

# ILLINOIS



**DANIEL W. HYNES**  
**COMPTROLLER**

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# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2005

Comptroller Daniel W. Hynes is the Chief Fiscal Officer for the State of Illinois, managing its financial accounts, processing approximately 15 million transactions a year, and performing a watchdog role to assure that all payments meet the requirements of the law. The Comptroller's Office also provides timely and accurate fiscal information and analysis to the Governor, the Illinois General Assembly, and Local Government Officials so they can make informed budget decisions. In addition, the Office oversees the state's private cemetery and funeral home industry.



**COVER PHOTO:** The Illinois State Capitol  
Springfield, Illinois  
Courtesy of Heather Bradley, Photographer,  
Communications Department, Illinois Secretary of State

**STATE OF ILLINOIS**

# Comprehensive Annual Financial Report

~ 2005 ~

*For Fiscal Year Ended June 30, 2005*

**Comptroller Daniel W. Hynes**

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# Introductory Section

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# Comprehensive Annual Financial Report

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June 16, 2006

To the Citizens of the State of Illinois,  
Honorable Rod R. Blagojevich, Governor and  
Honorable Members of the General Assembly:

I am pleased to present to you the *State of Illinois Comprehensive Annual Financial Report (CAFR)* for the year ended June 30, 2005. The CAFR is the State's official annual report which provides the readers with the financial position of the State as of June 30, 2005, and results of operations during the fiscal year. The report is intended to provide the State's taxpayers, managers, investors, creditors, lawmakers, and other users with information in accordance with generally accepted accounting principles (GAAP). Responsibility for the accuracy of the data as well as the completeness and fairness of presentation of this report rests with my Office and other State agency management.

The CAFR is presented in the following sections: introductory; financial; and statistical and economic. The *introductory section* includes the table of contents, the Comptroller's letter of transmittal, and the State's organizational chart. The *financial section* includes the Independent Auditors' Report on the basic financial statements, the management's discussion and analysis, the basic financial statements, required supplementary information, and the individual fund financial statements and schedules. The *statistical and economic section* includes selected demographic and business data, generally on a multi-year basis.

The Management's Discussion and Analysis (MD&A), which begins on page 3 of this report, provides a narrative introduction, overview, and analysis to the accompanying basic financial

statements. This letter is intended to complement the MD&A and should be read in conjunction with it. The accompanying basic financial statements are prepared in conformity with GAAP applicable to State governments as prescribed by the Governmental Accounting Standards Board (GASB). This office supports the GASB, contributed to its formation and participates in the development of pronouncements by providing testimony at public hearings and submitting comments and recommendations as proposed standards are distributed for exposure.

The CAFR includes information on all funds, elected offices, departments and agencies of the State, as well as all boards, commissions, authorities and universities for which the State's executive or legislative branches are financially accountable. The financial statements distinguish between primary government organizations and component units. The primary government is the nucleus of the financial reporting entity and is the focal point for the users of the financial statements. The primary government of the State consists of all the organizations that make up its legal entity. All funds, departments, agencies, offices, and other organizations that are not legally separate are, for financial reporting purposes, part of the primary government. Component units are legally separate organizations for which the State is financially accountable.

The financial activities of the State are organized on the basis of individual funds, each of which is a separate accounting entity segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with specific regulations, restrictions and limitations. Major funds are the focus of the State's financial statements and include the General Fund (including the General Revenue Account, the Education Assistance Account, the Common School Account, and the Medicaid Provider Assessment Accounts), the Road Fund, the Motor Fuel Tax Fund, the State Construction Account, the Unemployment Compensation Trust Fund, the Water Revolving Fund, and the Designated Account Purchase Program Fund. The reporting entity, major funds, and fund types are described in detail in Note 1 to the financial statements. To ensure readability of the financial statements, generally only funds with total assets, liabilities, fund balances/net assets, revenues or expenditures/expenses greater than 2% of the total for that fund type are presented separately in the individual fund financial statements, except component units where all component units are presented, and special revenue funds where funds with greater than .50% of the total is presented. Combination of funds is necessary due to the existence of more than 750 funds in the State's reporting entity. Funds used by more than one agency are classified with what is determined to be the primary administering agency.

### ***Internal Controls***

Each State agency's management is responsible for establishing and maintaining internal controls designed to ensure that the assets of the State are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The State's internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

On October 31, 1989 the Fiscal Control and Internal Auditing Act (FCIAA) became law, requiring all State agency chief executive officers to annually certify the adequacy of internal controls in place within their agencies. The first annual certifications by State agency CEOs were due November 15, 1990. Subsequent certifications are due May 1<sup>st</sup> each year. The FCIAA also requires that certain agencies have a chief internal auditor with a specified minimum level of professional competency

### ***Independent Audit***

The Illinois Auditor General has performed an audit of the accompanying basic financial statements in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. His unqualified opinion appears at the beginning of the financial section of this report. In addition, the Illinois Auditor General conducts an annual audit pursuant to the requirements set forth in the Federal Single Audit Act Amendments of 1996 and the related U.S. Office of Management Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. This report is issued separately.

## **PROFILE OF THE STATE**

Illinois, located in the Midwest, became the twenty-first state in 1818. The State has 56,400 square miles and is the 24th largest state in size. However, per the 2000 census, Illinois is ranked 5th with a population of approximately 12.4 million.

Illinois' government is divided into three branches: executive, legislative and judicial. An organizational chart, showing the relationships between the Citizens of the State of Illinois, the three branches of Illinois State government and those of the various agencies, boards, commissions and universities which provide a full range of State government services, is presented on page I-15.

The State provides a full range of services including: the construction and maintenance of highways and infrastructure, education, social and health services, public safety, conservation of natural resources, economic development and recreation facilities and development. The State of Illinois is also financially accountable for 3 separate entities which have been included as a part of the State's financial statements. In addition, the State of Illinois is financially accountable for 23 legally separate entities which have been reported separately within the State's financial statements. Additional information on all of these legally separate entities can be found in the notes to the financial statements.

The Comptroller's Statewide Accounting Management System (SAMS) provides the basis for receipt, expenditure and encumbrance reporting of all State treasury held funds with specific budgetary controls maintained on line-item expenditures for all appropriated funds. Appropriations (budget) and actual expenditure analysis for significant individual funds is provided in the Budgetary Schedules section of this report.

The State of Illinois has a two-month "lapse period." During this time, July 1 to August 31, State agencies can expend funds appropriated in the prior fiscal year if encumbered by June 30. For all fund types, goods or services received prior to June 30 are recorded as liabilities and expenditures or expenses, whichever is appropriate. For governmental fund types, lapse period expenditures for goods or services encumbered as of June 30 and received prior to August 31 are reported with other encumbrances as reservations of June 30 fund balances and not as liabilities or expenditures.

Many State programs are accounted for in the General Fund. As analyzed in the MD&A, the GAAP basis financial position of the General Fund at June 30, 2005 declined from June 30, 2004. The fund deficit in the State's General Fund increased by \$569 million on a GAAP basis (from a deficit of \$2.495 billion, to a deficit of \$3.064 billion). On the *budgetary basis*, there was a \$474 million deficit fund balance at June 30, 2005 compared to a \$410 million deficit fund balance at June 30, 2004, a \$64 million increase.

In addition, the *unreserved* fund deficit on a GAAP basis increased by \$471 million from a deficit of \$2.644 billion to a deficit of \$3.115 billion.

## **FACTORS AFFECTING FINANCIAL CONDITION**

### ***Economy***

Illinois has a broadly diversified economy with an employment base that closely mirrors the national economy. The State continues to have a vigorous service sector with strength in professional and business services, education and healthcare services, and leisure and hospitality services. While retaining a sizeable manufacturing sector, its relative significance has decreased over the last decade, consistent with national trends. The largest private employers in Illinois include major retailers, large healthcare providers, equipment manufacturers, and nationwide financial service providers.

According to the U.S. Bureau of Labor Statistics, Illinois averaged 5.824 million nonfarm payroll jobs and an unemployment rate of 6.0 percent in fiscal year 2005. These numbers showed continued improvement as Illinois continues its recovery from the 2001 recession; however, the unemployment rate is still higher than it was in the late 1990s and employment has not yet reached its pre-recession highs. Positive economic growth is expected to continue in Illinois in the near future with continued increases in employment.

### ***Cash Management***

The State of Illinois' daily activities are operated on a "cash basis," where bills are paid with the available balances of cash on hand. As chief fiscal officer of the State of Illinois, the Comptroller maintains the State's central fiscal accounts and is responsible for ordering all payments into and out of the funds held by the State Treasurer. The State's end-of-year cash balance in the General Funds increased \$315 million to \$497 million during fiscal year 2005. The State's "cash basis" activity during fiscal

year 2005 is discussed in more detail in the MD&A.

### ***Investment Management***

The Illinois State Treasurer is responsible for investing all cash resources of the State, with the exception of those held by the retirement systems and certain debt service, enterprise, agency, universities' endowments and other locally-held funds. Of the five retirement systems, three pool their resources for investment and two invest their resources under investment master trustee arrangements with individual investment managers. The universities are granted independent powers to invest their funds which are held outside the State Treasury. Interest income earned on the cash resources received and invested by the State Treasurer is allocated to the various funds (where specified by law) based on the average daily cash balances invested.

### ***Risk Management***

The State's risk management program encompasses a wide range of State government activities. Generally, the State has elected to retain most exposures to risk, with only limited purchase of commercial insurance. Among the exceptions are coverage for real property at the James R. Thompson Center in Chicago, the State Retirement Systems building, and the Regional State Office complex in Collinsville. Limited commercial coverage for personal property includes a small portion of the State's fleet of motor vehicles, certain telecommunications equipment, the fixed and rotary wing aircraft fleet, some State watercraft, selected items of electronic data processing equipment, a portion of the State's collection of fine art, as well as a small number of other property and liability exposures. The State retains workers' compensation and auto liability exposures, including claims management. Other major retained risks include employee fidelity and surety, as well as general liability. The State's risk management program also includes legal representation and indemnification of employees sued for violation of civil and constitutional rights and other tort liabilities while acting in an official capacity.

### ***Debt Responsibility Act***

Public Act 93-0839 effective July 30, 2005 places new restrictions on the issuance of general obligation bonds. At least 25% of general obligation bonds issued within a year must be sold pursuant to notice of sale and public bid. General obligation bonds must be issued with equal principal or mandatory redemption amounts in each fiscal year following the year of issuance for a term not to exceed 25 years. General obligation bonds may not be issued if in the next fiscal year after issuance the amount of debt service on all then outstanding general obligation bonds exceeds 7% of the General and Road Fund appropriations for the fiscal year immediately preceding the issuance unless the Comptroller and Treasurer waive this requirement. No general obligation refunding bonds can be issued unless the refunding produces a net present value savings of at least 3% of the bonds being refunded and the maturities of the refunding bonds do not extend beyond the maturities of the bonds being refunded.

### ***Pensions***

The fiscal year 2005 budget included \$1.6 billion in State contributions to the five state pension funds as required by the fifty year funding plan. A reduction in balances of the State Pensions Fund, which receives payments to the state for unclaimed property, allowed \$214 million of the State contributions to be made from the State Pensions Fund. Liabilities incurred from the 2002 Early Retirement Initiative (ERI) were to be retired over a ten year period. Instead of the certified amount \$380 million, appropriations for the ERI were set at \$70 million for fiscal year 2005.

Two modest payroll reduction plans were in effect during fiscal year 2005. The SERS enhanced refund option provided refunds of double the employees' contribution plus interest for employees from selected job titles who left state service and the retirement system by October 31, 2004. Under the severance payment plan, employees from selected job titles who left state service by December 31, 2004 could receive a severance payment of 25% of final monthly

salary for each year of state service up to a maximum of six months of salary plus a lump sum payment to continue coverage in the state's group health insurance program for up to six months.

More significant changes in the pension systems occurred in fiscal year 2006 with reduced benefits for certain new employees and a shift in the payment of the employers' share of the cost of certain late career benefits from the State to the employees' local government. Required State contributions to the pension systems were reduced to \$938 million in fiscal year 2006 and to \$1.375 billion in fiscal year 2007. In addition, every new benefit increase is required to provide additional funding at least sufficient to cover the resulting annual increase in costs to the pension system and all benefit increases are to expire no more than 5 years after the effective date of the increase.

## **LONG-TERM FINANCIAL PLANNING AND RELEVANT FINANCIAL POLICIES**

In 2000, legislation was enacted to create the State's Budget Stabilization Fund in order to assist the State in meeting cash flow deficits as needed. The statutory goal for funding this reserve is five percent of general funds revenues. As of June 30, 2005, the balance in the Budget Stabilization Fund was \$275.7 million.

Legislation enacted in 1995 sets the long-term funded ratio (assets to actuarial accrued liabilities) target for the State's five retirement systems at 90% and set into statute a plan for the State to reach this target by fiscal year 2045. After fiscal year 2045, the State shall maintain annual contributions sufficient to keep the systems at a 90% funded ratio. As of June 30, 2005, the five state-funded retirement systems were at a 60.3% funded ratio.

Statute requires the State to make an annual assessment of capital needs and make five year projections of likely capital needs based on this

review. This assists the State maintaining an inventory of its assets, preparing for the match between needs and resources, planning for capital investments and maintenance needs, and in competing for federal resources.

## **MAJOR INITIATIVES**

Illinois' fiscal condition continued to weaken during fiscal years 2005 and 2006. As a result, the following various initiatives were instituted to increase revenues and to limit spending.

### ***Revenue Enhancements***

Included in fiscal year 2005 legislation were several changes to enhance revenues. Among them were changes to corporate income tax to allow multi-state and multi-national corporate groups to reduce their business income to the state where they have operations. Income that is not from business activities such as income from investments need not be apportioned. The new law broadens the definition of business income to include all income that may be treated as apportionable income under the U.S. Constitution. It also allows Illinois to recapture part of the gain from the sale of assets that contributed to business income. When such an asset is sold and the gain is not counted as business income, three years work of business expenses related to that asset must be added back to business income.

Combined reporting is required for unitary businesses who are a group of companies related by common ownership and having integrated business activities. However, under the "waters edge" method of reporting, members of the corporate group whose business is primarily outside the U.S. need not be combined for allocating income to Illinois. This could provide an opportunity to avoid taxes by shifting income to these members of the corporate group. Under the fiscal year 2005 changes to statute, interest and intangible expenses and costs paid to foreign based operations of a unitary business group must be added back to income when the payments appear to be for tax avoidance.

In recent years, the federal government has began an initiative to combat abusive tax avoidance transactions. New federal regulations require promoters to register certain shelters with the IRS and maintain lists of investors in those transactions. Investors are also required to disclose shelter positions they claim on their tax returns. The Department of Revenue is allowed to take advantage of this federal initiative by requiring the registration of tax shelters and having taxpayers submit copies of their federal disclosures of tax shelters. Significant new penalties are to be levied against taxpayers who fail to report abusive tax shelters.

