

**STATE OF ILLINOIS
DEPARTMENT OF TRANSPORTATION**

FINANCIAL AUDIT

FOR THE YEAR ENDED JUNE 30, 2022

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



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**STATE OF ILLINOIS
DEPARTMENT OF TRANSPORTATION
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DEPARTMENT OF TRANSPORTATION
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**STATE OF ILLINOIS
DEPARTMENT OF TRANSPORTATION
AGENCY OFFICIALS
FOR THE YEAR ENDED JUNE 30, 2022**

AGENCY OFFICIALS

Secretary	Omer Osman (06/01/21 to present) Omer Osman (Acting) (02/25/19 through 05/31/21)
Assistant Secretary	Vacant
Chief of Staff	Georgina (Syas) White (11/16/19 to present)
Deputy Chief of Staff	Vacant (05/16/22 to present) Becky Locker (03/16/20 through 05/15/22)
Chief Operating Officer	Vacant (04/23/22 to present) Sheleda Doss (10/01/19 through 04/22/22)
Deputy Secretary of Communications and Legislative Affairs formerly Deputy Secretary of Program Development and External Affairs	Vacant (03/01/23 to present) Becky Locker (05/16/22 to 02/28/23) Vacant (01/01/22 through 05/15/22) Douglas House (04/17/19 through 12/31/21)
Deputy Secretary of Administration, Diversity and Legal Affairs	Vacant (01/01/23 to present) Margaret vanDijk (03/16/21 to 12/31/22)
Deputy Secretary of Project Implementation	Vacant (11/16/19 to present)
Chief Fiscal Officer	Vicki Wilson (04/01/22 to present) Joanne Woodworth (Acting) (01/01/19 through 03/31/22)
Director, Office of Planning and Programming	Holly (Ostdick) Bieneman (09/16/20 to present) Vacant (01/01/19 through 09/15/20)
Deputy Director, Office of Planning and Programming	Elizabeth Irvin (07/01/22 to present) Vacant (07/01/20 to 06/30/22)
Director, Office of Highways Project Implementation	Stephen Travia (07/01/21 to present) Vacant (through 06/30/21)
Deputy Director, Office of Highways Project Implementation	Justan Mann (11/16/21 to present) Vacant (through 11/15/21)
Director, Office of Intermodal Project Implementation	Jason Osborn (01/18/22 to present) Matt Magalis (Acting) (07/01/20 through 01/17/22)

**STATE OF ILLINOIS
DEPARTMENT OF TRANSPORTATION
AGENCY OFFICIALS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022**

Deputy Director, Rail, Office of Intermodal Project Implementation	John Oimoen
Deputy Director, Transit, Office of Intermodal Project Implementation	Ashounta Reese (06/01/21 to present) John Oimoen (Acting) (05/01/20 through 05/31/21)
Deputy Director, Aeronautics, Office Of Intermodal Project Implementation	Clayton Stambaugh (04/16/20 to present)
Director, Office of Communications	Guy Tridgell
Director, Office of Legislative Affairs	Matthew McAnarney (01/01/22 to present) Matthew McAnarney (Acting) (12/01/21 to 12/31/21) Nicola Cortez-Hun (through 11/30/21)
Director, Office of Finance and Administration	Vicki Wilson (02/16/22 to present) Vacant (through 02/15/22)
Deputy Director, Office of Finance And Administration	Matt Magalis (11/16/19 to present)
Director, Office of Business and Workforce Diversity	Vacant (10/01/22 to present) Jonathan McGee (05/02/22 to 09/30/22) Vacant (01/01/22 through 05/01/22) Pamela Simon (through 12/31/21)
Director, Office of Chief Counsel/ Chief Legal Counsel	Yangsung Kim (06/01/21 to present) Margaret vanDijk (Acting) (05/01/21 to 05/31/21) Phil Kaufmann (through 04/30/21)
Director/Chief Internal Auditor, Office of Internal Audit	Stephen Kirk

Agency's main offices are located at:

2300 S. Dirksen Parkway
Springfield, IL 62764

69 W. Washington Street
Chicago, IL 60602

**STATE OF ILLINOIS
DEPARTMENT OF TRANSPORTATION
FINANCIAL STATEMENT REPORT SUMMARY
FOR THE YEAR ENDED JUNE 30, 2022**

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

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

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>
<u>Prior Findings Not Repeated</u>			
A	63	2021/2020	Lack of Census Data Reconciliations

EXIT CONFERENCE

The Department waived its option to hold an exit conference through correspondence from Stephen Kirk, Chief Internal Auditor, dated March 24, 2023.



INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Audit of the Financial Statements

Opinions

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the State of Illinois, Department of Transportation (Department), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Department, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

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, 2022, and the changes in its financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Honorable Frank J. Mautino
Auditor General
State of Illinois

Responsibilities of Management for the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Honorable Frank J. Mautino
Auditor General
State of Illinois

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2023, 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.

Honorable Frank J. Mautino
Auditor General
State of Illinois

Restricted Use of this Auditor's Report

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

SIGNED ORIGINAL ON FILE

CliftonLarsonAllen LLP

Peoria, Illinois
March 23, 2023

State of Illinois
Department of Transportation

Statement of Net Position

June 30, 2022 (Expressed in Thousands)

	<u>Governmental Activities</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Unexpended appropriations	\$ 705,200
Cash equity with State Treasurer	885,541
Cash and cash equivalents	60,342
Securities lending collateral equity with State Treasurer	1,948
Receivables, net:	
Taxes	133,374
Intergovernmental	336,727
Other	6,506
Due from other State funds	209,819
Due from State of Illinois component units, current	37,394
Inventories	88,694
Prepaid items	1
Loans receivable	924
Capital assets not being depreciated	3,195,424
Capital assets being depreciated, net	17,128,270
Total assets	<u>22,790,164</u>
Deferred outflows of resources - Pension	500,851
Deferred outflows of resources - Other postemployment benefits	689,536
Total deferred outflows of resources	<u>1,190,387</u>
Total assets and deferred outflows of resources	<u>23,980,551</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	
Accounts payable and accrued liabilities	437,194
Intergovernmental payables	525,652
Due to other State funds	18,265
Due to State of Illinois component units	87,472
Obligations under securities lending of State Treasurer	1,948
Unearned revenue	965
Long-term obligations:	
Due within one year	7,540
Due subsequent year	57,849
Net pension liability	3,249,233
Other postemployment benefits	2,354,207
Total liabilities	<u>6,740,325</u>
Deferred inflows of resources - Pension	362,301
Deferred inflows of resources - Other postemployment benefits	812,041
Total deferred inflows of resources	<u>1,174,342</u>
Total liabilities and deferred inflows of resources	<u>7,914,667</u>
NET POSITION	
Net investment in capital assets	20,306,348
Restricted for:	
Transportation programs	90,308
Unrestricted	(4,330,772)
Total net position	<u>\$ 16,065,884</u>

State of Illinois
Department of Transportation

Statement of Activities

For the Year Ended June 30, 2022 (Expressed in Thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
Transportation	\$ 4,583,303	\$ 100,891	\$ 286,001	\$ 1,666,257	\$ (2,530,154)
Intergovernmental	917,779	-	-	-	(917,779)
Interest	1,058	-	-	-	(1,058)
Total governmental activities	<u>\$ 5,502,140</u>	<u>\$ 100,891</u>	<u>\$ 286,001</u>	<u>\$ 1,666,257</u>	<u>\$ (3,448,991)</u>
General revenues and transfers					
Sales tax					\$ 632,506
Motor fuel tax					1,209,185
Appropriations from State resources					27,044,326
Reappropriation to future year(s)					(15,849,096)
Lapsed appropriations					(6,980,551)
Receipts collected and transmitted to State Treasury					(1,866,542)
Net change in liabilities for reappropriated accounts					(12,785)
Other revenues					4,510
Interest and investment income					357
Amount of SAMS transfers-in					(1,132,436)
Amount of SAMS transfers-out					1,129,562
Transfers-in					274,170
Transfers-out					(8,040)
Total general revenues and transfers					<u>4,445,166</u>
Change in net position					996,175
Net position, July 1, 2021					15,069,709
Net position, June 30, 2022					<u>\$ 16,065,884</u>

State of Illinois
Department of Transportation

Balance Sheet - Governmental Funds

June 30, 2022 (Expressed in Thousands)

