

**ILLINOIS DEPARTMENT OF REVENUE
NOTICE DATED DECEMBER 4, 2025
REGARDING FISCAL YEAR 2024 FINANCIAL STATEMENTS**

After the release of its audit report for the year ended June 30, 2024, it was discovered that an adjustment was needed to the Illinois Department of Revenue's audited financial statements regarding the Department's reporting of a change in reporting entity. The Department reported the impact on the governmental fund financial statements as a restatement in alignment with Governmental Accounting Standards Board (GASB) 100 *Accounting Changes and Error Corrections* (GASB 100). However, the restatement should have also impacted the governmental activities reported within the government wide financial statements for a prepaid expense recorded on the Department's Statement of Net Position as of June 30, 2023, which was not included in the governmental funds based on the accounting policies of the State of Illinois. This adjustment impacts the following statements and accounts within governmental activities:

- Statement of Activities – Net position (deficit) July 1, 2023 and general government expenses
- Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Statement of Activities – Prepaid expenses.
- Note 17 Restatement Disclosure

This adjustment was the result of the Department applying the effects and requirements of Governmental Accounting Standards Board (GASB) 100 *Accounting Changes and Error Corrections*, related to reporting a change in the reporting entity inconsistently between the governmental fund financial statements and the governmental activities in the government wide financial statements. The Department did not restate for the impact of the change in reporting entity at the government wide level which included the need to remove prepaid expenses related to activities transferred to the Department of Health Services. Consequently, an adjustment is needed to the Department's 2024 financial statements which will increase the Department's opening net deficit as of July 1, 2023, by \$391 million and decrease general government expenses reported in the Statement of Activities by the same amount.

The Department's audited financial statements for the year ended December 31, 2024, will be re-issued reflecting a correction of the inconsistent application of GASB.