A limited income tax amnesty program (the tax shelter voluntary compliance program) was created to give income taxpayers who have been using illegal tax shelters the opportunity to amend their returns and avoid criminal penalties. The amnesty period ran from October 14, 2004 to January 31, 2005. Eligible taxpayers who are uncertain about their liability were allowed to participate with an appeal option.

The number of fees with rate increases in the fiscal year 2005 budget was fewer than in the prior year budget. The Secretary of State's identification card fee (often used by individuals without drivers' licenses) is increased from \$4 to \$20 with the increment going to the State's General Fund. Senior citizens and the disabled can still get their identification cards without charge. Lottery agent fees are increased including an increase in the application fee for lottery agents from \$10 to \$50. Changes in the vehicle code include an increase in the fee for the replacement of vehicle plates from \$19 to \$39, the addition of a new \$20 delinquent registration fee, and a boost in the fee for reinstating a license after a DUI conviction from \$100 to \$500 and to \$1,000 for additional convictions.

One new fee that was a major revenue enhancer is the assessment on inpatient services imposed on hospitals. The fiscal year 2005 assessment required a federal waiver. The rate was \$84.19 per occupied bed per day with the proceeds deposited into the Hospital Provider Fund. The receipts were combined with federal Medicaid reimbursements and used to increase the monies

available for state Medicaid spending. Efforts are underway to establish a new hospital assessment program for fiscal year 2006.

A new fiscal year 2005 tax is the 6.25% watercraft use tax created for private watercraft sales not covered by the sales tax. Title to a vehicle cannot be obtained without evidence of payment of the tax. Charitable, religious, and educational organizations are exempt from the tax.

Effective July 1, 2003, riverboat gambling taxes which are dedicated to education programs were increased with the maximum rate going from 50% to 70% of annual adjusted gross receipts. This rate increase expired at the end of fiscal year 2005. Tax rates were reduced for fiscal year 2006; however, the casinos agreed to hold the state harmless for fiscal years 2006 and 2007.

### ***Tax and Fee Relief***

The State enacted the following measures in fiscal year 2005 to offset these revenue enhancements:

- A reduction in the Workers Compensation Commission Operations Fund surcharge from 1.5% to 1.01% of workers compensation premiums, while the Workers Compensation Commission operations fee for self-insurers was decreased from .045% of wages to .0075% of wages.
- The EPA's controversial non-point discharge (NPDES) fees were significantly reduced for smaller discharge facilities.
- The sales tax exemption on graphic arts machinery and the manufacturer's purchase credit was reinstated.
- For the income taxes, the research and development tax credit which is equal to 6 1/2% of qualified research and development expenditures was restored for tax years ending on or after December 31, 2004 and pass through provisions for income from investment partnerships were clarified.

### ***Transfers to Defray Operating Costs***

Beginning in fiscal year 2004, the Director of the Governor's Office of Management and Budget (and later the Governor) was statutorily authorized to transfer to the State's General Fund from most other funds of the State to help defray the State's operating costs. The transfers were allowable up to the lesser of 1) 8% of a fund's revenue during the year or 2) an amount that would reduce the balance in a fund to only 25% of the fund's balance at the beginning of the fiscal year. During fiscal year 2005, these administrative charges transferred \$208 million to the General Fund. However, approximately \$157 million of these transfers have not been recognized by the State Treasurer due to concerns about the constitutionality of these transactions.

During fiscal year 2005, an additional \$253 million of "surplus balances" were transferred from numerous funds to the General Fund pursuant to statutory authorization as part of the fiscal year 2005 budget.

### ***Short-term Borrowing***

In June 2004, the State borrowed \$850 million in short-term notes, with the debt service paid from the General Revenue Account in fiscal year 2005.

In fiscal year 2005, the State took several actions to help alleviate the ongoing cash flow problems. In October 2004, \$276 million was transferred from the Budget Stabilization Fund to the General Fund which was repaid by the end of the fiscal year. In March 2005, the State borrowed \$765 million in short-term notes with the proceeds deposited into the General Fund.

In fiscal year 2006, the State borrowed an additional \$1 billion of short-term notes to pay Medicaid vouchers.

### ***Spending Initiatives***

One of the proposed initiatives to reduce spending and to make State government more efficient was to continue the process of reorganizing and consolidating state agencies and

functions. To accomplish this, a number of executive orders were announced by the Governor.

The most significant reorganization effective for fiscal year 2005 consolidated the state agencies whose primary function is regulation of financial institutions and the professions. Executive Order No. 6 combined the Departments of Financial Institutions, Insurance, Professional Regulation and the Office of Banks and Real Estate into the Department of Financial and Professional Regulation.

Reorganizations also continued among health and social service organizations. Executive Order No. 3 transferred the LIHEAP/Weatherization program from the Department of Commerce and Economic Opportunity to the Department of Public Aid and transferred the Circuit Breaker/Pharmaceutical programs from the Department of Revenue to the Department on Aging. In fiscal year 2006, there were major reorganizations in how the state purchases health care services. The Department of Public Aid was renamed the Department of Healthcare and Family Services and assumed the responsibilities for health care purchasing which were held by the Departments of Central Management Services (primarily for government employees), Corrections, Human Services and Veterans Affairs.

Restructuring also served to clarify the role of the Department of Central Management Services as the primary provider of shared services for executive agencies. Executive Order No. 4 transferred law enforcement and security functions from Central Management Services to the Department of State Police. Administrative responsibility for the Illinois Century Network, a telecommunications backbone providing high speed access to data, video and audio communications in schools and libraries, at colleges and universities, to public libraries and museums, and for local government and state agencies, was transferred from the Board of Higher Education to Central Management Services.

## **RECEIVABLES REPORTING**

The Office of the Comptroller continues to establish and enforce measures to help reduce the amount of receivables owed to the State. Effective January 1, 1998, all debts that exceed \$1,000 and are more than 90 days past due are required to be reported in the Comptroller's Offset System. Prior to this date, only debts in excess of \$1,000 and more than 1 year past due were required to be reported. This legislation enables the Comptroller's Office to intercept tax refunds and other payments that may otherwise be paid to the State's debtors. Due to stricter monitoring of State agency compliance with the offset program, the Office of the Comptroller has effected the recovery of almost \$24 million in fiscal year 2005.

## **THE PUBLIC ACCOUNTABILITY REPORT OF SERVICE EFFORTS AND ACCOMPLISHMENTS (SEA)**

One of the priorities of this Comptroller is to improve the accountability of State governmental agencies to the public they serve by reporting on the efficiency, effectiveness, and outcomes of government programs. To this end the Comptroller has launched the Public Accountability Project which has instituted a process by which State agencies annually report on their performance in carrying out their statutory missions. The instrument for this process is Service Efforts and Accomplishments (SEA) Reporting as outlined by the Governmental Accounting Standards Board (GASB). The Office of the Comptroller is working with the GASB to determine and set standards for this type of financial reporting. Illinois has been designated by the GASB as an official "experimentation site" for SEA reporting. The Illinois Public Accountability (SEA) Report is available upon request.

## **CERTIFICATE OF ACHIEVEMENT**

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting ("Certificate") to the State of Illinois for its comprehensive annual financial report ("CAFR") for the fiscal year ended June 30, 2004. This is the twenty-first consecutive year that the State has received this prestigious award in governmental financial reporting. In order to be awarded a Certificate, the State of Illinois published an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate is valid for a period of one year only. As this current comprehensive annual financial report is expected to meet the Certificate of Achievement Program's requirements, it is being submitted to the GFOA to determine its eligibility for another certificate.

## **ACKNOWLEDGMENTS**

The preparation of the State's Comprehensive Annual Financial Report was made possible by the due diligence of my staff, the Auditor General's Office and all State agencies who submitted timely information during this year's GAAP financial statement process. Their hard work and dedication has resulted in an excellent financial report of which we can be proud. I express my gratitude to all of those involved for this tremendous cooperative effort.

Sincerely,

Daniel W. Hynes  
Comptroller

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## State of Illinois

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



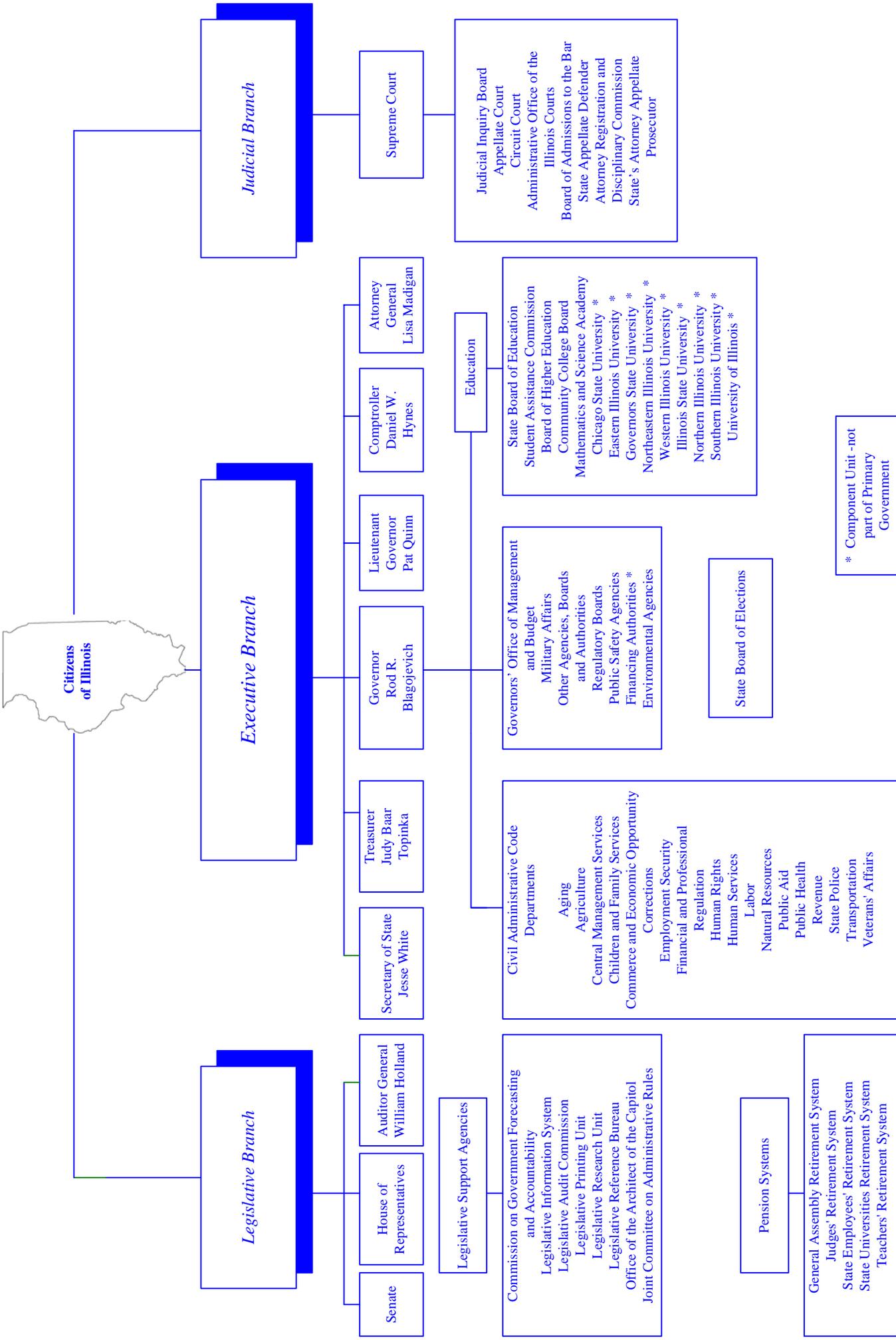
*Carla E. Fudge*

President

*Jeffrey R. Emer*

Executive Director

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\* Component Unit -not part of Primary Government

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# Financial Section

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STATE OF ILLINOIS  
WILLIAM G. HOLLAND  
AUDITOR GENERAL  
**Independent Auditors' Report**

Honorable Emil Jones, Jr., President of the Senate  
Honorable Michael J. Madigan, Speaker of the House  
Members of the General Assembly  
Honorable Rod Blagojevich, Governor  
Honorable Daniel W. Hynes, Comptroller

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Illinois, as of and for the year ended June 30, 2005, which collectively comprise the State of Illinois' basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State of Illinois' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Illinois, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the State of Illinois has adopted Governmental Accounting Standards Board Statement (GASB) No. 40, *Deposit and Investment Risk Disclosures (an amendment of GASB Statement No. 3)*.

As discussed in Note 2, the financial statements have been restated as of July 1, 2004 for prior year reporting errors.

In accordance with *Government Auditing Standards*, a report on our consideration of the State of Illinois' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters will be issued under a separate cover. The purpose of that report is 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 internal control over financial reporting or on compliance. That report, upon its issuance, is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, budgetary comparison schedule and related notes – major governmental funds, and the pension trust funds – schedule of funding progress are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Illinois' basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical and economic section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical and economic section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion on them.



WILLIAM G. HOLLAND  
Auditor General  
State of Illinois



BRUCE L. BULLARD, CPA  
Director of Financial and Compliance Audits  
Office of the Auditor General

Springfield, Illinois  
June 16, 2006

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of the State of Illinois' (the State's) financial performance, providing an overview of the activities for the fiscal year ended June 30, 2005. Please read it in conjunction with the transmittal letter and with the State's financial statements, which follow this section.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the State's basic financial statements, which comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition, this discussion and analysis also contains information on other supplementary information included in this report.

#### **Government-wide Statements (Reporting the State as a Whole)**

The Statement of Net Assets and the Statement of Activities are two financial statements that report information about the State, as a whole, and about its activities. These statements include all non-fiduciary assets, liabilities, revenues and expenses using the accrual basis of accounting.

The Statement of Net Assets (page 17) presents all of the State's non-fiduciary assets and liabilities, with the difference between the two reported as "net assets". Over time, increases and decreases in net assets measure whether the State's financial position is improving or deteriorating.

The Statement of Activities (pages 18 and 19) presents all of the State's non-fiduciary revenues and expenses, with the difference showing how the State's net assets changed during the current fiscal year. All changes in net assets are reported as soon as the underlying events giving rise to the change occur, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and unused accrued absences).

Both statements report three activities:

- *Governmental Activities* – Most of the State's basic services are reported under this category. Taxes and intergovernmental revenues generally fund these services. The Legislature, the Judiciary, Elected Officials and the general operations of the Executive departments fall within the governmental activities.
- *Business-type Activities* – The State charges fees to customers to help it cover all or most of the cost of certain services provided by the State. Lottery tickets and the State's unemployment compensation services are examples of business-type activities.
- *Discretely Presented Component Units* – Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The State has 8 authorities, 9 universities and 6 other organizations that are reported as discretely presented component units of the State.