	General Fund	Nonmajor Funds	Total Governmental Funds
ASSETS			
Unexpended appropriations	\$ -	\$ 705,200	\$ 705,200
Cash equity with State Treasurer	27,261	857,489	884,750
Cash and cash equivalents	-	60,342	60,342
Securities lending collateral equity with State Treasurer	-	1,948	1,948
Receivables, net:			
Taxes	-	133,374	133,374
Intergovernmental	-	336,727	336,727
Other	-	6,506	6,506
Due from other Department funds	-	122,760	122,760
Due from other State funds	105,810	104,006	209,816
Due from State of Illinois component units, current	-	37,394	37,394
Lease receivable, current	-	276	276
Inventories	-	87,379	87,379
Loans receivable	-	924	924
Lease receivable, long-term	-	763	763
Total assets	\$ 133,071	\$ 2,455,088	\$ 2,588,159
LIABILITIES			
Accounts payable and accrued liabilities	\$ 9	\$ 437,185	\$ 437,194
Intergovernmental payables	133,052	392,600	525,652
Due to other Department funds	-	122,760	122,760
Due to other State funds	10	18,255	18,265
Due to State of Illinois component units	-	87,472	87,472
Obligations under securities lending of State Treasurer	-	1,948	1,948
Unearned revenue	-	965	965
Total liabilities	133,071	1,061,185	1,194,256
DEFERRED INFLOWS OF RESOURCES			
Leases	-	1,077	1,077
Unavailable revenue	-	97,434	97,434
Total deferred inflows of resources	-	98,511	98,511
Total liabilities and deferred inflows of resources	133,071	1,159,696	1,292,767
FUND BALANCES			
Nonspendable - inventories	-	87,379	87,379
Restricted	-	90,308	90,308
Committed	-	1,178,938	1,178,938
Unassigned	-	(61,233)	(61,233)
Total fund balances	-	1,295,392	1,295,392
Total liabilities, deferred inflows of resources, and fund balances	\$ 133,071	\$ 2,455,088	\$ 2,588,159

State of Illinois
Department of Transportation
Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position
June 30, 2022
(Expressed in Thousands)

Total fund balances - governmental funds		\$ 1,295,392
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.		20,323,694
Lease receivables for governmental activities are current sources of financial resources for funds.		(1,039)
Prepaid expenses for governmental activities are current uses of financial resources for funds.		1
Internal service funds are used to charge costs of air transportation activities to individual funds. The assets and liabilities of the Air Transportation Revolving Fund are reported as governmental activities in the Statement of Net Position.		2,109
Revenues in the Statement of Activities that do not provide current financial resources are deferred in the funds.		97,434
Deferred inflows of resources related to leases.		1,077
Deferred outflows of resources related to pensions		500,851
Deferred inflows of resources related to pensions		(362,301)
Deferred outflows of resources related to other postemployment benefits		689,536
Deferred inflows of resources related to other postemployment benefits		(812,041)
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	\$ (45,789)	
Lease obligations	(3,236)	
Auto liability claims	(12,164)	
Pollution remediation obligations	(4,200)	
Net pension liability	(3,249,233)	
Other postemployment benefits	(2,354,207)	
	(5,668,829)	(5,668,829)
Net position of governmental activities		\$ 16,065,884

State of Illinois

Department of Transportation

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

For the Year Ended June 30, 2022 (Expressed in Thousands)

	General Fund	Nonmajor Funds	Total Governmental Funds
REVENUES			
Sales taxes	\$ 336,017	\$ 296,489	\$ 632,506
Motor fuel taxes	-	1,209,185	1,209,185
Operating grants - Federal	-	167,099	167,099
Capital grants - Federal	-	1,656,103	1,656,103
Other operating grants	-	112,969	112,969
Other capital grants	-	9,965	9,965
Licenses and fees	-	26,449	26,449
Other charges for services	-	92,706	92,706
Other	-	4,472	4,472
Interest and other investment income	-	357	357
Total revenues	336,017	3,575,794	3,911,811
EXPENDITURES			
Transportation	609,418	2,710,840	3,320,258
Intergovernmental	-	917,779	917,779
Debt service - principal	54	903	957
Debt service - interest	2	99	101
Capital outlays	-	2,067,215	2,067,215
Total expenditures	609,474	5,696,836	6,306,310
Deficiency of revenues under expenditures	(273,457)	(2,121,042)	(2,394,499)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES			
Appropriations from State resources	-	27,044,326	27,044,326
Reappropriation to future year(s)	-	(15,849,096)	(15,849,096)
Lapsed appropriations	-	(6,980,551)	(6,980,551)
Receipts collected and transmitted to State Treasury	-	(1,866,542)	(1,866,542)
Net change in liabilities for reappropriated accounts	-	(12,785)	(12,785)
Amounts of SAMS transfers-in	-	(1,132,436)	(1,132,436)
Amounts of SAMS transfers-out	-	1,129,562	1,129,562
Transfers-in	273,457	67,713	341,170
Transfers-out	-	(75,040)	(75,040)
Lease financing	-	1,591	1,591
Net other sources (uses) of financial resources	273,457	2,326,742	2,600,199
Net change in fund balances	-	205,700	205,700
Fund balances, July 1, 2021	-	1,089,692	1,089,692
FUND BALANCES, JUNE 30, 2022	\$ -	\$ 1,295,392	\$ 1,295,392

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, 2022
(Expressed in Thousands)

Net change in fund balances \$ 205,700

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. 747,615

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. (224)

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. (261)

Other revenues related to leases that do not provide current financial resources are not reported as revenues in the funds. This amount represents the increase in other revenue over the prior year. 38

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. (12,142)

Pension expenses required for Statement of Activities that are not in modified accrual statements. 55,112

Other postemployment benefit expenses required for Statement of Activities that are not in modified accrual statements. 6,790

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. (2,218)

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

Decrease in compensated absences	374
Increase in lease obligations	(2,718)
Increase in auto liability claims	(1,891)

Change in net position of governmental activities \$ 996,175

State of Illinois
Department of Transportation

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

June 30, 2022 (Expressed in Thousands)

	Governmental Activities - Internal Service Fund
ASSETS	
Cash equity with State Treasurer	\$ 791
Due from other State funds	3
Inventories	1,315
Total assets	\$ 2,109
NET POSITION	
Unrestricted	\$ 2,109
Total net position	\$ 2,109

State of Illinois
Department of Transportation

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

For the Year Ended June 30, 2022 (Expressed in Thousands)

	Governmental Activities - Internal Service Fund
OPERATING REVENUES	\$ -
OPERATING EXPENSES	
Cost of sales and services	<u>261</u>
Operating loss and change in net position	(261)
Net position, July 1, 2021	<u>2,370</u>
NET POSITION, JUNE 30, 2022	<u><u>\$ 2,109</u></u>

State of Illinois

Department of Transportation

Statement of Cash Flows - Proprietary Fund

Air Transportation Revolving Fund (0309)

For the Year Ended June 30, 2022 (Expressed in Thousands)

	Governmental Activities - Internal Service Fund
	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from sales and services	\$ 6
Cash payments to suppliers for goods and services	<u> (20)</u>
Net cash used by operating activities	<u> (14)</u>
Net decrease in cash equity with State Treasurer	(14)
Cash equity with State Treasurer, July 1, 2021	<u> 805</u>
CASH EQUITY WITH STATE TREASURER, JUNE 30, 2022	<u><u> 791</u></u>
Reconciliation of operating loss to net cash used by operating activities:	
OPERATING LOSS	\$ (261)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Changes in assets and liabilities:	
Decrease in due from other funds	6
Decrease in inventory	<u> 241</u>
NET CASH USED BY OPERATING ACTIVITIES	<u><u> (14)</u></u>

**STATE OF ILLINOIS
DEPARTMENT OF TRANSPORTATION**

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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' Annual Comprehensive Financial Report may be obtained by writing to the State Comptroller's Office, Division of Financial Reporting, 325 West Adams Street, Springfield, IL 62704-1871.

(b) Basis of Presentation

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

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2022, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

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

The Statement of Activities presents a comparison between direct expenses and program revenues for the transportation function of the Department's governmental activities. Direct expenses are those 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' Annual Comprehensive 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. Certain resources obtained from federal grants and used to support general governmental activities are accounted for in the General Fund consistent with applicable legal requirements.

Additionally, the Department reports the following fund types:

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Governmental Fund Types:

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

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

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

Proprietary Fund Types:

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

(c) Measurement Focus and Basis of Accounting

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

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

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

Unexpended Appropriations

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

Appropriations from State Resources

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

Reappropriation to Future Year(s)

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

Lapsed Appropriations

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

Net Change in Liabilities for Reappropriated Accounts

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

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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) Leases

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

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Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the asset useful life or the lease term.

(k) *Deferred Outflows/Inflows of Resources*

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

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

(l) *Compensated Absences*

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

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.

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(m) Pollution Remediation Obligations

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

(n) Fund Balances

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

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

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

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

Unassigned fund balance represents resources 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.

