b>\$ 4,996</b>	<b>\$ (31,443)</b>	<b>\$ 71,844</b>

See accompanying independent auditors' report.

**State of Illinois**  
**Department of Transportation**

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

For the Year Ended June 30, 2020 (Expressed in Thousands)

	Special Revenue					Total
	Motor Fuel Tax 0012	Motor Fuel Tax - Counties 0413	Motor Fuel Tax - Municipalities 0414	Motor Fuel Tax - Townships and Road Districts 0415	Eliminations	
<b>REVENUES</b>						
Motor fuel taxes	\$ (1,092,684)	\$ 186,468	\$ 261,514	\$ 84,632	\$ -	\$ (560,070)
<b>Total revenues</b>	<u>(1,092,684)</u>	<u>186,468</u>	<u>261,514</u>	<u>84,632</u>	<u>-</u>	<u>(560,070)</u>
<b>EXPENDITURES</b>						
Transportation	15,222	-	-	-	-	15,222
Intergovernmental	-	186,468	261,514	84,632	-	532,614
<b>Total expenditures</b>	<u>15,222</u>	<u>186,468</u>	<u>261,514</u>	<u>84,632</u>	<u>-</u>	<u>547,836</u>
<b>Deficiency of revenues under expenditures</b>	<u>(1,107,906)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,107,906)</u>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>						
Appropriations from State resources	19,668	-	-	-	-	19,668
Lapsed appropriations	(4,446)	-	-	-	-	(4,446)
Net change in liabilities for reappropriated accounts	(13,500)	-	-	-	-	(13,500)
Amount of SAMS transfers-out	1,153,224	-	-	-	-	1,153,224
Transfers-out	(47,040)	-	-	-	-	(47,040)
<b>Net other sources (uses) of financial resources</b>	<u>1,107,906</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,107,906</u>
<b>Net change in fund balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, July 1, 2019	-	-	-	-	-	-
<b>FUND BALANCES, JUNE 30, 2020</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditors' report.



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

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

**Report on the Financial Statements**

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the State of Illinois, Department of Transportation (Department) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and have issued our report thereon dated May 21, 2021.

**Compliance and Other Matters**

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

**Internal Control Over Financial Reporting**

Management of the Department is responsible for establishing and maintaining effective internal control over financial reporting (internal control).

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.

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

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 have not been identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings as item 2020-001 that we consider to be a significant deficiency.

#### **The Department's Response to Finding**

The Department's response to the finding identified in our audit is described in the accompanying schedule of findings. The Department's response was not subjected to the auditing procedures applied in the audit of the 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 Department'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 Department's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**SIGNED ORIGINAL ON FILE**

**CliftonLarsonAllen LLP**

Peoria, Illinois  
May 21, 2021

**STATE OF ILLINOIS  
DEPARTMENT OF TRANSPORTATION  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2020**

**CURRENT FINDING**

**Finding 2020-001 – Lack of Census Data Reconciliations**

The Department of Transportation (Department) did not have a reconciliation process to provide assurance census data submitted to its pension and other postemployment benefits (OPEB) plans was complete and accurate.

Census data is demographic data (date of birth, gender, years of service, etc.) of the active, inactive, or retired members of a pension or OPEB plan. The accumulation of inactive or retired members' census data occurs before the current accumulation period of census data used in the plan's actuarial valuation (which eventually flows into each employer's financial statements), meaning the plan is solely responsible for establishing internal controls over these records and transmitting this data to the plan's actuary. In contrast, responsibility for active members' census data during the current accumulation period is split among the plan and each member's current employer(s). Initially, employers must accurately transmit census data elements of their employees to the plan. Then, the plan must record and retain these records for active employees and then transmit this census data to the plan's actuary.

We noted the Department's employees are members of both the State Employees' Retirement System of Illinois (SERS) for their pensions and the State Employees Group Insurance Program sponsored by the State of Illinois, Department of Central Management Services (CMS) for their OPEB. In addition, we noted these plans have characteristics of different types of pension and OPEB plans, including single employer plans and cost-sharing multiple-employer plans.

During testing, we noted the following:

1. The Department had not performed an initial complete reconciliation of its census data recorded by SERS and CMS to its internal records to establish a base year of complete and accurate census data.
2. After establishing a base year, the Department had not developed a process to annually obtain from SERS and CMS the incremental changes recorded by SERS and CMS in their census data records and reconcile these changes back to the Department's internal supporting records.

For employers where their employees participate in plans with multiple-employer and cost-sharing features, the American Institute of Certified Public Accountants' Audit and Accounting Guide: State and Local Governments (AAG-SLG) (§ 13.177 for pensions and § 14.184 for OPEB) notes the determination of net pension/OPEB liability, pension/OPEB expense, and the associated deferred inflows and deferred outflows of resources depends on employer-provided census data reported to the plan being complete and accurate along with the accumulation and maintenance of this data by the plan being complete and accurate. To help mitigate against the risk of a plan's actuary using incomplete or inaccurate census data within similar agent multiple-employer plans, the AAG-SLG (§ 13.181 (A-27) for pensions and § 14.141 for OPEB) recommends an employer annually reconcile its active members' census data to a report from the plan of census data submitted to the plan's actuary, by comparing the current year's census data file to both the prior year's census data file and its underlying records for changes occurring during the current year.

**STATE OF ILLINOIS  
DEPARTMENT OF TRANSPORTATION  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2020**

**CURRENT FINDING**

Further, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial and statistical reports.

Department officials indicated that CMS and SERS direct the Department on what they are to do as far as retirement coding, so if there was an error from an employee record transmitted to CMS and SERS, they notify the Department to correct it. That is currently how the reconciliation process works as directed by SERS. SERS determines the Tier and retirement codes not the Agency. As for CMS, benefit changes are driven by the employee with their elections on the website. Those are sent to the Department on a file created from Department of Innovation and Technology (DoIT) and loaded to the payroll system. There are times the Department does not agree with the changes, yet they are sent to CMS.

Failure to reconcile active members' census data reported to and held by SERS and CMS to the Department's records could result in each plan's actuary relying on incomplete or inaccurate census data in the calculation of the Department's pension and OPEB balances, which may result in a misstatement of these amounts. (Finding Code No. 2020-001)

**Recommendation:**

We recommend the Department work with SERS and CMS to develop an annual reconciliation process of its active members' census data from its underlying records to a report from each plan of census data submitted to the plan's actuary. After completing an initial full reconciliation, the Department may limit the annual reconciliations to focus on the incremental changes to the census data file from the prior actuarial valuation, provided no risks are identified that incomplete or inaccurate reporting of census data may have occurred during prior periods.

**Department Response:**

The Department agrees with the finding and will work with SERS and CMS to develop an annual reconciliation process. The Department currently audits the incoming OPEB files from the Benefits Administrator each pay period against the Department payroll system data to ensure our employee deductions are accurate and investigate any discrepancies between our data and that of the Benefits Administrator.

**STATE OF ILLINOIS  
DEPARTMENT OF TRANSPORTATION  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2020**

**PRIOR YEAR FINDING NOT REPEATED**

**Inadequate Controls over Financial Reporting**

During the previous engagement, the internal controls over financial reporting of the Illinois Department of Transportation (Department) were insufficient to prevent misstatements.

This condition was noted to be remediated during the financial audit for the fiscal year ended June 30, 2020. (Finding Code No. 2019-001, 2018-001)

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