Included within the basic financial statements are two schedules (pages 21 and 23) that reconcile the amounts reported on the governmental fund financial statements (modified accrual accounting) with governmental activities on the appropriate government-wide statements (accrual accounting). Modified accrual accounting focuses on the current financial resources, which are the resources available for spending in the near future (defined by the State as 60 days). Accrual accounting reports the total economic resources similar to a private-sector business. The following summarizes the impact of transitioning from modified accrual to accrual accounting:

- Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds statements.
- Prepaid expenses for governmental activities are current uses of financial resources of funds and therefore are not reported in the governmental funds statements.
- Deferred issuance costs are capitalized and amortized as governmental activities, but reported as expenditures in the governmental funds statements.
- Certain revenues that are earned, but not available, are reported as revenues of governmental activities, but are reported as unavailable revenue on the governmental funds statements.
- Unless due and payable, long-term liabilities, such as capital lease obligations, compensated absences, certificates of participation, net pension obligations, bonds and notes payable appear as liabilities in the government-wide statements but are not reported in the governmental funds statements.
- Internal service funds are reported as governmental activities, but reported as proprietary funds in the fund financial statements.
- Capital outlay spending results in recording capital assets on the government-wide statements, but is reported as expenditures on the governmental fund statements.
- Bond and note proceeds result in liabilities on the government-wide statements, but are recorded as other financing sources on the governmental fund statements.
- Certain other outflows represent either increases or decreases in liabilities on the government-wide statements, but are reported as expenditures on the governmental funds statements.

The Notes to the Basic Financial Statements provide additional information that is integral to understanding the data provided in the government-wide and fund financial statements. The notes can be found beginning on page 35 of this report.

### **Fund Financial Statements (Reporting the State's Major Funds)**

The fund financial statements begin on page 20 and provide more detail than the government-wide financial statements, concentrating on information about the major individual funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the State uses to keep track of specific sources of funding and spending for a particular purpose. In addition to the major funds, individual fund data for the non-major funds is presented beginning on page 127. The State's funds are divided into three categories – governmental, proprietary, and fiduciary – with each using a different accounting method.

*Governmental funds* – Most of the State's basic services are reported in the governmental funds, which focus on how monies flow into and out of those funds and the balances left at year-end that are available for future spending. The governmental fund financial statements provide a detailed short-term view of the State's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the State's programs. Governmental funds are

reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash and liabilities that are due in the current period. Governmental funds include the General Fund and special revenue, capital project, debt service and permanent funds.

*Proprietary funds* – When the State charges customers for the services it provides, whether to outside customers or to other agencies within the State, these services are generally reported in proprietary funds. Proprietary funds (enterprise and internal service) utilize accrual accounting; the same method used by private sector businesses. Enterprise funds report activities that provide supplies and services to the general public. An example is the State Lottery Fund. Internal service funds report activities that provide supplies and services for the State’s other programs and activities such as the State’s Communications Revolving Fund. The State’s internal service funds are reported as governmental activities on the government-wide statements.

*Fiduciary funds* – The State acts as a trustee or fiduciary for its employee pension plans. The State is also responsible for other assets that, because of a trust arrangement or other contractual arrangement, can be used only for the trust beneficiaries. The State’s fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets beginning on page 28. These funds, which include pension (and other employee benefit), private-purpose trust, investment trust and agency funds, are reported using accrual accounting. The government-wide statements exclude fiduciary fund activities and balances because these assets are restricted in purpose and do not represent discretionary assets of the State to finance its operations.

### **Additional Required Supplementary Information**

Following the basic financial statements is additional Required Supplementary Information that further explains and supports the information in the financial statements. The Required Supplementary Information includes budgetary comparison schedules reconciling the statutory and generally accepted accounting principles (GAAP) net change in fund balances at fiscal year-end, and funding progress of the State’s retirement systems.

### **Other Supplementary Information**

Other supplementary information includes two components: 1) combining financial schedules for non-major governmental, proprietary and fiduciary funds and non-major discretely presented component units and 2) combining budgetary schedules using the terminology and classification of funds used by the State for budgetary purposes. The combining financial statements present by fund category, and then by fund type, the amounts presented in the non-major funds column in the fund financial statements.

## **FINANCIAL ANALYSIS OF THE STATE**

The State’s combined net assets decreased \$1.406 billion during the current fiscal year. The net assets of the State’s governmental activities decreased \$2.151 billion or 14.0 % and the net assets of the State’s business-type activities increased \$745 million or 37.8%. The following condensed financial information was derived from the government-wide Statement of Net Assets and reflects the State’s financial position as of June 30, 2005:

	Net Assets as of June 30 (in millions of dollars)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
Assets:						
Current and other non-current assets	\$ 10,271	\$ 9,065	\$ 8,314	\$ 7,246	\$ 18,585	\$ 16,311
Capital assets	17,372	17,086	3	3	17,375	17,089
Total assets	27,643	26,151	8,317	7,249	35,960	33,400
Liabilities:						
Other liabilities	8,982	7,389	220	244	9,202	7,633
Long-term liabilities	36,222	34,172	5,379	5,032	41,601	39,204
Total liabilities	45,204	41,561	5,599	5,276	50,803	46,837
Net assets:						
Invested in capital assets, net of related debt	11,973	11,809	3	3	11,976	11,812
Restricted	941	913	2,544	2,323	3,485	3,236
Unrestricted	(30,475)	(28,132)	171	(353)	(30,304)	(28,485)
<b>Total net assets</b>	<b><u>\$(17,561)</u></b>	<b><u>\$ (15,410)</u></b>	<b><u>\$ 2,718</u></b>	<b><u>\$ 1,973</u></b>	<b><u>\$(14,843)</u></b>	<b><u>\$(13,437)</u></b>

The State's largest asset is its capital assets (land, buildings, equipment, infrastructure, and others). The largest liability is its long-term liabilities including the net pension obligation (\$12.036 billion) and bonds payable obligation (\$28.106 billion). The largest component of the State's net assets reflects the State's investment in capital assets, less any related debt that was recorded to acquire or construct the assets. Restricted net assets consists of resources subject to external restrictions or enabling legislation on how they can be used. The remaining portion, unrestricted net assets, may be used at the State's discretion.

The State's assets increased \$2.560 billion from \$33.400 billion at June 30, 2004, to \$35.960 billion at June 30, 2005, due in part to a \$700 million increase in intergovernmental receivables (mostly from the federal government for Medicaid reimbursements) and \$627 million in increased loans outstanding for business-type activities. The State's increase in liabilities of \$3.966 billion from \$46.837 billion at June 30, 2004, to \$50.803 billion at June 30, 2005, resulted mainly from the \$1.698 billion increase in net pension obligation and \$1.601 billion increase in Section 25 liabilities in the State's General Fund as described on page 10.

The following condensed financial information was derived from the government-wide Statement of Activities and reflects the State's decrease in net assets during the current fiscal year:

**Changes in Net Assets  
for Fiscal Year Ending June 30  
(in millions of dollars)**

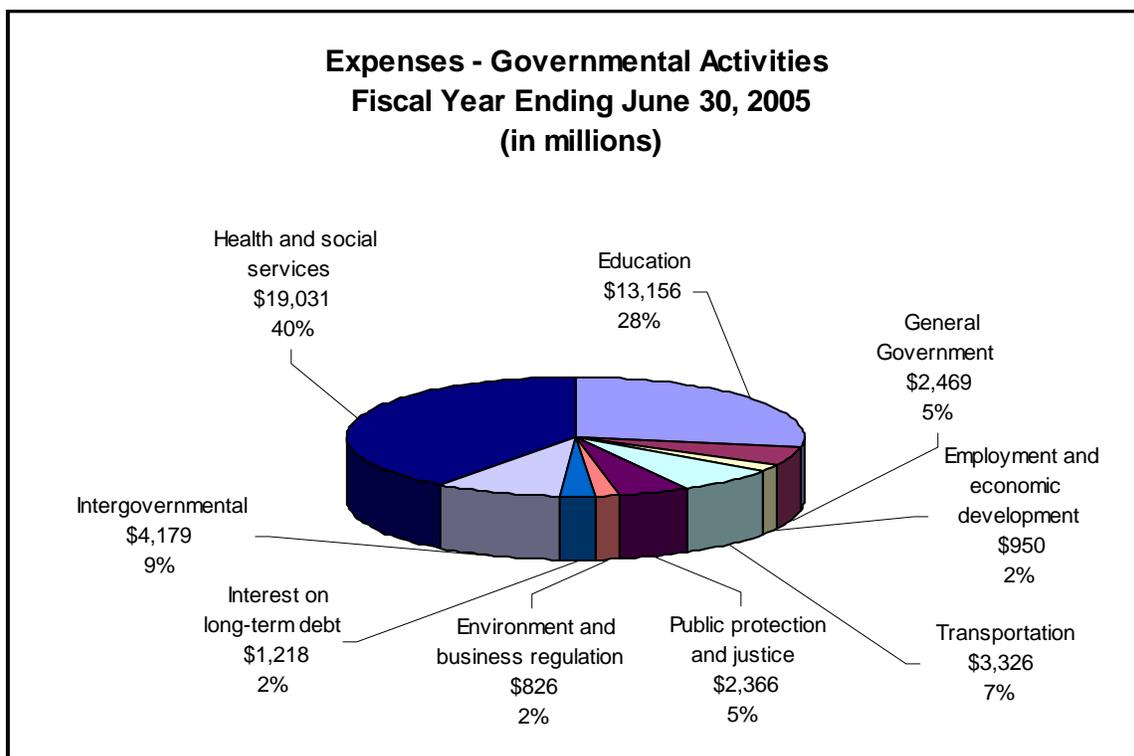
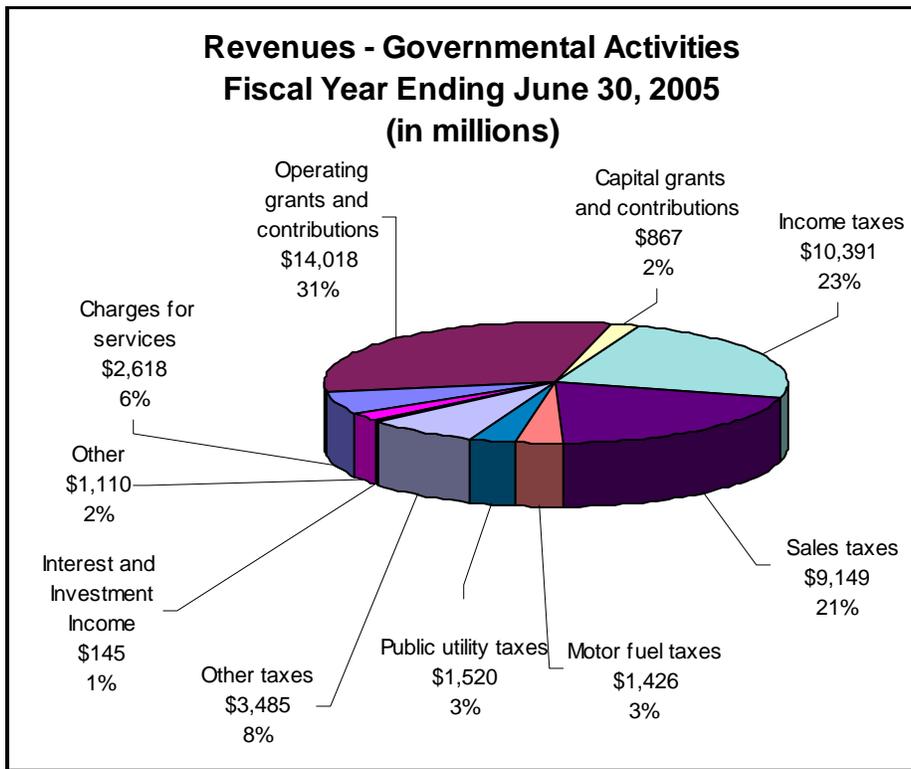
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>		<b>Total Percentage Change</b>
	2005	2004	2005	2004	2005	2004	2004 to 2005
<b>Revenues</b>							
Program revenues							
Charges for services	\$ 2,618	\$ 2,480	\$ 5,126	\$ 4,689	\$ 7,744	\$ 7,169	8.0%
Operating grants and contributions	14,018	13,163	120	140	14,138	13,303	6.3%
Capital grants and contributions	867	862			867	862	0.6%
General revenues							
Income taxes	10,391	9,059			10,391	9,059	14.7%
Sales taxes	9,149	8,948			9,149	8,948	2.2%
Motor fuel taxes	1,426	1,444			1,426	1,444	(1.2%)
Public utility taxes	1,520	1,493			1,520	1,493	1.8%
Other taxes	3,485	2,652			3,485	2,652	31.4%
Interest and investment earnings	145	91	27	7	172	98	75.5%
Other revenue	1,110	1,547			1,110	1,547	(28.2%)
<b>Total revenues</b>	<b>44,729</b>	<b>41,739</b>	<b>5,273</b>	<b>4,836</b>	<b>50,002</b>	<b>46,575</b>	<b>7.4%</b>
<b>Expenses</b>							
Health and social services	19,031	17,263			19,031	17,263	10.2%
Education	13,156	13,037			13,156	13,037	0.9%
General government	2,469	2,427			2,469	2,427	1.7%
Employment and economic development	950	1,181			950	1,181	(19.6%)
Transportation	3,326	3,273			3,326	3,273	1.6%
Public protection and justice	2,366	2,116			2,366	2,116	11.8%
Environment and business regulation	826	701			826	701	17.8%
Unemployment compensation fund			1,983	2,672	1,983	2,672	(25.8%)
Water revolving fund			24	18	24	18	33.3%
Designated account purchase program fund			167	111	167	111	50.5%
Insurance programs			354	319	354	319	11.0%
Lottery			1,197	1,145	1,197	1,145	4.5%
Prepaid tuition programs			41	36	41	36	13.9%
Other business-type activities			121	110	121	110	10.0%
Intergovernmental	4,179	3,692			4,179	3,692	13.2%
Interest	1,218	1,149			1,218	1,149	6.0%
<b>Total expenses</b>	<b>47,521</b>	<b>44,839</b>	<b>3,887</b>	<b>4,411</b>	<b>51,408</b>	<b>49,250</b>	<b>4.4%</b>
Excess (deficiency) before transfers	(2,792)	(3,100)	1,386	425	(1,406)	(2,675)	(47.4%)
Transfers	641	569	(641)	(569)	-	-	0.0%
<b>Increase (decrease) in net assets</b>	<b>(2,151)</b>	<b>(2,531)</b>	<b>745</b>	<b>(144)</b>	<b>(1,406)</b>	<b>(2,675)</b>	<b>(47.4%)</b>
Net assets - beginning - restated	(15,410)	(12,879)	1,973	2,117	(13,437)	(10,762)	24.9%
Net assets - ending	<u>\$ (17,561)</u>	<u>\$ (15,410)</u>	<u>\$ 2,718</u>	<u>\$ 1,973</u>	<u>\$ (14,843)</u>	<u>\$ (13,437)</u>	<u>10.5%</u>

### **Governmental Activities:**

Governmental activities of the State are financed primarily through taxes collected. The functions reported for governmental activities consist of the following:

- *Health and social services* – The health and social services function consists of programs such as Medicaid, Temporary Assistance for Needy Families (TANF) and Child Support Enforcement which are administered mostly by the Department of Public Aid, the Department of Human Services and the Department of Children and Family Services.
- *Education* – The education function consists of support for local public school districts and post-secondary institutions administered mostly by the State Board of Education, the State Board of Higher Education and the Illinois Community College Board.
- *General government* – The general government consists of the day-to-day operations of the State performed mostly by the Elected Officials, Members of the General Assembly, the Department of Central Management Services and the Department of Revenue.
- *Employment and economic development* – The employment and economic development function consists of job training for citizens and support for the growth of public sector commerce administered mostly by the Department of Commerce and Economic Opportunity.
- *Transportation* – The transportation function consists of support for building and maintaining infrastructure capital assets owned by the State and owned by local governments of the State which is administered mostly by the Department of Transportation.
- *Public protection and justice* – The public protection and justice function consists of law enforcement functions of the State and other public safety regulatory programs performed mostly by the Department of Corrections and the Department of State Police.
- *Environment and business regulation* – The environment and business regulation function consists of regulation of the environment of the State and regulation of various business types in the State performed mostly by the Environmental Protection Agency, the Department of Commerce and Economic Opportunity, the Department of Natural Resources, the Department of Financial and Professional Regulation and the Department of Labor.