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(o) Net Position

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

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

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

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

(p) Use of Estimates

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

(q) Pension Benefits

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

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

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

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(r) Other Postemployment Benefits

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

(s) Adoption of New Accounting Pronouncements

Effective for the year ending June 30, 2022, the Department adopted 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 activities. The implementation of this Statement had an impact on the Department's government-wide financial statements. Information regarding the Department's implementation is disclosed in Note 8.

Effective for the year ending June 30, 2022, the Department adopted 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 implementation of this Statement had no impact on the Department's financial statements.

Effective for the year ending June 30, 2022, the Department adopted 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 implementation of this Statement had no impact on the Department's financial statements.

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Effective for the year ending June 30, 2022, the Department adopted 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 implementation of this Statement had no impact on the Department's financial statements.

Effective for the year ending June 30, 2022, the Department adopted GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The implementation of this Statement had no impact on the Department's financial statements.

Effective for the year ending June 30, 2022, the State adopted GASB Statement No. 98, *The Annual Comprehensive Financial Report*, the objective of which is to establish the new title of annual comprehensive financial report (ACFR), rather than the previously used comprehensive annual financial report (CAFR). This Statement was developed in response to concerns that the common pronunciation of the acronym for comprehensive annual financial report sounded like an objectionable racial slur. Any references to the comprehensive annual financial report have been revised within this document.

(t) Future Adoption of GASB Statements

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.

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Effective for the year ending June 30, 2023, the Department will adopt GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. The impact this Statement will have on the Department’s financial statements has not yet been determined.

Effective for the years ending June 30, 2023 and June 30, 2024, the Department will adopt GASB Statement No. 99, *Omnibus 2022*, which establishes requirements to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The impact this Statement will have on the Department’s financial statements has not yet been determined.

Effective for the year ending June 30, 2024, the Department will adopt GASB Statement No. 100, *Accounting Changes and Error Corrections*, which establishes requirements to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. It also requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections. The impact this Statement will have on the Department’s financial statements has not yet been determined.

Effective for the year ending June 30, 2024, the Department will adopt GASB Statement No. 101, *Compensated Absences*, which requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. It requires that a liability for certain types of compensated absences not be recognized until the leave commences. It also establishes guidance for measuring a liability for leave that has not been used. The impact this Statement will have on the Department’s financial statements has not yet been determined.

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(3) Deposits and Investments

(a) Deposits

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

Cash and cash equivalents, which includes money market accounts and locally held funds, had a balance of \$60.342 million at June 30, 2022.

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, 2022.

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

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

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

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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 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 2022, Deutsche Bank AG lent U.S. Agency securities and U.S. Treasury securities and received as collateral U.S. dollar denominated cash. Borrowers were required to deliver collateral for each loan equal to at least 100% of the aggregate fair value of the loaned securities. Loans are marked to market daily. If the fair value of collateral falls below 100%, the borrower must provide additional collateral to raise the fair value to 100%.

The State Treasurer did not impose any restrictions during fiscal year 2022 on the amount of loans of available, eligible securities. In the event of borrower default, Deutsche Bank AG provides the State Treasurer with counterparty default indemnification. In addition, Deutsche Bank AG is obligated to indemnify the State Treasurer if Deutsche Bank AG loses any securities, collateral or investments of the State Treasurer in Deutsche Bank AG's custody. There were no losses during fiscal year 2022 resulting from a default of the borrowers or Deutsche Bank AG.

During fiscal year 2022, 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 received that was invested in repurchase agreements and the fair value of securities on loan for the State Treasurer as of June 30, 2022 were \$4,061,665,934 and \$3,998,567,638.

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(4) Accounts Receivable

Accounts Receivable and the related allowance for doubtful accounts as of June 30, 2022, are as follows (amounts expressed in thousands):

Receivable Type	Nonmajor funds
Intergovernmental Receivables	\$ 336,727
Allowance for Doubtful Accounts	-
Intergovernmental Receivables, Net	\$ 336,727
Other Receivables	\$ 10,399
Allowance for Doubtful Accounts	(3,893)
Other Receivables, Net	\$ 6,506
Taxes Receivables	\$ 137,101
Allowance for Doubtful Accounts	(3,727)
Taxes Receivable, Net	\$ 133,374

(5) Interfund Balances and Activity

(a) Balances Due to/from Other Funds

The following balances (amounts expressed in thousands) as of June 30, 2022, represent amounts due from other Department and State of Illinois funds:

Fund	Due from		Description/Purpose
	Other Department Funds	Other State Funds	
General	\$ -	\$ 105,810	Due from other State funds for June 2022 tax allocations, debt service payments, and interfund transfers.
Nonmajor governmental funds	122,760	104,006	Due from Motor Fuel Tax Fund for motor fuel tax allocation from June 2022 and due from other State funds for tax allocations, interfund transfers, and reimbursement of expenditures incurred.
Internal service funds	-	3	Due from other State funds for air transportation services provided.
	\$ 122,760	\$ 209,819	

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The following balances (amounts expressed in thousands) at June 30, 2022, 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	\$ -	\$ 10	Due to other State internal service funds for services received.
Nonmajor governmental funds	122,760	18,255	Due to other Department Funds for motor fuel tax allocations for June 2022 and to other State funds for motor fuel tax allocations and services received.
	<u>\$ 122,760</u>	<u>\$ 18,265</u>	

(b) Transfers to/from Other Funds

Interfund transfers in (amounts expressed in thousands) for the year ended June 30, 2022, 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	\$ -	\$ 273,457	Transfers from other State funds for sales tax allocation, debt service, and for public transportation purposes.
Nonmajor governmental funds	67,000	713	Transfers in from Motor Fuel Tax Fund for allocation pursuant to State statute, transportation maintenance, and debt service payment and transfers in from other State funds pursuant to State statute.
	<u>\$ 67,000</u>	<u>\$ 274,170</u>	

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Interfund transfers out (amounts expressed in thousands) for the year ended June 30, 2022, 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	\$ 67,000	\$ 8,040	Transfers to other Department funds for motor fuel tax allocation pursuant to State statute, transportation maintenance, and debt service payment and due to other State funds for motor fuel tax allocation, interfund transfers, and for other transportation purposes.
	\$ 67,000	\$ 8,040	

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

The following balances (amounts expressed in thousands) as of June 30, 2022, represent amounts due from State of Illinois Component Units for reimbursements for expenditures incurred and services received:

<u>Component Unit</u>	<u>Due from Nonmajor Governmental Funds</u>
Illinois State Toll Highway Authority Current	\$ 37,394
	\$ 37,394

The following balances (amounts expressed in thousands) as of June 30, 2022, represent amounts due to State of Illinois Component Units for reimbursements for expenditures incurred for grant programs:

<u>Component Unit</u>	<u>Due to Nonmajor Governmental Funds</u>
Illinois State Toll Highway Authority	\$ 82,735
Western Illinois University	134
Northern Illinois University	26
Southern Illinois University	265
University of Illinois	4,312
	\$ 87,472

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(6) Capital Assets

Capital asset activity (amounts expressed in thousands) for the year ended June 30, 2022, was as follows:

	Balance July 1, 2021	Additions	Deletions	Net Transfers	Balance June 30, 2022
Governmental activities:					
Capital assets not being depreciated:					
Land and land improvements	\$ 3,045,100	\$ 21,869	\$ 255	\$ 270	\$ 3,066,984
Easements	11,864	412	-	-	12,276
Internally generated intangible assets in development	12,074	4,212	126	-	16,160
Construction in progress	115,807	49,719	-	(65,522)	100,004
Total capital assets not being depreciated	<u>3,184,845</u>	<u>76,212</u>	<u>381</u>	<u>(65,252)</u>	<u>3,195,424</u>
Capital assets being depreciated:					
Infrastructure	29,842,927	1,948,186	1,031,947	-	30,759,166
Site improvements	19,463	-	-	281	19,744
Buildings and building improvements	202,359	-	202	16,836	218,993
Easements	2,745	356	549	-	2,552
Equipment	858,677	40,870	5,345	35,224	929,426
Leases - Equipment	2,292	1,591	-	-	3,883
Non-internally generated software	153	-	-	-	153
Internally generated software	11,933	-	-	-	11,933
Leases - Other	256	-	-	-	256
Total capital assets being depreciated	<u>30,940,805</u>	<u>1,991,003</u>	<u>1,038,043</u>	<u>52,341</u>	<u>31,946,106</u>
Less accumulated depreciation:					
Infrastructure	13,971,093	1,262,665	1,031,944	-	14,201,814
Site improvements	8,061	859	-	-	8,920
Buildings and building improvements	122,356	5,873	139	-	128,090
Easements	1,427	513	549	-	1,391
Equipment	436,247	49,612	3,574	(12,687)	469,598
Leases - Equipment	-	883	-	-	883
Non-internally generated software	95	15	-	-	110
Internally generated software	5,778	1,193	-	-	6,971
Leases - Other	-	59	-	-	59
Total accumulated depreciation	<u>14,545,057</u>	<u>1,321,672</u>	<u>1,036,206</u>	<u>(12,687)</u>	<u>14,817,836</u>
Total capital assets being depreciated, net	<u>16,395,748</u>	<u>669,331</u>	<u>1,837</u>	<u>65,028</u>	<u>17,128,270</u>
Governmental activity capital assets, net	<u>\$ 19,580,593</u>	<u>\$ 745,543</u>	<u>\$ 2,218</u>	<u>\$ (224)</u>	<u>\$ 20,323,694</u>