The following charts display revenues and expenses of the State for governmental activities during the fiscal year:



The State's governmental activities revenues increased \$2.990 billion during fiscal year 2005 with the largest revenue increases consisting of \$1.332 billion in income tax revenue, \$855 million in operating grant revenues, and \$833 million in other tax revenue. The increases in operating grant revenue were largely a result of increased Medicaid receipts from the federal government while the tax increases were a result of the economic growth which occurred during the fiscal year. The State's governmental activities expenses increased \$2.682 billion during fiscal year 2005 with the largest portion resulting from \$1.467 billion in increased Medicaid payments during the fiscal year and \$487 million in increased intergovernmental revenue sharing program expenses.

**Business-type Activities:**

Net assets of business-type activities increased \$745 million during the fiscal year 2005. The main factor contributing to this increase was a gain of \$620 million in the Unemployment Compensation Trust Fund.

**FINANCIAL ANALYSIS OF THE STATE'S MAJOR GOVERNMENTAL FUNDS**

**General Fund**

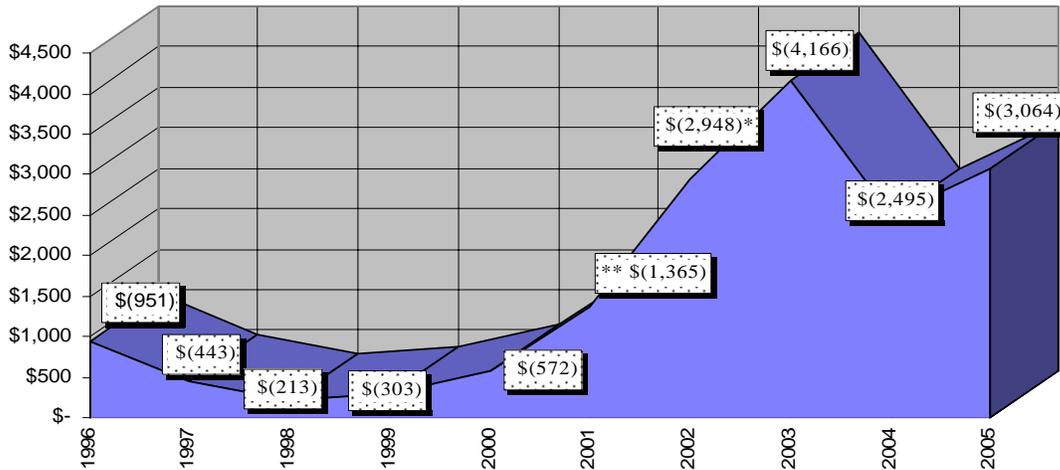
The General Fund accounts for resources obtained and used for those services traditionally provided by the State which are not required to be accounted for in another fund. Accordingly, the majority of the State's tax revenues and program support expenses are accounted for in the General Fund. For financial reporting purposes, the General Fund consists of several accounts of the State which are described on page 127. For budgetary purposes the General Funds consist of the General Revenue Fund, Special Account Fund, Education Assistance Fund and Common School Fund Accounts.

The State's General Funds' budgetary fund balance ended fiscal year 2005 with a deficit for the fourth consecutive year. At June 30, 2005, the General Funds' budgetary fund balance was a deficit of \$474.035 million compared to a \$410.295 million deficit recorded at June 30, 2004. The original budget projected a \$669.975 million deficit at the end of the fiscal year. The final budget projected a \$1.964 billion deficit.

The majority of the difference between the General Funds' original budget and the final budget is a result of the statutorily authorized transfers which were not originally budgeted. Statutory transfers-in were increased \$1.082 billion due mostly to a \$276 million borrowing from the Budget Stabilization Fund and \$982 million repayments received from the Hospital Provider Fund. Statutory transfers-out were increased \$3.003 billion due mostly to the repayment of \$850 million repayment of general obligation certificates issued in June 2004, the repayment of \$765 million of general obligation certificates issued during the current fiscal year, the repayment of \$276 million to the Budget Stabilization Fund, and \$982 million transferred to the Hospital Provider Fund. In addition, the final budget included the proceeds from a \$765 million issuance of general obligation certificates during the current fiscal year.

The majority of the \$1.490 billion increase in General Funds' budgetary balance between the final budget and the actual results was due to \$1.100 billion less in health and social services expenditures, \$819 million more in income tax revenue collected than projected, and \$553 million less in other revenues collected.

**General Fund Deficits  
FY 1996-2005 (in millions)**



\* Fiscal year 2002 was restated for a \$106 million overstatement of health insurance costs, a \$76 million understatement of refund recoveries, a \$239 million understatement of tax revenues, and a \$63 million overstatement of federal grant revenues. Comparable information for the understatement of tax revenues is not available for years prior to fiscal year 2002.

\*\* Fiscal year 2001 was restated for a \$130 million overstatement of income tax revenue and \$43 million reduction of expenditures due to the implementation of GASB Interpretation No. 6. Comparative information for the effect of the implementation of GASB Interpretation No. 6 is not available for previous fiscal years. In addition, for years prior to fiscal year 2000, comparative information for revenues, which were restated due to the implementation of GASB Statement No. 33 in fiscal year 2001, and the corresponding effect on the General Fund deficit, is not available.

The General Fund's assets at June 30, 2005, were \$4.517 billion, which is an increase of \$902 million from the June 30, 2004, balance of \$3.615 billion. Intergovernmental receivables increased from June 30, 2004, by \$616 million, taxes receivable increased by \$100 million and cash increased by \$150 million. The intergovernmental receivables increase was a result of reimbursements to be received as a result of the recognition of increased Medicaid program liabilities as described in the next paragraph.

The General Fund's liabilities at June 30, 2005, were \$7.581 billion, which is an increase of \$1.471 billion from the June 30, 2004, balance of \$6.110 billion. The factors that determine a significant portion of the General Fund liabilities are the accrued liabilities payable from future year's appropriations. One of the largest components of those liabilities is Section 25 of the State Finance Act (Section 25) deferrals which consist mostly of Medicaid program liabilities. Section 25 deferrals increased \$1.601 billion from \$1.348 billion at June 30, 2004 to \$2.949 billion at June 30, 2005. This substantial increase in fiscal year 2005 is a result of \$850 million in general obligation certificates being issued in June 2004, which reduced the prior year deficit along with a combination of the ever-increasing costs of the Medicaid program and a current year under appropriation for payment of Medicaid expenses. After falling substantially from 1995 through 1997, Section 25 deferrals increased for six consecutive fiscal years reaching \$752 million at June 30, 1998, \$894 million at June 30, 1999, \$1.075 billion at June 30, 2000, \$1.118 billion at June 30, 2001, \$1.436 billion at June 30, 2002 and \$1.849 billion at June 30, 2003 before decreasing to \$1.348 billion at

June 30, 2004. If the borrowing in fiscal year 2004 had not occurred, fiscal year 2005 would have been the eighth consecutive year Section 25 deferrals increased. In addition, other accounts payable increased \$329 million, unavailable deferred revenue increased \$323 million and general obligation certificates payable decreased \$853 million from June 30, 2004.

During fiscal year 2005, the General Fund fund balance decreased from a deficit of \$2.495 billion to a deficit of \$3.064 billion, a \$569 million decrease in fund balance. The \$569 million decrease was \$2.240 billion less than the fiscal year 2004 increase of \$1.671 billion.

During fiscal year 2005, General Fund revenues increased \$2.138 billion to \$28.298 billion for fiscal year 2005 (from \$26.160 billion in fiscal year 2004) due to increases in income tax and sales tax revenues of \$1.242 billion and \$107 million, respectively, and an increase in other tax revenues due mostly to increased hospital taxes of \$769 million. General Fund expenditures increased \$2.083 billion to \$27.892 billion in fiscal year 2005 (from \$25.809 billion in fiscal year 2004) due mainly to increased spending on Medicaid of \$1.393 billion. In addition, net transfers into the General Fund decreased \$2.291 billion largely as a result of \$1.141 billion in transfers from the Pension Contribution Fund in fiscal year 2004 which did not occur in fiscal year 2005 along with an additional \$410 million in debt service requirements in fiscal year 2005.

**Road Fund**

The Road Fund incurred a \$313 million gain in the current year and has a \$443 million fund balance. The current year gain was caused mainly by decreased spending of \$244 million.

**Motor Fuel Tax Fund**

The Motor Fuel Tax Fund ended fiscal year 2005 with a \$134 million fund balance (all unreserved) after incurring a \$8 million gain.

**State Construction Account**

The State Construction Account’s fund balance decreased \$41 million in fiscal year 2005 to an ending fund balance of \$303 million. Expenditures in the fund decreased significantly during the year.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets:**

At June 30, 2005, the State had \$17.375 billion in capital assets, net of accumulated depreciation, in the following categories:

Capital Assets as of June 30 (net of depreciation, in millions of dollars)						
	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land and land improvements	\$ 2,476	\$ 2,393			\$ 2,476	\$ 2,393
Site improvements	340	334			340	334
Buildings and building improvements	2,280	2,275	\$ 1	\$ 1	2,281	2,276
Equipment	205	227	2	2	207	229
Infrastructure	11,968	11,733			11,968	11,733
Other	36	37			36	37
Subtotal	17,305	16,999	3	3	17,308	17,002
Construction in progress	67	87			67	87
<b>Total</b>	<b>\$ 17,372</b>	<b>\$ 17,086</b>	<b>\$ 3</b>	<b>\$ 3</b>	<b>\$ 17,375</b>	<b>\$ 17,089</b>

Infrastructure assets consist of 69% of the State's net capital assets and comprise \$1.139 billion of the \$1.418 billion (80%) of the current year additions to capital assets. The State capitalizes and depreciates its roads and road improvements over a twenty year period and its bridges over a forty year period. More detailed information regarding the State's capital assets is presented in Note 7 of the financial statements on page 75.

**Debt Administration:**

**Bonded Indebtedness**

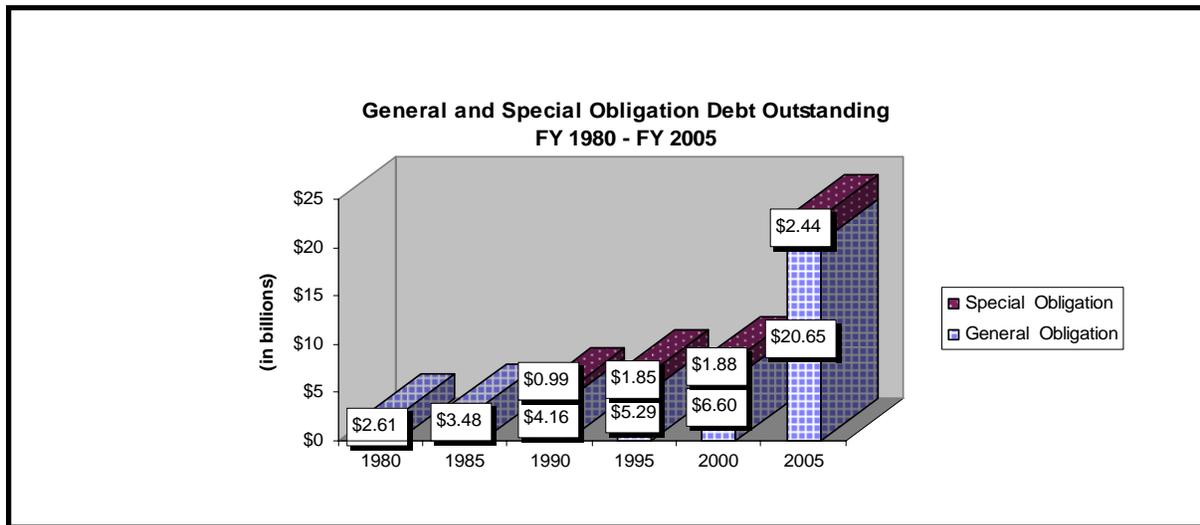
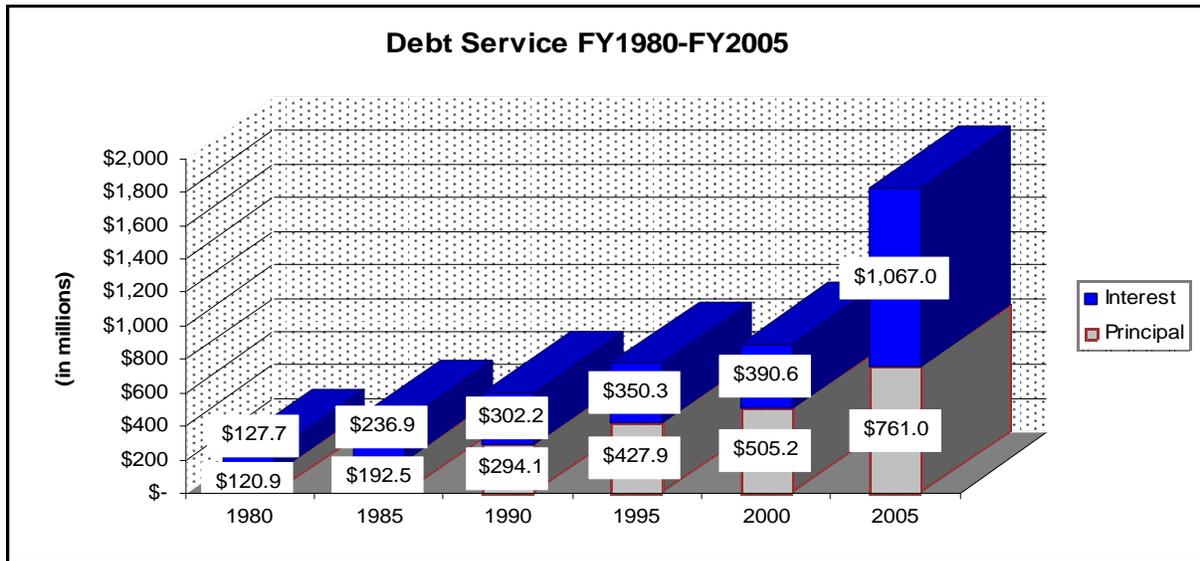
The State, certain State agencies and component units of the State are empowered by law to authorize, issue and sell debt obligations. General obligation bonds, issued by the State, are backed by the full faith and credit of the State and are considered a direct debt of the State. Special obligation bonds are also considered direct debt of the State but are not backed by the full faith and credit of the State. Rather, special obligation bonds are supported and repaid only by a dedicated State revenue source. Revenue bonds are not backed by the full faith and credit of the State but are backed by a specific revenue stream. Some revenue bonds can be considered moral obligation debt which means that if

<b>Outstanding Bonded Debt as of June 30</b>						
<b>(in millions of dollars)</b>						
<b>Primary Government</b>	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	General obligation bonds (backed by the State)	\$ 20,648	\$ 20,335			\$ 20,648
Special obligation bonds (backed by specific fee revenue)	2,443	2,346			2,443	2,346
Revenue bonds (backed by specific tax and fee revenue)			\$ 4,675	\$ 3,786	4,675	3,786
	<u>\$ 23,091</u>	<u>\$ 22,681</u>	<u>\$ 4,675</u>	<u>\$ 3,786</u>	<u>\$ 27,766</u>	<u>\$ 26,467</u>

resources from the specified revenue stream are insufficient to support the debt service, the State is then obligated. Also, some revenue bonds are classified as indirect debt which means that the asset is the property of a local government but part of the payment of the debt service comes from State resources. Lastly, some revenue bonds can be considered conduit debt which implies no obligation for the State. More detailed information regarding the State's long-term debt obligations is presented in Notes 9, 10 and 11 to the financial statements beginning on page 80.

Illinois had outstanding general and special obligation bonds at June 30, 2005 totaling \$23.1 billion. Bonds have been issued primarily to provide funds for acquisition and construction of capital facilities for higher education, public and mental health, correction and conservation purposes, and for maintenance and construction of highway and waterway facilities. Bonds also have been issued to provide assistance to municipalities for construction of sewage treatment facilities, port districts, aquarium facilities, local schools, mass transportation and aviation purposes, and to fund research and development of coal and alternative energy sources. In addition, bonds have been issued to make pension contributions to the State's retirement systems in prior fiscal years and to fund a portion of the State's unfunded portion of prior year's retirement liabilities. The amount of \$10.0 billion for pension purposes is included in the outstanding general obligation bonds as of June 30, 2005.

General and special obligation bonds, aggregating \$875 million and \$200 million, respectively, were issued during fiscal year 2005 at interest rates ranging from 3% to 6%. Debt service principal of \$761.0 million and interest costs of \$1.1 billion were paid and charged, respectively, in fiscal year 2005. The dramatic increase in debt service payments and outstanding debt since fiscal year 1980 is displayed in the following charts:



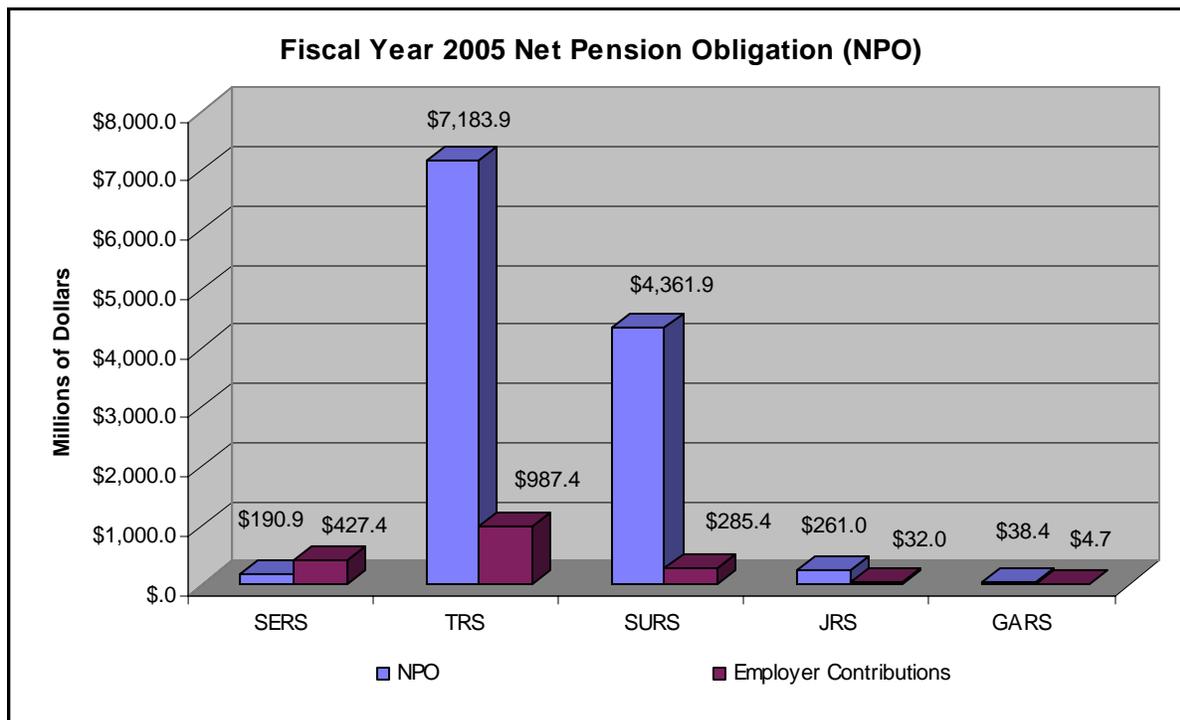
In addition to general and special obligation bonds, the primary government had, \$4.7 billion of revenue bonds and \$1.8 billion of non-pension long-term obligations outstanding as of June 30, 2005.

Moody's Investors Services, Standard and Poor's and Fitch Ratings general obligation and special obligation-Build Illinois bond ratings did not change during fiscal year 2005. The State's bond rating from Moody's Investors Services remained at Aa3 on general obligation and special obligation-Build Illinois bonds. The State's bond rating from Moody's Investors Services for special obligation-Civic Center bonds of A1 has remained unchanged since the last issuance in fiscal year 2000. Standard and Poor's rating of AA for general obligation bonds and AAA for special obligation-Build Illinois bonds remained unchanged from fiscal year 2004. The State's bond rating of AA from Fitch Ratings remained unchanged from fiscal year 2004.

## Retirement Systems

Besides general and special obligation bond indebtedness, the State's largest liability is its net pension obligation. During fiscal year 2005 this obligation increased \$1.698 billion from \$10.338 billion at June 30, 2004, to \$12.036 billion at June 30, 2005. (The \$10.338 billion balance at June 30, 2004, consists of the \$10.444 billion net pension obligations to the General Assembly Retirement System (GARS), Judges' Retirement System (JRS), Teachers' Retirement System (TRS) and the State University Retirement System (SURS) less the \$106 million net pension asset at the State Employees Retirement System. (SERS)). Of the \$1.698 billion increase, \$910.9 million occurred at TRS where the annual pension cost ("APC") was calculated to be \$1.9 billion and employer contributions were \$987.4 million. In addition, at SURS the APC was calculated to be \$737.3 million and employer contributions were \$285.4 million.

During fiscal year 2005, all of the State systems were funded in accordance with the *statutory funding* requirement. The new law enacted in fiscal year 1996 provides for a 50-year funding plan with a 15 year phase-in and a "continuing appropriation". The continuing appropriation provides the Comptroller's Office with the authority to automatically provide funding to the pension systems based on actuarial cost requirements and amortization of the unfunded liability without being subject to the General Assembly's appropriation process. However, the State's 50-year funding plan does *not* meet the more stringent 40-year maximum amortization "parameters" required to be reported in the State's financial statements in accordance with Government Accounting Standards Board Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*. As the statutory funding requirement allows for the 15-year phase-in and is amortized over a maximum period which is greater than the maximum period allowed by GASB, the net pension obligation has annually increased, except for fiscal year 2004 due to a general obligation bond issuance, since the implementation of GASB Statement No. 27.



## **ECONOMIC CONDITION AND OUTLOOK**

### **Fiscal Year 2005**

Economic growth continued at a steady pace in Illinois during fiscal year 2005. The Illinois unemployment rate decreased from 6.5% in fiscal year 2004 to 6.0% for fiscal year 2005, the lowest Illinois average unemployment rate since fiscal year 2001. Illinois' non-agricultural employment (derived from survey data from Illinois companies) averaged 5.824 million workers in fiscal year 2005 an increase of 23,000 jobs or 0.4% above fiscal year 2004 employment and 220,000 jobs or 3.6% below peak employment of 6.044 million jobs in fiscal year 2001.

A second Illinois employment estimate, obtained through a household survey, showed a somewhat greater increase in Illinois employment. According to this survey, Illinois employment was up 93,000 or 1.6% in fiscal year 2005, but still remained below the fiscal year 2001 employment level.

The shift in Illinois employment from the manufacturing to the service sectors continued in fiscal year 2005. Average fiscal year 2005 manufacturing employment of 696,000 jobs was down 4,000 jobs or 0.6% from fiscal year 2004 and down 211,000 jobs or 23.3% from the cyclical peak manufacturing employment of 907,000 jobs during fiscal year 1998.

A more comprehensive measure of Illinois' economic performance is the change in state personal income adjusted for inflation. This value increased 0.6% in fiscal year 2005 as a 3.6% increase in nominal personal income was offset by a 3.0% increase in the consumer price index. State personal income adjusted for inflation had increased 1.5% in fiscal year 2004 following declines in real Illinois personal income in fiscal years 2002 and 2003.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors a general overview of the State's financial position and changes in the State's net assets for the year ended June 30, 2005. If you have any questions about this report or need additional financial information, contact the Office of the Comptroller at (217) 782-6000.

The State's component units issue separate audited financial statements and reports. These statements and reports may be obtained by directly contacting the component unit. Contact information can be obtained from the Office of the Comptroller at (217) 782-6000.

State of Illinois

Statement of Net Assets

June 30, 2005 (Expressed in Thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
<b>ASSETS</b>				
Cash equity with State Treasurer	\$ 5,338,535	\$ 555,166	\$ 5,893,701	\$ 404,639
Cash and cash equivalents	138,542	295,414	433,956	548,256
Investments	128,029	1,426,688	1,554,717	1,235,666
Receivables, net:				
Taxes	1,357,990	513,748	1,871,738	
Intergovernmental	2,475,742	35,929	2,511,671	11,875
Other	505,779	144,203	649,982	472,956
Unrestricted internal balances	(33,914)	33,914		
Due from fiduciary funds	16,806	971	17,777	241
Due from component units	41,866	170	42,036	203
Due from primary government				93,695
Inventories	81,997	1,611	83,608	38,960
Prepaid expenses	19,105	291	19,396	50,358
Unamortized bond issuance costs	62,925	2,765	65,690	37,456
Loans and notes receivable, net	95,158	979,585	1,074,743	1,623,703
Restricted assets:				
Cash equity with State Treasurer	17,592		17,592	89,776
Cash and cash equivalents	738	115,893	116,631	166,131
Investments	9,629	188,865	198,494	1,866,806
Intergovernmental receivables	192		192	
Other receivables	36	67,851	67,887	15,532
Loans and notes receivable, net	4,058	3,950,426	3,954,484	60,972
Other assets				445
Other assets	9,677		9,677	83,846
Capital assets not being depreciated	2,579,628	190	2,579,818	1,038,598
Capital assets being depreciated, net	14,792,832	2,944	14,795,776	5,265,836
<b>Total assets</b>	<b>27,642,942</b>	<b>8,316,624</b>	<b>35,959,566</b>	<b>13,105,950</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	5,242,258	201,555	5,443,813	623,479
Intergovernmental payables	3,274,102	5,279	3,279,381	3,282
Due to fiduciary funds	32,467	117	32,584	1,892
Due to component units	94,303	13	94,316	203
Due to primary government				37,133
Deferred revenues	337,958	12,601	350,559	280,128
Other liabilities				8,409
Demand notes payable				11,387
Long term obligations:				
Due within one year	980,356	700,648	1,681,004	517,112
Due subsequent to one year	35,242,114	4,678,846	39,920,960	4,340,916
<b>Total liabilities</b>	<b>45,203,558</b>	<b>5,599,059</b>	<b>50,802,617</b>	<b>5,823,941</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	11,972,631	3,110	11,975,741	3,999,449
Restricted for:				
Capital projects				16,911
Debt service	859,717	313,719	1,173,436	150,683
Municipal lending		1,457,652	1,457,652	
Unemployment compensation benefits		735,178	735,178	
Education	6,926	37,287	44,213	
Employment and economic development	37,612		37,612	
Health and social services	9,735		9,735	
Public protection and justice	2,145		2,145	
Environment and business regulation	7,159		7,159	
Transportation	8,262		8,262	
Other purposes	7,849		7,849	421,063
Funds held as Permanent Investments:				
Nonexpendable purposes	2,331		2,331	856,912
Expendable purposes	418		418	735,517
Unrestricted net assets	(30,475,401)	170,619	(30,304,782)	1,101,474
<b>Total net assets</b>	<b>\$ (17,560,616)</b>	<b>\$ 2,717,565</b>	<b>\$ (14,843,051)</b>	<b>\$ 7,282,009</b>