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Depreciation expense for governmental activities (amounts expressed in thousands) for the year ended June 30, 2022, was charged to the following function:

Transportation \$ 1,321,672

(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, 2022, were as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Amounts Due Within One Year
Governmental activities:					
Compensated absences	\$ 46,163	\$ 28,944	\$ 29,318	\$ 45,789	\$ 4,347
Lease obligations	518	3,621	903	3,236	919
Auto liability claims	10,273	8,049	6,158	12,164	924
Pollution remediation obligations	4,200	-	-	4,200	1,350
Total	\$ 61,154	\$ 40,614	\$ 36,379	\$ 65,389	\$ 7,540

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

(b) Pollution Remediation Obligations

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

(8) Leases

(a) Lessee arrangements

The Department has entered into various leases for office and computer equipment and other right-to-use assets with remaining lease terms ranging from two years to six years. Although lease terms vary, certain leases are renewable subject to appropriation by the General Assembly. If renewal is reasonably assured, leases requiring appropriation by the General Assembly are considered noncancelable leases for financial reporting purposes. The renewal and termination options are not included in the right-to-use asset or lease liability balance until they are reasonably certain of exercise.

Certain leases contain both fixed and variable lease payments. These exist primarily within the leases for office facilities related to rent escalations based on an index or rate (e.g. sales

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revenue), which are determined annually. The Department's equipment and other leases do not contain variable lease payments.

At June 30, 2022, right-to-use assets under leases are as follows (amounts expressed in thousands):

Equipment	\$	3,883	
Other		256	
		4,139	
Less: Accumulated amortization		942	
		\$ 3,197	

Future minimum commitments for non-cancelable leases as of June 30, 2022, are as follows (amounts expressed in thousands):

Year Ending June 30,	Principal	Interest	Total
2023	\$ 919	\$ 84	\$ 1,003
2024	869	57	926
2025	843	31	874
2026	568	10	578
2027	37	1	38
	\$ 3,236	\$ 183	\$ 3,419

(b) Lessor arrangements

The Department leases parking lots and land to third parties. These agreements have terms ranging from one year to 19 years. The Department recognized \$387 thousand in lease revenue, including interest and other related revenues for the period ending June 30, 2022. Certain leases have variable payments that are not included in the measurement of the lease receivable. The Department does not have any leases with variable lease payments.

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

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

(9) Defined Benefit Pension Plan

Plan description. Substantially all of the Department's full-time employees who are not eligible for participation in another State-sponsored retirement plan participate in the State Employees' Retirement System (SERS), which is a single-employer defined benefit pension trust fund in the State of Illinois reporting entity. SERS is governed by Article 14 of the Illinois Pension Code (40 ILCS 5/1, et al.). The plan consists of two tiers of contribution requirements and benefit levels based on when

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an employee was hired. Members who first become an employee and participate under any of the State's retirement plans on or after January 1, 2011, are members of Tier 2, while Tier 1 consists of employees hired before January 1, 2011, or those who have service credit prior to January 1, 2011. The provisions below apply to both Tier 1 and 2 members, except where noted. The SERS issues a separate Annual Comprehensive Financial Report available at www.srs.illinois.gov or that may be obtained by writing to the SERS, 2101 South Veterans Parkway, PO Box 19255, Springfield, IL 62794-9255.

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

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

Regular Formula Tier 1	Regular Formula Tier 2
<p>A member must have a minimum of eight years of service credit and may retire at:</p> <ul style="list-style-type: none"> • Age 60, with 8 years of service credit. • Any age, when the member's age (years & whole months) plus years of service credit (years & whole months) equal 85 years (1,020 months) (Rule of 85) with 8 years of credited service. • Between ages 55-60 with 25-30 years of service credit (reduced 1/2 of 1% for each month under age 60). <p>The retirement benefit is based on final average compensation and credited service. Final average compensation is the 48 highest consecutive months of service within the last 120 months of service.</p> <p>Under the Rule of 85, a member is eligible for the first 3% increase on January 1 following the first full year of retirement, even if the member is not age 60. If the member retires at age 60 or older, he/she will receive a 3% pension increase every year on January 1, following the first full year of retirement.</p> <p>If the member retires before age 60 with a reduced retirement benefit, he/she will receive a</p>	<p>A member must have a minimum of 10 years of credited service and may retire at:</p> <ul style="list-style-type: none"> • Age 67, with 10 years of credited service. • Between ages 62-67 with 10 years of credited service (reduced 1/2 of 1% for each month under age 67). <p>The retirement benefit is based on final average compensation and credited service. For regular formula employees, final average compensation is the average of the 96 highest consecutive months of service within the last 120 months of service. The retirement benefit is calculated on a maximum salary of \$106,800. This amount increases annually by 3% or one-half of the Consumer Price Index, whichever is less.</p> <p>If the member retires at age 67 or older, he/she will receive a pension increase of 3% or one-half of the Consumer Price Index for the preceding calendar year, whichever is less, every year on January 1, following the first full year of retirement. The calendar year 2021 rate is \$116,740.</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</p>

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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.	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.
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Additionally, the Plan provides an alternative retirement formula for State employees in high-risk jobs, such as State policemen, fire fighters, and security employees. Employees qualifying for benefits under the alternative formula may retire at an earlier age depending on membership in Tier 1 or Tier 2. The retirement formula is 2.5% for each year of covered service and 3.0% for each year of noncovered service. The maximum retirement annuity payable is 80% of final average compensation as calculated under the alternative formula.

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

Occupational and nonoccupational death benefits are also available through 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 2022, this amount was \$119,892.

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 2022, 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 2022, the employer contribution rate was 56.169%. The Department's contribution amount for fiscal year 2022 was \$253,502,305.

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Pension liability, deferred outflows of resources, deferred inflows of resources, and expense related to pensions. At June 30, 2022, the Department reported a liability of \$3.249 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, 2021 (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, 2021. As of the current year measurement date of June 30, 2021, the Department's proportion was 9.8162%, which was an decrease of 0.0584% from its proportion measured as of the prior year measurement date of June 30, 2020.

For the year ended June 30, 2022, the Department recognized pension expense of \$195 million. At June 30, 2022, the Department reported deferred outflows and deferred inflows of resources related to the pension liability, as of the measurement date of June 30, 2021, from the following sources (amounts expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 50,979	\$ 2,833
Changes of assumptions	126,480	3,696
Net difference between projected and actual investment earnings on pension plan investments	-	250,446
Changes in proportion	69,890	105,326
Department contributions subsequent to the measurement date	253,502	-
Total	\$ 500,851	\$ 362,301

A total of \$253.502 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows (amounts expressed in thousands):

Year Ending June 30,	
2023	\$ (32,922)
2024	(17,075)
2025	(11,183)
2026	(53,772)
Total	\$ (114,952)

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Actuarial methods and assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The long-term expected real rate of return on pension plan investments is determined using the best estimates of geometric real rates of return for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plan's target asset allocation, calculated as of the measurement date of June 30, 2021, 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%	5.3%
Emerging Market Equity	8.0%	6.5%
Private Equity	7.0%	6.8%
Intermediate Investment Grade Bonds	14.0%	0.4%
Long-term Government Bonds	4.0%	0.6%
TIPS	4.0%	0.3%
High Yield and Bank Loans	5.0%	2.5%
Opportunistic Debt	8.0%	4.3%
Emerging Market Debt	2.0%	2.2%
Real Estate	10.0%	5.6%
Infrastructure	2.0%	6.5%
Total	<u>100%</u>	

Discount rate. A discount rate of 6.20% was used to measure the total pension liability as of the measurement date of June 30, 2021, as compared to a discount rate of 6.35% used to measure the total pension liability as of the prior year measurement date. The June 30, 2021, 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 1.92%, based on an index of 20 year general obligation bonds with an average AA credit rating as published by the Federal Reserve. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that 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 2076. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2076, and the municipal bond rate was applied to all benefit payments after that date.

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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):

	1% Decrease 5.20%	Discount Rate 6.20%	1% Increase 7.20%
Department's proportionate share of the net pension liability	\$ 4,009,391	\$ 3,249,233	\$ 2,625,362

Payables to the pension plan. At June 30, 2022, the Department reported a payable of \$5.660 million to SERS for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2022.

(10) Other Postemployment Benefits

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

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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 2022, the annual cost of the basic program of group health, dental, and vision benefits before the State's contribution was \$11,363.04 (\$6,290.40 if Medicare eligible) if the annuitant chose benefits provided by a health maintenance organization and \$13,619.28 (\$5,623.44 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, 2022, was measured as of June 30, 2021, with an actuarial valuation as of June 30, 2020. At June 30, 2022, the Department recorded a liability of \$2.354 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, 2021. As of the current year measurement date of June 30, 2021, the Department's proportion was 6.7433%, which was an increase of 0.3317% from its proportion measured as of the prior year measurement date of June 30, 2020.

**STATE OF ILLINOIS
DEPARTMENT OF TRANSPORTATION**

Notes to Financial Statements

June 30, 2022

The Department recognized OPEB expense for the year ended June 30, 2022, of \$56.146 million. At June 30, 2022, the Department reported deferred outflows and deferred inflows of resources, as of the measurement date of June 30, 2021, from the following sources (amounts expressed in thousands):

Deferred outflows of resources	
Differences between expected and actual experience	\$ 17,196
Changes in assumptions	53,252
Changes in proportion and differences between employer contributions and proportionate share of contributions	618,137
Department contributions subsequent to the measurement date	951
Total deferred outflows of resources	\$ 689,536

Deferred inflows of resources	
Differences between expected and actual experience	\$ 16,379
Changes of assumptions	647,913
Changes in proportion and differences between employer contributions and proportionate share of contributions	147,749
Total deferred inflows of resources	\$ 812,041

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, 2022. 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>	
2023	\$ (53,562)
2024	(4,434)
2025	19,322
2026	(69,200)
2027	(15,581)
Total	<u>\$ (123,455)</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, 2020, for eligible SEGIP employees, and SEGIP retiree data as of June 30, 2020.

**STATE OF ILLINOIS
DEPARTMENT OF TRANSPORTATION**

Notes to Financial Statements

June 30, 2022

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Actuarial assumptions:	
Inflation Rate	2.25%
Projected Salary Increases*	2.50% - 12.25%
Healthcare Cost Trend Rate:	
Medical & Rx (Pre-Medicare & Post-Medicare Dental and Vision)	8.00% grading down 0.25% per year over 15 years to 4.25% in year 2038. There is no additional trend rate adjustment due to the repeal of the Excise Tax. 3.75% grading up 0.25% in the first year to 4.00% through 2038.
Retirees' share of benefit-related costs	Healthcare premium rates for members depend on the date of retirement and the years of service earned at retirement. Members who retired before January 1, 1998, are eligible for single coverage at no cost to the member. Members who retire after January 1, 1998, are eligible for single coverage provided they pay a portion of the premium equal to 5 percent for each year of service under 20 years. Eligible dependents receive coverage provided they pay 100 percent of the required dependent premium. Premiums for plan year 2021 and 2022 are based on actual premiums. Premiums after 2022 were projected based on the same healthcare cost trend rates applied to per capita claim costs.
<p>Note: the above actuarial assumptions were used to calculate the OPEB liability as of the current year measurement date and are consistent with the actuarial assumptions used to calculate the OPEB liability as of the prior year measurement date except for the following:</p>	
Healthcare Cost Trend Rate:	
Medical and Rx (Pre-Medicare & Post-Medicare)	8.25% grading down 0.25% per year over 16 years to an ultimate trend of 4.25% in the year 2037. There is no additional trend rate adjustment due to the repeal of the Excise Tax.
Dental and Vision	4.00% grading up 0.25% in the first year to 4.25% through 2037.
<p>* Dependent upon service and participation in the respective retirement systems. Includes inflation rate listed.</p>	

**STATE OF ILLINOIS
DEPARTMENT OF TRANSPORTATION**

Notes to Financial Statements

June 30, 2022

Additionally, the demographic assumptions used in the OPEB valuation are identical to those used in the June 30, 2020, valuations for GARS, JRS, SERS, TRS, and SURS as follows:

	Retirement age experience study[^]	Mortality^{^^}
GARS	July 2015 - June 2018	Pub-2010 Above-Median Income General Healthy Retiree Mortality tables, sex distinct, scaling factors of 99% for males and females and generational mortality improvements using MP-2018 two-dimensional mortality improvement scales
JRS	July 2015 - June 2018	Pub-2010 Above-Median Income General Healthy Retiree Mortality tables, sex distinct, scaling factors of 102% for males and 98% for females and generational mortality improvements using MP-2018 two-dimensional mortality improvement scales
SERS	July 2015 - June 2018	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
TRS	July 2014 - June 2017	RP-2014 with future mortality improvements on a fully generational basis using projection table MP-2017
SURS	July 2014 - June 2017	RP-2014 White Collar, gender distinct, projected using MP-2014 two-dimensional mortality improvement scale, set forward one 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. ^{^^} 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 2.45% at June 30, 2020, and 1.92% at June 30, 2021, 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 1.92%, 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 (2.92%) or lower (0.92%) than the current rate (amounts expressed in thousands):

**STATE OF ILLINOIS
DEPARTMENT OF TRANSPORTATION**

Notes to Financial Statements

June 30, 2022

	1% Decrease (0.92%)	Current Single Discount Rate Assumption (1.92%)	1% Increase (2.92%)
Department's proportionate share of total OPEB liability	\$ 2,780,301	\$ 2,354,207	\$ 2,017,076

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate. The following presents the plans total OPEB liability, calculated using the healthcare cost trend rates as well as what the plan's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates (amounts in table expressed in thousands). The key trend rates are 8.00% in 2023 decreasing to an ultimate trend rate of 4.25% in 2038.

	1% Decrease	Current Healthcare Cost Trend Rates Assumption	1% Increase
Department's proportionate share of total OPEB liability	\$ 1,964,512	\$ 2,354,207	\$ 2,869,870

**STATE OF ILLINOIS
DEPARTMENT OF TRANSPORTATION**

Notes to Financial Statements

June 30, 2022

(11) Fund Balance

(a) Categories

As of June 30, 2022, the Department's fund balances were classified as follows:

	Nonmajor Funds	Total
Nonspendable:		
Inventory	\$ 87,379	\$ 87,379
Restricted:		
General Transportation	90,308	90,308
Committed:		
General Transportation	1,178,938	1,178,938
Unassigned	(61,233)	(61,233)
Total Fund Balances	\$ 1,295,392	\$ 1,295,392

(b) Fund Deficits

The Federal Local Airport Fund and Federal Mass Transit Trust Fund had deficit fund balances of \$56.949 million and \$4.283 million, respectively, as of June 30, 2022. The fund deficits will be eliminated by future recognition of earned but unavailable revenues and future grant resources.

(12) Risk Management

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

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

The following is a reconciliation of the Department's claims liabilities for the years ended June 30, 2021, and June 30, 2022:

Year Ended June 30	Beginning Balance	Increases	Decreases	Ending Balance
2021	\$ 7,934	\$ 3,351	\$ 1,012	\$ 10,273
2022	10,273	8,049	6,158	12,164

**STATE OF ILLINOIS
DEPARTMENT OF TRANSPORTATION**

Notes to Financial Statements

June 30, 2022

(13) Commitments and Contingencies

(a) Commitments

The Department has outstanding construction projects for highway program improvements and administrative expenses in which it has entered into future commitments. The amount of the Department's commitments was \$7.349 billion as of June 30, 2022.

(b) Encumbrances

The Department has Road Fund encumbrances for goods ordered but not received prior to June 30, 2022, of \$3.231 million.

(c) Federal Funding

The Department receives federal grants which are subject to review and audit by federal grantor agencies. Certain costs could be questioned as not being an eligible expenditure under the terms of the grants. As of June 30, 2022, there were no material questioned costs that have not been resolved with the federal awarding agencies. However, questioned costs could still be identified during audits to be conducted in the future. Management of the Department believes there will be no material adjustments to the federal grants and, accordingly, has not recorded a provision for possible repayment.

(d) Litigation

The Department is routinely involved in a number of legal proceedings and claims that cover a wide range of matters. In the opinion of management, the outcome of these matters is not expected to have any material adverse effect on the financial position or results of operations of the Department.