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

**State of Illinois**

**Statement of Activities**

For the Year Ended June 30, 2005 (Expressed in Thousands)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government</b>				
Governmental activities				
Health and social services	\$ 19,031,248	\$ 110,330	\$ 11,057,855	
Education	13,156,351	6,685	2,008,908	
General government	2,469,172	1,986,302	23,046	\$ 27,177
Employment and economic development	949,780	20,351	441,103	
Transportation	3,325,933	28,829	224,090	835,352
Public protection and justice	2,366,138	87,934	161,911	
Environment and business regulation	825,784	377,194	101,664	4,395
Intergovernmental-revenue sharing	4,178,818			
Interest	1,218,077			
Total governmental activities	<u>47,521,301</u>	<u>2,617,625</u>	<u>14,018,577</u>	<u>866,924</u>
Business-type activities				
Unemployment compensation trust	1,982,556	2,602,747		
Water revolving	23,988	49,833	60,640	
Designated account purchase program	167,074	107,734	59,707	
Insurance programs	353,961	357,775		
Lottery	1,196,982	1,818,422		
Prepaid tuition program	41,148	49,979		
Other	121,683	139,754		
Total business-type activities	<u>3,887,392</u>	<u>5,126,244</u>	<u>120,347</u>	
<b>Total primary government</b>	<u>\$ 51,408,693</u>	<u>\$ 7,743,869</u>	<u>\$ 14,138,924</u>	<u>\$ 866,924</u>
<b>Component units</b>				
Authorities				
Illinois Housing Development Authority	\$ 283,224	\$ 106,322	\$ 181,289	
Toll Highway Authority	413,298	418,721		
Other Authorities	173,871	116,042	11,232	\$ 235
Universities				
Illinois State University	320,802	166,765	25,493	326
Northern Illinois University	415,843	200,037	66,961	
Southern Illinois University	796,246	344,474	90,701	2,070
University of Illinois	3,555,756	1,515,313	743,824	40,011
Other Universities	678,613	280,825	100,076	5,805
<b>Total component units</b>	<u>\$ 6,637,653</u>	<u>\$ 3,148,499</u>	<u>\$ 1,219,576</u>	<u>\$ 48,447</u>
<b>General revenues</b>				
Taxes:				
Income taxes				
Sales taxes				
Motor fuel taxes				
Public utility taxes				
Other taxes				
Interest and investment income				
Other revenues				
Payments from the State of Illinois				
Additions to permanent endowments				
Transfers				
Total general revenues, payments from the State of Illinois, additions to permanent funds and transfers				
Change in net assets				
Net assets, July 1, 2004, as restated				
Net assets, June 30, 2005				

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

<b>Net (Expense) Revenues and Changes in Net Assets</b>			
<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Units</b>
\$ (7,863,063)		\$ (7,863,063)	
(11,140,758)		(11,140,758)	
(432,647)		(432,647)	
(488,326)		(488,326)	
(2,237,662)		(2,237,662)	
(2,116,293)		(2,116,293)	
(342,531)		(342,531)	
(4,178,818)		(4,178,818)	
(1,218,077)		(1,218,077)	
<u>(30,018,175)</u>			
	\$ 620,191	620,191	
	86,485	86,485	
	367	367	
	3,814	3,814	
	621,440	621,440	
	8,831	8,831	
	<u>18,071</u>	<u>18,071</u>	
	1,359,199		
		<u>(28,658,976)</u>	
			\$ 4,387
			5,423
			(46,362)
			(128,218)
			(148,845)
			(359,001)
			(1,256,608)
			<u>(291,907)</u>
			<u>(2,221,131)</u>
10,391,204		10,391,204	
9,148,739		9,148,739	
1,425,794		1,425,794	
1,519,954		1,519,954	
3,485,062		3,485,062	
145,601	26,533	172,134	160,039
1,109,719	79	1,109,798	271,618
			2,056,425
			38,224
<u>641,422</u>	<u>(641,422)</u>	<u>-</u>	
<u>27,867,495</u>	<u>(614,810)</u>	<u>27,252,685</u>	<u>2,526,306</u>
(2,150,680)	744,389	(1,406,291)	305,175
<u>(15,409,936)</u>	<u>1,973,176</u>	<u>(13,436,760)</u>	<u>6,976,834</u>
<u>\$ (17,560,616)</u>	<u>\$ 2,717,565</u>	<u>\$ (14,843,051)</u>	<u>\$ 7,282,009</u>

State of Illinois

**Balance Sheet -  
Governmental Funds**

June 30, 2005 (Expressed in Thousands)

	General Fund	Road Fund	Motor Fuel Tax Fund	State Construction Account	Other Non-major Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash equity with State Treasurer	\$ 1,522,928	\$ 475,882	\$ 123,289	\$ 293,631	\$ 2,820,163	\$ 5,235,893
Cash and cash equivalents	2,295	12,040		13,474	79,415	107,224
Investments				235	137,423	137,658
Receivables, net:						
Taxes	988,723		123,907		245,360	1,357,990
Intergovernmental	1,698,412	118,585	16		658,176	2,475,189
Other	174,988	55,411		5,316	261,454	497,169
Due from other funds	60,529	26,666		94,000	415,824	597,019
Due from component units	26,141	2,077			991	29,209
Inventories	30,027	22,148			18,281	70,456
Loans and notes receivable, net	12,976				86,240	99,216
Other assets					9,677	9,677
<b>Total assets</b>	<b>\$ 4,517,019</b>	<b>\$ 712,809</b>	<b>\$ 247,212</b>	<b>\$ 406,656</b>	<b>\$ 4,733,004</b>	<b>\$ 10,616,700</b>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ 4,122,400	\$ 87,246	\$ 4,862	\$ 101,440	\$ 455,919	\$ 4,771,867
Intergovernmental payables	1,763,918	44,825	54,210	568	1,408,797	3,272,318
Due to other funds	533,190	115,672	47,150		182,555	878,567
Due to component units	73,058	3,444	2	1,185	16,108	93,797
Unavailable revenue	1,011,713	18,499	7,035		357,675	1,394,922
Deferred revenues	76,107				261,851	337,958
Matured portion of long-term liabilities	1,024				695	1,719
<b>Total liabilities</b>	<b>7,581,410</b>	<b>269,686</b>	<b>113,259</b>	<b>103,193</b>	<b>2,683,600</b>	<b>10,751,148</b>
<b>FUND BALANCES (DEFICITS)</b>						
Reserved for:						
Encumbrances	7,839	11,759			10,459	30,057
Long-term portion of:						
Intergovernmental receivables		1,940				1,940
Other receivables		343			2,783	3,126
Loans and notes receivable	12,509				77,084	89,593
Other assets					9,491	9,491
Inventories	30,027	22,148			18,281	70,456
Other					4,283	4,283
Unreserved:						
Designated for reappropriated accounts, reported in:						
Special revenue funds		406,933		303,463	21,380	731,776
Capital projects funds					61,747	61,747
Undesignated:						
General fund	(3,114,766)					(3,114,766)
Special revenue funds			133,953		1,035,526	1,169,479
Debt service funds					836,740	836,740
Capital projects funds					(28,788)	(28,788)
Permanent trust funds					418	418
Total fund balances (deficits)	(3,064,391)	443,123	133,953	303,463	2,049,404	(134,448)
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 4,517,019</b>	<b>\$ 712,809</b>	<b>\$ 247,212</b>	<b>\$ 406,656</b>	<b>\$ 4,733,004</b>	<b>\$ 10,616,700</b>

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

**State of Illinois**  
**Reconciliation of Governmental Funds Balance Sheet**  
**to Statement of Net Assets**  
**June 30, 2005**  
**(Expressed in Thousands)**

<b>Total fund balances-governmental funds</b>		\$ (134,448)
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		17,076,939
Prepaid expenses for governmental activities are current uses of financial resources for funds.		18,188
Bond issuance costs are reported as current expenditures in governmental funds. However, bond issuance costs are deferred and amortized over the life of the bonds and are included as governmental activities in the Statement of Net Assets.		62,925
Bond refunding costs are reported as current expenditures in governmental funds. However, bond refunding costs are deferred and amortized over the life of the defeased bonds and are included in governmental activities in the Statement of Net Assets.		71,137
Internal service funds are used to charge costs of certain activities to individual funds. The assets and liabilities of the internal service funds are reported as governmental activities in the Statement of Net Assets.		347,821
Some revenues will be collected after year-end but are "unavailable" to pay for the current period's expenditures due to not being collectible for several months and therefore are deferred in governmental funds.		1,394,922
Some liabilities reported in the Statement of Net Assets do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds. These liabilities consist of:		
Net pension obligation	(12,036,066)	
General obligation bonds	(20,647,639)	
Special obligation bonds	(2,442,525)	
Unamortized premiums	(408,300)	
Unamortized discounts	2,567	
Other commitments	(41,910)	
Compensated absences	(395,531)	
Certificates of participation	(74,717)	
Workers' compensation	(168,306)	
Capital lease and installment purchase obligations	(14,918)	
Accrued interest	(170,755)	
	(36,398,100)	
<b>Net assets of governmental activities</b>		<b>\$ (17,560,616)</b>

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

State of Illinois

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

For the Year Ended June 30, 2005 (Expressed in Thousands)

	General Fund	Road Fund	Motor Fuel Tax Fund	State Construction Account	Other Non-major Funds	Total Governmental Funds
<b>REVENUES</b>						
Income taxes	\$ 9,576,961				\$ 805,750	\$ 10,382,711
Sales taxes	6,629,008				2,517,962	9,146,970
Motor fuel taxes			\$ 1,351,104		74,672	1,425,776
Public utility taxes	1,076,632				446,451	1,523,083
Other taxes	2,510,016		9		979,790	3,489,815
Federal government	6,502,631	\$ 841,486	51		6,122,284	13,466,452
Licenses and fees	284,963	854,820	1,149	\$ 489,999	522,629	2,153,560
Interest and other investment income	82,616	5,126		7,078	49,124	143,944
Other	1,635,160	88,473			686,160	2,409,793
<b>Total revenues</b>	<b>28,297,987</b>	<b>1,789,905</b>	<b>1,352,313</b>	<b>497,077</b>	<b>12,204,822</b>	<b>44,142,104</b>
<b>EXPENDITURES</b>						
Current:						
Health and social services	15,198,431				3,726,646	18,925,077
Education	8,999,423				2,726,842	11,726,265
General government	1,648,491	246,784	59,534		229,516	2,184,325
Employment and economic development	124,590				814,549	939,139
Transportation	38,535	950,348	649,824	143,455	611,352	2,393,514
Public protection and justice	1,742,538	97,310			333,455	2,173,303
Environment and business regulation	113,762				660,141	773,903
Debt service:						
Principal	6,491	948			768,317	775,756
Interest	1,388	61			1,082,231	1,083,680
Capital outlays	18,055	265,793	58	628,497	484,705	1,397,108
Intergovernmental					4,178,818	4,178,818
<b>Total expenditures</b>	<b>27,891,704</b>	<b>1,561,244</b>	<b>709,416</b>	<b>771,952</b>	<b>15,616,572</b>	<b>46,550,888</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>406,283</b>	<b>228,661</b>	<b>642,897</b>	<b>(274,875)</b>	<b>(3,411,750)</b>	<b>(2,408,784)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>						
General and special obligation bonds issued					1,075,000	1,075,000
Premiums on general and special obligation bonds issued					73,513	73,513
Transfers-in	3,594,741	338,300		234,243	5,846,001	10,013,285
Transfers-out	(4,569,792)	(253,513)	(634,585)	(89)	(3,869,312)	(9,327,291)
Capital lease financing	2,180	33			1,019	3,232
<b>Net other sources (uses) of financial resources</b>	<b>(972,871)</b>	<b>84,820</b>	<b>(634,585)</b>	<b>234,154</b>	<b>3,126,221</b>	<b>1,837,739</b>
<b>Net change in fund balances</b>	<b>(566,588)</b>	<b>313,481</b>	<b>8,312</b>	<b>(40,721)</b>	<b>(285,529)</b>	<b>(571,045)</b>
Fund balances (deficits), July 1, 2004	(2,495,442)	132,292	125,641	344,184	2,335,530	442,205
Increase (decrease) for changes in inventories	(2,361)	(2,650)			(597)	(5,608)
<b>FUND BALANCES (DEFICITS), JUNE 30, 2005</b>	<b>\$ (3,064,391)</b>	<b>\$ 443,123</b>	<b>\$ 133,953</b>	<b>\$ 303,463</b>	<b>\$ 2,049,404</b>	<b>\$ (134,448)</b>

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

**State of Illinois**  
**Reconciliation of Statement of Revenues, Expenditures and Changes in**  
**Fund Balances of Governmental Funds to Statement of Activities**  
**For the Year Ended June 30, 2005**  
**(Expressed in Thousands)**

<b>Net change in fund balances</b>	\$ (571,045)
Change in inventories	(5,608)
	(576,653)

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	1,397,108	
Depreciation expense	(1,086,873)	
	310,235	

Bond proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Assets. In the current period, bond proceeds for the year were, including a premium of \$73,513, this amount. (1,148,513)

Bond issuance costs are reported as current expenditures in governmental funds. However, deferred issuance costs are amortized over the life of the bonds and are included in the governmental activities in the Statement of Net Assets. 5,416

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. In the current year, these amounts consist of:

Bond principal retirements	761,014	
Capital lease and installment purchase principal payments	8,717	
Certificates of participation principal retirements	6,025	
	775,756	

Some capital additions were financed through capital leases or installment purchases. In governmental funds, a capital lease or installment purchase arrangement is considered a source of financing, but in the Statement of Net Assets the obligation is reported as a liability. (3,232)

Internal service funds are used to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is reported as governmental activities in the Statement of Activities. 165,519

During the fiscal year, certain capital assets and related debt were transferred into internal services funds and included in the net revenue amount for internal service funds above. These amounts consist of:

Capital assets	(263,410)	
Certificates of participation	42,224	
Capital lease and installment purchase obligations	201	
	(220,985)	

Because some revenues will not be collected for several months, they are considered "unavailable" revenues and revenue recognition is deferred in the governmental funds. Unavailable revenues increased by this amount during the year. 346,694

Prepaid expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Prepaid expenses decreased by this amount during the year. (3,894)

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 also reported. This is the amount the losses from the sale of capital assets exceeded proceeds. (8,488)

Governmental funds report the effect of premiums, discounts and deferred amounts on refundings when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Amortization of bond premiums	38,811	
Amortization of bond discounts	(121)	
Amortization of bond issuance costs	(4,091)	
Amortization of deferred loss on refundings of debt	(16,246)	
	18,353	

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. Also some expenditures reported in governmental funds decrease the amount of certain long-term liabilities reported on the Statement of Net Assets and are therefore not reported as expenses in the Statement of Activities.

Increase in net pension obligation	(1,697,577)	
Decrease in compensated absences obligation	8,967	
Interest accreted on capital appreciation debt	(95,650)	
Increase in workers' compensation obligation	(20,873)	
Decrease in accrued interest on obligations	93	
Increase in other obligations	(5,848)	
	(1,810,888)	

<b>Change in net assets of governmental activities</b>	<b>\$ (2,150,680)</b>
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The accompanying notes to the financial statements are an integral part of this statement.