SUPPLEMENTARY INFORMATION

State of Illinois
Department of Transportation

Combining Schedule of Accounts -
General Fund

June 30, 2022 (Expressed in Thousands)

	General Fund Accounts		Total
	General Revenue 0001	Public Transportation 0627	
ASSETS			
Cash equity with State Treasurer	\$ -	\$ 27,261	\$ 27,261
Due from other State funds	-	105,810	105,810
Total assets	\$ -	\$ 133,071	\$ 133,071
LIABILITIES			
Accounts payable and accrued liabilities	\$ -	\$ 9	\$ 9
Intergovernmental payables	-	133,052	133,052
Due to other State funds	-	10	10
Total liabilities	-	133,071	133,071
FUND BALANCES			
	-	-	-
Total liabilities and fund balances	\$ -	\$ 133,071	\$ 133,071

State of Illinois
Department of Transportation

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

For the Year Ended June 30, 2022 (Expressed in Thousands)

	General Fund Accounts		
	General Revenue 0001	Public Transportation 0627	Total
REVENUES			
Sales taxes	\$ -	\$ 336,017	\$ 336,017
Total revenues	-	336,017	336,017
EXPENDITURES			
Transportation	-	609,418	609,418
Debt service - principal	-	54	54
Debt service - interest	-	2	2
Total expenditures	-	609,474	609,474
Deficiency of revenues under expenditures	-	(273,457)	(273,457)
OTHER SOURCES OF FINANCIAL RESOURCES			
Transfers-in	-	273,457	273,457
Net other sources of financial resources	-	273,457	273,457
Net change in fund balances	-	-	-
Fund balances, July 1, 2021	-	-	-
FUND BALANCES, JUNE 30, 2022	\$ -	\$ -	\$ -

State of Illinois
Department of Transportation

Combining Balance Sheet -
Nonmajor Governmental Funds

June 30, 2022 (Expressed in Thousands)

	Special Revenue						
	Motor Fuel Tax Funds	Road Fund 0011	Grade Crossing Protection 0019	Aeronautics 0046	Federal/Local Airport 0095	State Rail Freight Loan Repayment 0265	Tax Recovery 0310
ASSETS							
Unexpended appropriations	\$ 99,558	\$ 463,498	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity with State Treasurer	-	1,698	174,051	923	4,077	11,475	1,970
Cash and cash equivalents	-	-	-	-	-	-	-
Securities lending collateral equity with State Treasurer	-	-	-	-	-	1,805	-
Receivables, net:							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	251,912	-	-	71,441	-	-
Other	-	6,475	-	-	-	10	13
Due from other Department funds	-	31,252	3,500	-	-	-	-
Due from other State funds	-	24	-	-	-	-	-
Due from State of Illinois component units, current	-	37,394	-	-	-	-	-
Lease receivable, current	-	276	-	-	-	-	-
Inventories	-	66,239	-	-	-	-	-
Loans receivable, net	-	-	-	-	-	924	-
Lease receivable, long-term	-	763	-	-	-	-	-
Total assets	\$ 99,558	\$ 859,531	\$ 177,551	\$ 923	\$ 75,518	\$ 14,214	\$ 1,983
LIABILITIES							
Accounts payable and accrued liabilities	\$ 33	\$ 286,723	\$ 10,780	\$ -	\$ 8,583	\$ -	\$ 558
Intergovernmental payables	46,246	72,713	3,385	-	65,756	-	3
Due to other Department funds	52,447	-	-	-	41	-	-
Due to other State funds	832	17,386	-	-	-	-	-
Due to State of Illinois component units	-	86,676	-	-	558	-	-
Obligations under securities lending of State Treasurer	-	-	-	-	-	1,805	-
Unearned revenue	-	-	-	-	580	-	385
Total liabilities	99,558	463,498	14,165	-	75,518	1,805	946
DEFERRED INFLOWS OF RESOURCES							
Leases	-	1,077	-	-	-	-	-
Unavailable revenue	-	33,682	-	-	56,949	-	-
Total deferred inflows of resources	-	34,759	-	-	56,949	-	-
Total liabilities and deferred inflows of resources	99,558	498,257	14,165	-	132,467	1,805	946
FUND BALANCES (DEFICITS)							
Nonspendable portion of inventories	-	66,239	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	295,035	163,386	923	-	12,409	1,037
Unassigned	-	-	-	-	(56,949)	-	-
Total fund balances (deficits)	-	361,274	163,386	923	(56,949)	12,409	1,037
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 99,558	\$ 859,531	\$ 177,551	\$ 923	\$ 75,518	\$ 14,214	\$ 1,983

State of Illinois
Department of Transportation

Combining Balance Sheet -
Nonmajor Governmental Funds

June 30, 2022 (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
ASSETS								
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,117	\$ -
Cash equity with State Treasurer	12,363	13,942	332	129,439	99	-	-	19,998
Cash and cash equivalents	-	-	-	-	-	-	-	-
Securities lending collateral equity with State Treasurer	-	-	-	-	16	-	-	-
Receivables, net:								
Taxes	-	-	-	24,417	-	-	-	2,244
Intergovernmental	2,520	-	5	-	-	10,849	-	-
Other	-	-	-	-	-	-	-	-
Due from other Department funds	-	-	-	-	-	-	-	-
Due from other State funds	-	-	-	103,854	-	-	-	-
Due from State of Illinois component units, current	-	-	-	-	-	-	-	-
Lease receivable, current	-	-	-	-	-	-	-	-
Inventories	21,140	-	-	-	-	-	-	-
Loans receivable, net	-	-	-	-	-	-	-	-
Lease receivable, long-term	-	-	-	-	-	-	-	-
Total assets	\$ 36,023	\$ 13,942	\$ 337	\$ 257,710	\$ 115	\$ 10,849	\$ 1,117	\$ 22,242
LIABILITIES								
Accounts payable and accrued liabilities	\$ 2,421	\$ 15	\$ -	\$ -	\$ -	\$ 155	\$ 933	\$ -
Intergovernmental payables	-	49	-	37,447	-	10,533	101	-
Due to other Department funds	-	-	-	-	-	-	-	-
Due to other State funds	-	-	-	31	-	-	6	-
Due to State of Illinois component units	-	-	-	-	-	161	77	-
Obligations under securities lending of State Treasurer	-	-	-	-	16	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-
Total liabilities	2,421	64	-	37,478	16	10,849	1,117	-
DEFERRED INFLOWS OF RESOURCES								
Leases	-	-	-	-	-	-	-	-
Unavailable revenue	2,520	-	-	-	-	4,283	-	-
Total deferred inflows of resources	2,520	-	-	-	-	4,283	-	-
Total liabilities and deferred inflows of resources	4,941	64	-	37,478	16	15,132	1,117	-
FUND BALANCES (DEFICITS)								
Nonspendable portion of inventories	21,140	-	-	-	-	-	-	-
Restricted	-	-	337	-	-	-	-	22,242
Committed	9,942	13,878	-	220,232	99	-	-	-
Unassigned	-	-	-	-	-	(4,283)	-	-
Total fund balances (deficits)	31,082	13,878	337	220,232	99	(4,283)	-	22,242
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 36,023	\$ 13,942	\$ 337	\$ 257,710	\$ 115	\$ 10,849	\$ 1,117	\$ 22,242

State of Illinois
Department of Transportation

Combining Balance Sheet -
Nonmajor Governmental Funds

June 30, 2022 (Expressed in Thousands)

	Special Revenue						
	Rail Freight Loan Repayment 0936	Sound Reducing Windows & Door Replacement 0949	Transportation Renewal 0952	DUI Prevention and Education 0956	Regional Transportation Authority Capital Improvement 0964	Downstate Mass Transportation Capital Improvement 0965	High Speed Rail Escrow Account 1438
ASSETS							
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity with State Treasurer	808	8,038	103,611	1,486	308,272	64,853	-
Cash and cash equivalents	-	-	-	-	-	-	60,342
Securities lending collateral equity with State Treasurer	127	-	-	-	-	-	-
Receivables, net:							
Taxes	-	-	106,713	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Other	1	-	-	-	-	-	-
Due from other Department funds	-	-	-	-	18,601	2,067	-
Due from other State funds	-	-	-	128	-	-	-
Due from State of Illinois component units, current	-	-	-	-	-	-	-
Lease receivable, current	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Loans receivable, net	-	-	-	-	-	-	-
Lease receivable, long-term	-	-	-	-	-	-	-
Total assets	\$ 936	\$ 8,038	\$ 210,324	\$ 1,614	\$ 326,873	\$ 66,920	\$ 60,342
LIABILITIES							
Accounts payable and accrued liabilities	\$ -	\$ -	1,776	\$ -	\$ -	\$ -	\$ 2,265
Intergovernmental payables	-	-	138,277	-	-	-	-
Due to other Department funds	-	-	70,271	-	-	-	-
Due to other State funds	-	-	-	-	-	-	-
Due to State of Illinois component units	-	-	-	-	-	-	-
Obligations under securities lending of State Treasurer	127	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	127	-	210,324	-	-	-	2,265
DEFERRED INFLOWS OF RESOURCES							
Leases	-	-	-	-	-	-	-
Unavailable revenue	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-
Total liabilities and deferred inflows of resources	127	-	210,324	-	-	-	2,265
FUND BALANCES (DEFICITS)							
Nonspendable portion of inventories	-	-	-	-	-	-	-
Restricted	-	8,038	-	1,614	-	-	58,077
Committed	809	-	-	-	326,873	66,920	-
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficits)	809	8,038	-	1,614	326,873	66,920	58,077
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 936	\$ 8,038	\$ 210,324	\$ 1,614	\$ 326,873	\$ 66,920	\$ 60,342