State of Illinois

Statement of Net Assets -  
Proprietary Funds

June 30, 2005 (Expressed in Thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Major			Non-major Enterprise Funds	Total	
	Unemployment Compensation Trust Fund	Water Revolving Fund	Designated Account Purchase Program Fund			
<b>ASSETS</b>						
Cash equity with State Treasurer		\$ 370,451		\$ 184,715	\$ 555,166	\$ 120,234
Cash and cash equivalents	\$ 208,231	20,711	\$ 43,166	23,306	295,414	32,056
Investments	631,317	71,083	84	21,195	723,679	
Receivables, net:						
Taxes	513,748				513,748	
Intergovernmental	29,420	3,878		2,631	35,929	745
Other	74,755	43,743		25,705	144,203	8,646
Due from other funds	8,085		1,076	39,664	48,825	238,693
Due from component units	170				170	12,657
Loans and notes receivable, net		59,845			59,845	
Restricted assets:						
Cash and cash equivalents			115,893		115,893	
Investments			188,865		188,865	
Other receivables, net			67,851		67,851	
Loans and notes receivable, net		34,245	729,105		763,350	
Unamortized bond issuance costs	734		17		751	
Inventories				1,611	1,611	11,541
Prepaid expenses				291	291	917
<b>Total current assets</b>	<b>1,466,460</b>	<b>603,956</b>	<b>1,146,057</b>	<b>299,118</b>	<b>3,515,591</b>	<b>425,489</b>
Investments		57,797		645,212	703,009	
Loans and notes receivable, net		919,740			919,740	
Restricted assets:						
Loans and notes receivable, net		431,110	2,755,966		3,187,076	
Unamortized bond issuance costs	225	1,241	548		2,014	
Capital assets not being depreciated				190	190	36,733
Capital assets being depreciated, net		35	107	2,802	2,944	258,788
<b>Total noncurrent assets</b>	<b>225</b>	<b>1,409,923</b>	<b>2,756,621</b>	<b>648,204</b>	<b>4,814,973</b>	<b>295,521</b>
<b>Total assets</b>	<b>1,466,685</b>	<b>2,013,879</b>	<b>3,902,678</b>	<b>947,322</b>	<b>8,330,564</b>	<b>721,010</b>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	73,862	4,357	16,225	107,111	201,555	299,636
Intergovernmental payables	5,010			269	5,279	1,784
Due to other funds	3,437	72	16	10,532	14,057	6,720
Due to component units				13	13	506
Deferred revenues				12,601	12,601	
Current portion of long-term obligations	519,148	18,566	129,895	33,039	700,648	6,579
<b>Total current liabilities</b>	<b>601,457</b>	<b>22,995</b>	<b>146,136</b>	<b>163,565</b>	<b>934,153</b>	<b>315,225</b>
Noncurrent portion of long-term obligations	158,150	249,123	3,608,906	662,667	4,678,846	57,964
<b>Total liabilities</b>	<b>759,607</b>	<b>272,118</b>	<b>3,755,042</b>	<b>826,232</b>	<b>5,612,999</b>	<b>373,189</b>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt		35	107	2,968	3,110	243,089
Net assets restricted for:						
Debt service		198,815	114,904		313,719	3,616
Municipal lending		1,457,652			1,457,652	
Unemployment compensation benefits	735,178				735,178	
Education				37,287	37,287	
Unrestricted	(28,100)	85,259	32,625	80,835	170,619	101,116
<b>Total net assets</b>	<b>\$ 707,078</b>	<b>\$ 1,741,761</b>	<b>\$ 147,636</b>	<b>\$ 121,090</b>	<b>\$ 2,717,565</b>	<b>\$ 347,821</b>

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

State of Illinois

Statement of Revenues, Expenses and Changes in  
Fund Net Assets - Proprietary Funds

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Major			Non-major Enterprise Funds	Total	
	Unemployment Compensation Trust Fund	Water Revolving Fund	Designated Account Purchase Program Fund			
<b>OPERATING REVENUES</b>						
Charges for sales and services				\$ 2,311,898	\$ 2,311,898	\$ 2,006,744
Interest income pledged as revenue bond security			\$ 107,734		107,734	
Interest and other investment income		\$ 49,833		47,549	97,382	
Employer contributions	\$ 2,578,835				2,578,835	
Federal government	23,912				23,912	
Other				6,483	6,483	16,448
<b>Total operating revenues</b>	<b>2,602,747</b>	<b>49,833</b>	<b>107,734</b>	<b>2,365,930</b>	<b>5,126,244</b>	<b>2,023,192</b>
<b>OPERATING EXPENSES</b>						
Cost of sales and services				160,141	160,141	401,758
Benefit payments and refunds	1,945,631			376,782	2,322,413	1,549,374
Prizes and claims				1,005,184	1,005,184	
Interest			90,825	1	90,826	
General and administrative		11,855	76,197	122,684	210,736	40,160
Depreciation		42	52	861	955	24,152
Other				48,079	48,079	9,133
<b>Total operating expenses</b>	<b>1,945,631</b>	<b>11,897</b>	<b>167,074</b>	<b>1,713,732</b>	<b>3,838,334</b>	<b>2,024,577</b>
<b>Operating income (loss)</b>	<b>657,116</b>	<b>37,936</b>	<b>(59,340)</b>	<b>652,198</b>	<b>1,287,910</b>	<b>(1,385)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Interest and investment income	15,946	6,169		4,418	26,533	1,657
Interest expense	(34,413)	(12,042)		(8)	(46,463)	(3,482)
Federal government		60,640	59,707		120,347	
Other revenues	79				79	394
Other expenses	(2,512)	(49)		(34)	(2,595)	(8,078)
<b>Income (loss) before contributions and transfers</b>	<b>636,216</b>	<b>92,654</b>	<b>367</b>	<b>656,574</b>	<b>1,385,811</b>	<b>(10,894)</b>
Contributions of capital assets, net						238,537
Transfers-in	2,359	4,830			7,189	13,727
Transfers-out	(18,269)	(8)	(513)	(629,821)	(648,611)	(75,851)
<b>Change in net assets</b>	<b>620,306</b>	<b>97,476</b>	<b>(146)</b>	<b>26,753</b>	<b>744,389</b>	<b>165,519</b>
Net assets, July 1, 2004	86,772	1,644,285	147,782	94,337	1,973,176	182,302
<b>NET ASSETS, JUNE 30, 2005</b>	<b>\$ 707,078</b>	<b>\$ 1,741,761</b>	<b>\$ 147,636</b>	<b>\$ 121,090</b>	<b>\$ 2,717,565</b>	<b>\$ 347,821</b>

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

State of Illinois

Statement of Cash Flows -

Proprietary Funds

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Major				Total	
	Unemployment Compensation Trust Fund	Water Revolving Fund	Designated Account Purchase Program Fund	Non-major Enterprise Funds		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from sales and services				\$ 493,118	\$ 493,118	\$ 261,702
Cash received from lottery sales (net of \$827,490 cash prizes paid by agents and \$91,790 commissions retained by agents)				897,846	897,846	
Cash received from transactions with other funds						1,699,756
Cash payments to suppliers for goods and services			\$ (37,311)	(385,968)	(423,279)	(1,827,949)
Cash payments to employees for services		\$ (10,733)	(11,346)	(154,079)	(176,158)	(96,822)
Cash payments for lottery prizes				(195,473)	(195,473)	
Cash receipts from other operating activities	\$ 2,483,291	43,053	624,442	125,048	3,275,834	15,600
Cash payments for other operating activities	(1,911,554)	(1,729)	(1,144,685)	(42,636)	(3,100,604)	(2,944)
Net cash provided (used) by operating activities	571,737	30,591	(568,900)	737,856	771,284	49,343
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Proceeds from borrowings, net of bond issuance costs	726,793	(391)	348,171		1,074,573	
Principal paid on revenue bonds and other borrowings	(629,075)	(14,075)	(214,734)		(857,884)	
Interest paid on revenue bonds and other borrowings	(42,235)	(12,085)	(87,906)		(142,226)	
Operating grants received		78,006	46,795		124,801	
Transfers-in from other funds	2,000	4,830			6,830	14,060
Transfers-out to other funds	(17,652)	(8)	(513)	(624,771)	(642,944)	(56,232)
Trustee fees	79	(16)			63	
Net cash provided (used) by noncapital financing activities	39,910	56,261	91,813	(624,771)	(436,787)	(42,172)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition and construction of capital assets				(424)	(424)	(5,257)
Principal paid on capital debt				(140)	(140)	(5,010)
Interest paid on capital debt				(21)	(21)	(2,315)
Other capital and financing activities				(8)	(8)	
Net cash used by capital and related financing activities				(593)	(593)	(12,582)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Purchase of investment securities	(631,317)	(350,363)	(583,646)	(236,313)	(1,801,639)	
Proceeds from sale and maturities of investment securities	206,164	362,205	1,071,694	119,988	1,760,051	
Loan disbursements		(153,068)			(153,068)	
Loan repayments		74,192			74,192	
Interest and dividends on investments	15,946	5,489	17,765	16,279	55,479	1,583
Net cash provided (used) by investing activities	(409,207)	(61,545)	505,813	(100,046)	(64,985)	1,583
<b>Net increase (decrease) in cash and cash equivalents</b>	202,440	25,307	28,726	12,446	268,919	(3,828)
Cash and cash equivalents, July 1, 2004	5,791	365,855	130,333	195,575	697,554	156,118
<b>CASH AND CASH EQUIVALENTS, JUNE 30, 2005</b>	\$ 208,231	\$ 391,162	\$ 159,059	\$ 208,021	\$ 966,473	\$ 152,290
<b>Reconciliation of cash and cash equivalents to the statement of net assets:</b>						
Total cash and cash equivalents per statement of net assets	\$ 208,231	\$ 20,711	\$ 43,166	\$ 23,306	\$ 295,414	\$ 32,056
Add: cash equity with State Treasurer		370,451		184,715	555,166	120,234
Add: restricted cash equivalents			115,893		115,893	
<b>CASH AND CASH EQUIVALENTS, JUNE 30, 2005</b>	\$ 208,231	\$ 391,162	\$ 159,059	\$ 208,021	\$ 966,473	\$ 152,290

State of Illinois

Statement of Cash Flows -

Proprietary Funds

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Major					
	Unemployment Compensation Trust Fund	Water Revolving Fund	Designated Account Purchase Program Fund	Non-major Enterprise Funds	Total	
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>						
<b>OPERATING INCOME (LOSS)</b>	\$ 657,116	\$ 37,936	\$ (59,340)	\$ 652,198	\$ 1,287,910	\$ (1,385)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation		42	52	861	955	24,152
Provision for uncollectible accounts	55,430		3,896	696	60,022	
Amortization			16,423	35,416	51,839	
Interest and investment income			(10,167)	(45,389)	(55,556)	
Interest expense			90,826	1	90,827	
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	(171,293)	(6,763)	(609,214)	2,941	(784,329)	(430)
(Increase) decrease in intergovernmental receivables	1,897			(417)	1,480	(6)
(Increase) decrease in due from other funds	6,303		(167)	(149)	5,987	(38,127)
(Increase) decrease in due from component units	(2)				(2)	(8,859)
(Increase) decrease in inventory				1,714	1,714	(41)
(Increase) decrease in prepaid expenses				24	24	10
Increase (decrease) in accounts payable and accrued liabilities	24,279	(51)	(1,298)	1,367	24,297	65,076
Increase (decrease) in intergovernmental payables	(1,993)	(37)		(15,849)	(17,879)	1,715
Increase (decrease) in due to other funds		4	(33)	489	460	1,067
Increase (decrease) in due to component units		(145)		12	(133)	497
Increase (decrease) in deferred revenues				(885)	(885)	
Increase (decrease) in other liabilities		(395)	(28)	104,826	104,403	5,674
Other			150		150	
Total adjustments	(85,379)	(7,345)	(509,560)	85,658	(516,626)	50,728
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 571,737</b>	<b>\$ 30,591</b>	<b>\$ (568,900)</b>	<b>\$ 737,856</b>	<b>\$ 771,284</b>	<b>\$ 49,343</b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>						
Cost of installment purchases						\$ 11,922
Loss on disposal of capital assets				\$ (12)	\$ (12)	(7,633)
Transfer of assets from (to) other state funds	\$ (24)			(13)	(37)	263,359
Transfer of capital asset related debt from other state funds						(42,425)
Increase (decrease) in fair value of investments		902	(3,113)	33,236	31,025	

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

**State of Illinois**

**Statement of Fiduciary Net Assets**

**Fiduciary Funds**

June 30, 2005 (Expressed in Thousands)

	Pension (and Other Employee Benefit) Trust Funds	Investment Trust Funds	Private Purpose Trust Fund	Agency Funds
<b>ASSETS</b>				
Cash equity with State Treasurer	\$ 226,063	\$ 983	\$ 2,018	\$ 250,192
Cash and cash equivalents	1,888,228	3,448,860	21	22,151
Investments:				
Equities	29,795,386	1,441,131	323	
Fixed income	14,619,924	870,360		
Real estate	3,568,716			
Other	1,385,307			1,169,677
Equity in Illinois State Board of Investments	10,902,480			
Public Treasurers' Investment Pool		311,609		
Securities lending collateral	6,553,638			
Receivables, net:				
Taxes				113,289
Intergovernmental				275
Members	118,419			
Employers	50,358			
Investment income	664,255	5,291		
Other	14,664		9	144,067
Due from other funds	66			
Due from primary government funds	5,963			26,621
Due from component units	1,429			463
Prepaid expenses	2,464			
Loans and notes receivable, net			80	
Other assets				18,026
Capital assets not being depreciated	1,675			
Capital assets being depreciated, net	12,618			
<b>Total assets</b>	<b>69,811,653</b>	<b>6,078,234</b>	<b>2,451</b>	<b>\$ 1,744,761</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	1,911,327	161	5	\$ 43,884
Intergovernmental payables				345,090
Due to other funds	66			
Due to primary government funds	16,794	983		
Due to component units				241
Depository and other liabilities	6,553,639	2,313		1,355,546
Long term obligations:				
Due within one year	9,912			
Due subsequent to one year	3,114			
<b>Total liabilities</b>	<b>8,494,852</b>	<b>3,457</b>	<b>5</b>	<b>\$ 1,744,761</b>
<b>NET ASSETS</b>				
Net assets held in trust for:				
Pension and other employee benefits	61,316,801			
Pool participants		6,074,777		
Other purposes			2,446	
<b>Total net assets</b>	<b>\$ 61,316,801</b>	<b>\$ 6,074,777</b>	<b>\$ 2,446</b>	

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

**State of Illinois**

**Statement of Changes in Fiduciary Net Assets**

**Fiduciary Funds**

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Pension (and Other Employee Benefit) Trust Funds	Investment Trust Funds	Private Purpose Trust Fund
<b>ADDITIONS</b>			
Deposits/Contributions:			
Employer	\$ 590,440		
State	1,173,910		
Members/participants	1,413,859	\$ 6,930,722	
Other contributions	72,733		
<b>Total contributions</b>	<b>3,250,942</b>	<b>6,930,722</b>	
Investment income:			
Interest and other investment income	1,565,646	161,523	\$ 62
Net increase in fair value of investments	4,512,038	22,818	
Less investment expense	(243,884)	(3,342)	
<b>Net investment income</b>	<b>5,833,800</b>	<b>180,999</b>	<b>62</b>
Other additions	731		26
<b>Total additions</b>	<b>9,085,473</b>	<b>7,111,721</b>	<b>88</b>
<b>DEDUCTIONS</b>			
Benefit payments and refunds	4,824,295		
Participants' withdrawals	100,317	6,578,066	
Distribution to pool investors		72,472	
Interest expense	693		
Depreciation	2,294		
General and administration	34,457	4,113	12
Other			3
<b>Total deductions</b>	<b>4,962,056</b>	<b>6,654,651</b>	<b>15</b>
<b>Net additions (deductions)</b>	<b>4,123,417</b>	<b>457,070</b>	<b>73</b>
<b>Net Assets, July 1, 2004</b>	<b>57,193,384</b>	<b>5,617,707</b>	<b>2,373</b>
<b>Net Assets, June 30, 2005</b>	<b>\$ 61,316,801</b>	<b>\$ 6,074,777</b>	<b>\$ 2,446</b>