State of Illinois
Department of Transportation

Combining Balance Sheet -
Nonmajor Governmental Funds

June 30, 2022 (Expressed in Thousands)

	Capital Projects					Debt Service	
	Transportation	Transportation	Transportation	State	Multi-Modal	General Obligation Bond Retirement and Interest 0101	Total
	Bond Series A 0553	Bond Series B 0554	Bond Series D 0695	Construction Account 0902	Transportation Bond 0959		
ASSETS							
Unexpended appropriations	\$ 17,200	\$ 23,399	\$ 9,986	\$ 90,442	\$ -	\$ -	\$ 705,200
Cash equity with State Treasurer	-	-	-	54	-	-	857,489
Cash and cash equivalents	-	-	-	-	-	-	60,342
Securities lending collateral equity with State Treasurer	-	-	-	-	-	-	1,948
Receivables, net:							
Taxes	-	-	-	-	-	-	133,374
Intergovernmental	-	-	-	-	-	-	336,727
Other	-	-	6	1	-	-	6,506
Due from other Department funds	-	-	-	67,340	-	-	122,760
Due from other State funds	-	-	-	-	-	-	104,006
Due from State of Illinois component units, current	-	-	-	-	-	-	37,394
Lease receivable, current	-	-	-	-	-	-	276
Inventories	-	-	-	-	-	-	87,379
Loans receivable, net	-	-	-	-	-	-	924
Lease receivable, long-term	-	-	-	-	-	-	763
Total assets	\$ 17,200	\$ 23,399	\$ 9,992	\$ 157,837	\$ -	\$ -	\$ 2,455,088
LIABILITIES							
Accounts payable and accrued liabilities	\$ 14,174	\$ 13,592	\$ 4,750	\$ 90,427	\$ -	\$ -	\$ 437,185
Intergovernmental payables	3,026	9,807	5,242	15	-	-	392,600
Due to other Department funds	-	-	-	-	-	1	122,760
Due to other State funds	-	-	-	-	-	-	18,255
Due to State of Illinois component units	-	-	-	-	-	-	87,472
Obligations under securities lending of State Treasurer	-	-	-	-	-	-	1,948
Unearned revenue	-	-	-	-	-	-	965
Total liabilities	17,200	23,399	9,992	90,442	-	1	1,061,185
DEFERRED INFLOWS OF RESOURCES							
Leases	-	-	-	-	-	-	1,077
Unavailable revenue	-	-	-	-	-	-	97,434
Total deferred inflows of resources	-	-	-	-	-	-	98,511
Total liabilities and deferred inflows of resources	17,200	23,399	9,992	90,442	-	1	1,159,696
FUND BALANCES (DEFICITS)							
Nonspendable portion of inventories	-	-	-	-	-	-	87,379
Restricted	-	-	-	-	-	-	90,308
Committed	-	-	-	67,395	-	-	1,178,938
Unassigned	-	-	-	-	-	(1)	(61,233)
Total fund balances (deficits)	-	-	-	67,395	-	(1)	1,295,392
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 17,200	\$ 23,399	\$ 9,992	\$ 157,837	\$ -	\$ -	\$ 2,455,088

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, 2022 (Expressed in Thousands)

	Special Revenue						
	Motor Fuel Tax Funds	Road Fund 0011	Grade Crossing Protection 0019	Aeronautics 0046	Federal/Local Airport 0095	State Rail Freight Loan Repayment 0265	Tax Recovery 0310
REVENUES							
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Motor fuel taxes	(557,991)	355,789	-	-	-	-	-
Operating grants - Federal	-	26,090	-	-	95,234	-	-
Capital grants - Federal	-	1,656,103	-	-	-	-	-
Other operating grants	-	110,474	-	-	2,495	-	-
Other capital grants	-	9,965	-	-	-	-	-
Licenses and fees	-	26,350	-	99	-	-	-
Other charges for services	-	91,317	-	-	-	-	1,389
Other	-	(211)	-	-	-	-	-
Interest and other investment income	-	-	-	-	-	341	-
Total revenues	(557,991)	2,275,877	-	99	97,729	341	1,389
EXPENDITURES							
Transportation	16,970	1,586,209	20,942	35	94,932	-	1,690
Intergovernmental	527,245	-	-	-	-	-	-
Debt service - principal	-	903	-	-	-	-	-
Debt service - interest	-	99	-	-	-	-	-
Capital outlays	-	1,239,395	-	-	-	-	-
Total expenditures	544,215	2,826,606	20,942	35	94,932	-	1,690
Excess (deficiency) of revenues over (under) expenditures	(1,102,206)	(550,729)	(20,942)	64	2,797	341	(301)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES							
Appropriations from State resources	22,452	9,735,201	-	-	-	-	-
Reappropriation to future year(s)	-	(6,639,715)	-	-	-	-	-
Lapsed appropriations	(5,482)	(293,873)	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	(1,866,541)	-	-	-	-	-
Net change in liabilities for reappropriated accounts	2,714	60,471	-	-	-	-	-
Amount of SAMS transfers-in	-	(355,000)	-	-	-	-	-
Amount of SAMS transfers-out	1,129,562	-	-	-	-	-	-
Transfers-in	-	-	42,000	-	-	-	-
Transfers-out	(47,040)	(25,000)	(3,000)	-	-	-	-
Lease financing	-	1,591	-	-	-	-	-
Net other sources (uses) of financial resources	1,102,206	617,134	39,000	-	-	-	-
Net change in fund balances	-	66,405	18,058	64	2,797	341	(301)
Fund balances (deficits), July 1, 2021	-	294,869	145,328	859	(59,746)	12,068	1,338
FUND BALANCES (DEFICITS), JUNE 30, 2022	\$ -	\$ 361,274	\$ 163,386	\$ 923	\$ (56,949)	\$ 12,409	\$ 1,037

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, 2022 (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
REVENUES								
Sales taxes	\$ -	\$ -	\$ -	\$ 282,270	\$ -	\$ -	\$ -	\$ 14,219
Motor fuel taxes	-	-	-	-	-	-	-	-
Operating grants - Federal	504	-	-	-	-	45,271	-	-
Capital grants - Federal	-	-	-	-	-	-	-	-
Other operating grants	-	-	-	-	-	-	-	-
Other capital grants	-	-	-	-	-	-	-	-
Licenses and fees	-	-	-	-	-	-	-	-
Other charges for services	-	-	-	-	-	-	-	-
Other	-	-	168	-	-	-	-	-
Interest and other investment income	-	-	-	-	-	-	-	-
Total revenues	504	-	168	282,270	-	45,271	-	14,219
EXPENDITURES								
Transportation	1,760	2,980	200	208,249	-	49,051	4,205	961
Intergovernmental	-	-	-	-	-	-	-	-
Debt service - principal	-	-	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-	-
Capital outlays	4,200	-	-	-	-	-	-	-
Total expenditures	5,960	2,980	200	208,249	-	49,051	4,205	961
Excess (deficiency) of revenues over (under) expenditures	(5,456)	(2,980)	(32)	74,021	-	(3,780)	(4,205)	13,258
OTHER SOURCES (USES) OF FINANCIAL RESOURCES								
Appropriations from State resources	-	-	-	-	-	-	18,498	-
Reappropriation to future year(s)	-	-	-	-	-	-	(13,692)	-
Lapsed appropriations	-	-	-	-	-	-	(260)	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-	-	-
Net change in liabilities for reappropriated accounts	-	-	-	-	-	-	(341)	-
Amount of SAMS transfers-in	-	-	-	-	-	-	-	-
Amount of SAMS transfers-out	-	-	-	-	-	-	-	-
Transfers-in	-	-	-	-	-	-	-	-
Transfers-out	-	-	-	-	-	-	-	-
Lease financing	-	-	-	-	-	-	-	-
Net other sources (uses) of financial resources	-	-	-	-	-	-	4,205	-
Net change in fund balances	(5,456)	(2,980)	(32)	74,021	-	(3,780)	-	13,258
Fund balances (deficits), July 1, 2021	36,538	16,858	369	146,211	99	(503)	-	8,984
FUND BALANCES (DEFICITS), JUNE 30, 2022	\$ 31,082	\$ 13,878	\$ 337	\$ 220,232	\$ 99	\$ (4,283)	\$ -	\$ 22,242

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, 2022 (Expressed in Thousands)

	Special Revenue						
	Rail Freight Loan Repayment 0936	Sound Reducing Windows & Door Replacement 0949	Transportation Renewal 0952	DUI Prevention and Education 0956	Regional Transportation Authority Capital Improvement 0964	Downstate Mass Transportation Capital Improvement 0965	High Speed Rail Escrow Account 1438
REVENUES							
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Motor fuel taxes	-	-	390,534	-	216,702	24,078	-
Operating grants - Federal	-	-	-	-	-	-	-
Capital grants - Federal	-	-	-	-	-	-	-
Other operating grants	-	-	-	-	-	-	-
Other capital grants	-	-	-	-	-	-	-
Licenses and fees	-	-	-	-	-	-	-
Other charges for services	-	-	-	-	-	-	-
Other	-	4,515	-	-	-	-	-
Interest and other investment income	4	-	-	-	-	-	12
Total revenues	4	4,515	390,534	-	216,702	24,078	12
EXPENDITURES							
Transportation	-	-	-	-	211,949	-	18,443
Intergovernmental	-	-	390,534	-	-	-	-
Debt service - principal	-	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-
Total expenditures	-	-	390,534	-	211,949	-	18,443
Excess (deficiency) of revenues over (under) expenditures	4	4,515	-	-	4,753	24,078	(18,431)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES							
Appropriations from State resources	-	-	-	-	-	-	-
Reappropriation to future year(s)	-	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-	-
Net change in liabilities for reappropriated accounts	-	-	-	-	-	-	-
Amount of SAMS transfers-in	-	-	-	-	-	-	-
Amount of SAMS transfers-out	-	-	-	-	-	-	-
Transfers-in	-	-	-	713	-	-	25,000
Transfers-out	-	-	-	-	-	-	-
Lease financing	-	-	-	-	-	-	-
Net other sources (uses) of financial resources	-	-	-	713	-	-	25,000
Net change in fund balances	4	4,515	-	713	4,753	24,078	6,569
Fund balances (deficits), July 1, 2021	805	3,523	-	901	322,120	42,842	51,508
FUND BALANCES (DEFICITS), JUNE 30, 2022	\$ 809	\$ 8,038	\$ -	\$ 1,614	\$ 326,873	\$ 66,920	\$ 58,077

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, 2022 (Expressed in Thousands)

	Capital Projects					Debt Service	
	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	Total
	REVENUES						
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 296,489
Motor fuel taxes	-	-	-	780,073	-	-	1,209,185
Operating grants - Federal	-	-	-	-	-	-	167,099
Capital grants - Federal	-	-	-	-	-	-	1,656,103
Other operating grants	-	-	-	-	-	-	112,969
Other capital grants	-	-	-	-	-	-	9,965
Licenses and fees	-	-	-	-	-	-	26,449
Other charges for services	-	-	-	-	-	-	92,706
Other	-	-	-	-	-	-	4,472
Interest and other investment income	-	-	-	-	-	-	357
Total revenues	-	-	-	780,073	-	-	3,575,794
EXPENDITURES							
Transportation	250,322	5,159	(459)	(9,869)	247,111	-	2,710,840
Intergovernmental	-	-	-	-	-	-	917,779
Debt service - principal	-	-	-	-	-	-	903
Debt service - interest	-	-	-	-	-	-	99
Capital outlays	114,987	51,098	36,483	621,052	-	-	2,067,215
Total expenditures	365,309	56,257	36,024	611,183	247,111	-	5,696,836
Excess (deficiency) of revenues over (under) expenditures	(365,309)	(56,257)	(36,024)	168,890	(247,111)	-	(2,121,042)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES							
Appropriations from State resources	5,623,122	1,426,138	267,278	5,407,525	4,544,112	-	27,044,326
Reappropriation to future year(s)	(1,272,172)	(550,581)	(213,786)	(4,281,196)	(2,877,954)	-	(15,849,096)
Lapsed appropriations	(3,994,961)	(814,328)	(7,600)	(445,000)	(1,419,047)	-	(6,980,551)
Receipts collected and transmitted to State Treasury	-	-	-	-	-	(1)	(1,866,542)
Net change in liabilities for reappropriated accounts	9,320	(4,972)	(9,868)	(70,109)	-	-	(12,785)
Amount of SAMS transfers-in	-	-	-	(777,436)	-	-	(1,132,436)
Amount of SAMS transfers-out	-	-	-	-	-	-	1,129,562
Transfers-in	-	-	-	-	-	-	67,713
Transfers-out	-	-	-	-	-	-	(75,040)
Lease financing	-	-	-	-	-	-	1,591
Net other sources (uses) of financial resources	365,309	56,257	36,024	(166,216)	247,111	(1)	2,326,742
Net change in fund balances	-	-	-	2,674	-	(1)	205,700
Fund balances (deficits), July 1, 2021	-	-	-	64,721	-	-	1,089,692
FUND BALANCES (DEFICITS), JUNE 30, 2022	\$ -	\$ -	\$ -	\$ 67,395	\$ -	\$ (1)	\$ 1,295,392

State of Illinois
Department of Transportation

Combining Schedule of Accounts -
Motor Fuel Tax Fund

June 30, 2022 (Expressed in Thousands)

	Special Revenue						
	Motor Fuel Tax	Motor Fuel Tax -	Motor Fuel Tax -	Motor Fuel Tax -			
	0012	Counties	Municipalities	Townships and	Eliminations	Total	
		0413	0414	Road Districts			
				0415			
ASSETS							
Unexpended appropriations	\$ 99,558	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 99,558
Due from other Department funds	-	16,190	22,706	7,348	(46,244)	-	-
Total assets	\$ 99,558	\$ 16,190	\$ 22,706	\$ 7,348	\$ (46,244)	\$ -	\$ 99,558
LIABILITIES							
Accounts payable and accrued liabilities	\$ 33	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33
Intergovernmental payables	2	16,190	22,706	7,348	-	-	46,246
Due to other Department funds	98,691	-	-	-	(46,244)	-	52,447
Due to other State funds	832	-	-	-	-	-	832
Total liabilities	99,558	16,190	22,706	7,348	(46,244)	-	99,558
FUND BALANCES							
	-	-	-	-	-	-	-
Total liabilities and fund balances	\$ 99,558	\$ 16,190	\$ 22,706	\$ 7,348	\$ (46,244)	\$ -	\$ 99,558

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, 2022 (Expressed in Thousands)

	Special Revenue					
	Motor Fuel Tax 0012	Motor Fuel Tax - Counties 0413	Motor Fuel Tax - Municipalities 0414	Motor Fuel Tax - Townships and Road Districts 0415	Eliminations	Total
REVENUES						
Motor fuel taxes	\$ (1,085,236)	\$ 184,588	\$ 258,878	\$ 83,779	\$ -	\$ (557,991)
Total revenues	<u>(1,085,236)</u>	<u>184,588</u>	<u>258,878</u>	<u>83,779</u>	<u>-</u>	<u>(557,991)</u>
EXPENDITURES						
Transportation	16,970	-	-	-	-	16,970
Intergovernmental	-	184,588	258,878	83,779	-	527,245
Total expenditures	<u>16,970</u>	<u>184,588</u>	<u>258,878</u>	<u>83,779</u>	<u>-</u>	<u>544,215</u>
Deficiency of revenues under expenditures	<u>(1,102,206)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,102,206)</u>
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Appropriations from State resources	22,452	-	-	-	-	22,452
Lapsed appropriations	(5,482)	-	-	-	-	(5,482)
Net change in liabilities for reappropriated accounts	2,714	-	-	-	-	2,714
Amount of SAMS transfers-out	1,129,562	-	-	-	-	1,129,562
Transfers-out	(47,040)	-	-	-	-	(47,040)
Net other sources (uses) of financial resources	<u>1,102,206</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,102,206</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, July 1, 2021	-	-	-	-	-	-
FUND BALANCES, JUNE 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



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

Honorable Frank J. Mautino
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Illinois Department of Transportation (Department), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and have issued our report thereon dated March 23, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on Compliance and Other Matters

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

Purpose of This Report

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

Restricted Use of this Auditor’s Report

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

SIGNED ORIGINAL ON FILE

CliftonLarsonAllen LLP

Peoria, Illinois
March 23, 2023

**STATE OF ILLINOIS
DEPARTMENT OF TRANSPORTATION
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022**

PRIOR YEAR FINDING NOT REPEATED

Lack of Census Data Reconciliations

During the previous engagement, the Illinois 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.

This condition was noted to be remediated during the financial audit for the fiscal year ended June 30, 2022. (Finding Code No. 2021-001, 2020-001)



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