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

State of Illinois

Statement of Net Assets

Component Units

June 30, 2005 (Expressed in Thousands)

	Illinois Housing Development Authority	Toll Highway Authority	Other Authorities	Illinois State University	Northern Illinois University	Southern Illinois University
<b>ASSETS</b>						
Cash equity with State Treasurer	\$ 48,267	\$ 356,372				
Cash and cash equivalents	16,693	16,560	\$ 108,676	\$ 35,585	\$ 23,931	\$ 63,701
Investments	108,816		19,365	61,755	98,126	280,671
Receivables, net:						
Intergovernmental		2	3,182			
Other	9,798	64,023	5,686	13,243	14,162	45,899
Due from component units				9	63	118
Due from primary government			445	12,864	3,373	11,577
Inventories			21	2,350	3,343	6,365
Prepaid expenses		3,011	108	1,083		16,093
Unamortized bond issuance costs	20,453	1,839	1,165	672	2,697	3,793
Loans and notes receivable, net	1,490,360		26,879	9,928	9,724	18,662
Restricted assets:						
Cash equity with State Treasurer		71,111	18,665			
Cash and cash equivalents		59,644	12,695	1,465		
Investments	685,043	29,571	11,004	41,025		
Other receivables, net		8,289	5,912			
Loans and notes receivable, net			60,972			
Other assets						
Other assets	10,495			797	7,900	
Capital assets not being depreciated		377,177	26,348	24,772	35,551	92,328
Capital assets being depreciated, net	498	1,428,532	7,997	232,111	270,310	385,373
<b>Total assets</b>	<b>2,390,423</b>	<b>2,416,131</b>	<b>309,120</b>	<b>437,659</b>	<b>469,180</b>	<b>924,580</b>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	51,830	163,401	5,106	8,493	16,867	37,492
Intergovernmental payables			2			
Due to component units				7		
Due to primary government	57		348	875	3,588	1,292
Deferred revenue		51,967	20,454	4,316	12,135	47,399
Other liabilities				7,970	439	
Short-term notes payable						
Long-term obligations:						
Due within one year	296,557	20,912	30,105	7,321	14,655	21,957
Due subsequent to one year	1,339,779	657,289	60,259	66,169	176,883	292,718
<b>Total liabilities</b>	<b>1,688,223</b>	<b>893,569</b>	<b>116,274</b>	<b>95,151</b>	<b>224,567</b>	<b>400,858</b>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	498	1,138,006	33,031	205,003	146,821	301,526
Restricted for:						
Capital projects				6,700		
Debt service		82,869	2,684	675		34,144
Nonexpendable purposes			70	41,025	29,757	69,491
Other expendable purposes				29,121	20,803	61,432
Other purposes	345,368		75,695			
Unrestricted	356,334	301,687	81,366	59,984	47,232	57,129
<b>Total net assets</b>	<b>\$ 702,200</b>	<b>\$ 1,522,562</b>	<b>\$ 192,846</b>	<b>\$ 342,508</b>	<b>\$ 244,613</b>	<b>\$ 523,722</b>

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

University of Illinois	Other Universities	Total
		\$ 404,639
\$ 207,132	\$ 75,978	548,256
643,288	23,645	1,235,666
	8,691	11,875
295,423	24,722	472,956
	13	203
62,206	3,471	93,936
22,907	3,974	38,960
25,351	4,712	50,358
5,265	1,572	37,456
53,999	14,151	1,623,703
		89,776
66,160	26,167	166,131
1,033,309	66,854	1,866,806
	1,331	15,532
		60,972
	445	445
64,388	266	83,846
365,622	116,800	1,038,598
2,513,572	427,443	5,265,836
5,358,622	800,235	13,105,950
289,282	51,008	623,479
	3,280	3,282
152	44	203
32,041	824	39,025
132,349	11,508	280,128
		8,409
9,875	1,512	11,387
104,715	20,890	517,112
1,521,678	226,141	4,340,916
2,090,092	315,207	5,823,941
1,782,003	392,561	3,999,449
	10,211	16,911
24,403	5,908	150,683
676,897	39,672	856,912
589,988	34,173	735,517
		421,063
195,239	2,503	1,101,474
\$ 3,268,530	\$ 485,028	\$ 7,282,009

State of Illinois

Statement of Activities

Component Units

For the Year Ended June 30, 2005 (Expressed in Thousands)

Functions/Programs	Expenses	Program revenues			Net (expense) revenue
		Charges for service	Operating grants and contributions	Capital grants and contributions	
<b>Authorities:</b>					
Illinois Housing Development Authority	\$ 283,224	\$ 106,322	\$ 181,289		\$ 4,387
Toll Highway Authority	413,298	418,721			5,423
Other authorities	173,871	116,042	11,232	\$ 235	(46,362)
<b>Universities:</b>					
Illinois State University	320,802	166,765	25,493	326	(128,218)
Northern Illinois University	415,843	200,037	66,961		(148,845)
Southern Illinois University	796,246	344,474	90,701	2,070	(359,001)
University of Illinois	3,555,756	1,515,313	743,824	40,011	(1,256,608)
Other universities	678,613	280,825	100,076	5,805	(291,907)
Total	<u>\$ 6,637,653</u>	<u>\$ 3,148,499</u>	<u>\$ 1,219,576</u>	<u>\$ 48,447</u>	<u>\$ (2,221,131)</u>

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

General revenues			Contributions to permanent endowments	Change in net assets	Net assets, July 1, 2004, as restated	Net assets, June 30, 2005
State appropriations	Interest and investment income	Other				
	\$ 1,951	\$ 53,486		\$ 59,824	\$ 642,376	\$ 702,200
	8,293	1,776		15,492	1,507,070	1,522,562
\$ 7,110	3,323	28,023		(7,906)	200,752	192,846
134,335	6,233	16,619	\$ 3,900	32,869	309,639	342,508
156,588	1,974	2,744		12,461	232,152	244,613
324,982	15,134	47,858	4,196	33,169	490,553	523,722
1,115,309	116,682	115,392	25,701	116,476	3,152,054	3,268,530
318,101	6,449	5,720	4,427	42,790	442,238	485,028
<u>\$ 2,056,425</u>	<u>\$ 160,039</u>	<u>\$ 271,618</u>	<u>\$ 38,224</u>	<u>\$ 305,175</u>	<u>\$ 6,976,834</u>	<u>\$ 7,282,009</u>

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**STATE OF ILLINOIS**  
**Notes to the Financial Statements**  
**June 30, 2005**

<b><i>1</i></b>	<b><i>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</i></b>
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**A. *Basis of Presentation***

The accompanying financial statements of the State of Illinois have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as prescribed in pronouncements of the Governmental Accounting Standards Board (“GASB”).

**B. *Financial Reporting Entity***

The State of Illinois is a “primary government” whose financial statements consist of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. The financial statements include all funds, elected offices, departments and agencies as well as boards, commissions, authorities and universities for which the State’s elected officials are financially accountable. Financial accountability exists when the State’s governing body appoints a majority of an organization’s governing board and (1) the State can impose its will upon the organization or (2) there is a potential for the organization to provide specific financial benefit to, or impose specific financial burdens on the State.

The State’s governing body consists of the legislative, executive and judicial branches of government. The legislative function is controlled by an elected General Assembly composed of a 59-member Senate and a 118-member House of Representatives. The executive branch consists of the Governor (the

chief executive of the State), the Lieutenant Governor, the Attorney General, the Secretary of State, the Comptroller and the Treasurer. The judicial branch is composed of a seven-member Supreme Court, five Appellate court districts and twenty-two Circuit Court judicial districts including Cook County.

The financial statements distinguish between the “primary government” and its “component units.” The State’s participation in a joint venture, related organizations and jointly governed organizations is separately disclosed below. The primary government, which consists of organizations that make up the State’s legal entity, is the nucleus of the State’s reporting entity. Component units are legally separate organizations for which the State is financially accountable. The State provided over \$1.338 billion in direct unrestricted expenditures to the State’s component units and also provided restricted grants, employee health insurance, employee retirement contributions, and construction project management during the fiscal year. Complete financial statements of the individual component units can be obtained from the respective component unit’s administrative offices (as listed in parentheses below).

**Fiduciary Component Units**

The State has two fiduciary component units that administer pension and other employee benefit trust funds. These entities are legally separate from the State and meet the definition of a component unit because they are fiscally dependent on the State; however, due to their fiduciary nature they are presented in the Fiduciary Fund Statements as pension and other employee benefit trust funds, along with other primary government fiduciary funds.

1. *Teacher's Retirement System ("TRS")*. TRS is the administrator of a cost-sharing multiple-employer public employee defined benefit pension plan which provides coverage to teachers employed by public school districts in Illinois (excluding Chicago) even though most covered employees are not State employees. The State of Illinois is legally mandated to make contributions to TRS.
2. *State Universities Retirement System ("SURS")*. SURS is the administrator of a cost-sharing multiple-employer public employee defined benefit pension plan which provides coverage to faculty and staff of State universities, community colleges and related agencies, of which, most covered employees are not State employees. The State of Illinois is legally mandated to make contributions to SURS.
1. *Illinois Housing Development Authority ("IHDA")*. The IHDA issues notes and bonds to make loans for the acquisition, construction and rehabilitation of housing and to encourage home ownership. The State approves bonds and notes issued by the IHDA and is secondarily liable for its debt if there are not sufficient IHDA monies to pay principal and interest. (Administrative Offices: 401 North Michigan Avenue, Suite 900, Chicago, Illinois 60611).
2. *Illinois State Toll Highway Authority ("THA")*. The THA operates a toll highway system to promote the public welfare and to facilitate vehicular traffic by providing convenient, safe, modern and limited access highways within Illinois. The State substantially approves the THA's budget. The THA reports on a December 31 year-end. (Administrative Offices: 2700 Ogden Avenue, Downers Grove, Illinois 60515).

### Blended Component Unit

The following component unit is reported, as exclusion would be misleading to the State's financial statements, as though it is a part of the primary government using the blending method since it provides services primarily to benefit the State:

1. *Office of the Special Deputy Receiver ("OSD")*. The OSD acts as agent for the State of Illinois in supervising the conservation, rehabilitation or liquidation of insurance companies. The OSD reports on a December 31 year-end. (Administrative Office: 222 Merchandise Mart Plaza, Suite 1450, Chicago, Illinois 60654).
3. *Illinois Literacy Foundation ("Foundation")*. The Foundation promotes literacy among the residents of the State of Illinois by supporting literacy programs and enhancing Statewide literacy awareness. The State has the ability to appoint, hire, reassign and dismiss those persons responsible for the day-to-day operations of the Foundation. (Administrative Offices: 431 South 4th, 1st Floor, Springfield, Illinois 62756).
4. *Illinois Grain Insurance Corporation ("Corporation")*. The Corporation was created for the purpose of improving the economic stability of agriculture in the State of Illinois by establishing a fund to pay grain producers and other claimants for losses incurred by the failure of a grain dealer or warehouseman. The State has the ability to remove appointed members of the Corporation's governing board at will. (Administrative Offices: State Fairgrounds, Springfield, Illinois 62794).

### Discretely Presented Component Units

Discretely presented component units are reported in separate columns to emphasize that they are legally separate from the State. The discretely presented component units presented below have governing bodies appointed by the governing board of the State.

5. *Illinois Conservation Foundation* (“*Foundation*”). The Foundation was created to promote, support, assist, sustain and encourage the charitable, educational, scientific and recreational programs, projects and policies of the Illinois Department of Natural Resources. The State has the ability to appoint, hire, reassign and dismiss those persons responsible for the day-to-day operations of the Foundation. (Administrative Offices: Natural Resources Road, Springfield, Illinois 62701-1787).
6. *Comprehensive Health Insurance Plan* (“*CHIP*”) Board. The CHIP provides an alternate market for health insurance for eligible Illinois residents having a pre-existing health condition. The State substantially approves the CHIP’s budget. (Administrative Offices: 400 West Monroe Street, Suite 202, Springfield, Illinois 62704).
7. *East St. Louis Financial Advisory Authority* (“*Authority*”). The Authority was created to provide a secure financial basis for and to furnish assistance to the city of East St. Louis. The State funds certain programs of the Authority. (Administrative Offices: 10 Collinsville Avenue, East St. Louis, Illinois 62201).
8. *Illinois Finance Authority* (“*Authority*”). The Authority was created during fiscal year 2004 to assume and exercise all rights, powers, duties and responsibilities formerly exercised by the following authorities prior to the abolition of those authorities: the Illinois Development Finance Authority, the Illinois Farm Development Authority, the Illinois Health Facilities Authority, the Illinois Educational Facilities Authority, the Illinois Community Development Finance Corporation and the Illinois Rural Bond Bank. (Administrative Offices: 233 South Wacker Drive, Suite 4000, Chicago, Illinois 60606).
9. *Illinois Medical District Commission* (“*Commission*”). The Commission was created to maintain and expand a designated “medical district.” The State substantially approves the Commission’s budget. (Administrative Offices: 600 South Hoyne, Chicago, Illinois 60612).
10. *Quad Cities Regional Economic Development Authority* (“*Authority*”). The Authority promotes economic development within the counties of Rock Island, Henry and Mercer in the State of Illinois. The State approves bonds and notes issued by the Authority and is secondarily liable for its debt if there are not sufficient Authority monies to pay principal and interest. (Administrative Offices: 1830 Second Avenue, Suite 200, Rock Island, Illinois 61201).
11. *Southwestern Illinois Development Authority* (“*Authority*”). The Authority promotes economic development within the counties of St. Clair and Madison in the State of Illinois. The State approves bonds and notes issued by the Authority and is secondarily liable for its debt if there are not sufficient Authority monies to pay principal and interest. (Administrative Offices: 1022 Eastport Plaza, Collinsville, Illinois 62234).
12. *Upper Illinois River Valley Development Authority* (“*Authority*”). The Authority promotes economic development within the counties of Grundy, LaSalle, Bureau, Putnam, Kendall, Kane, McHenry and Marshall in the State of Illinois. The State approves bonds and notes issued by the Authority and is secondarily liable for its debt if there are not sufficient Authority monies to pay principal and interest. (Administrative Offices: 321 West Main Street, Ottawa, Illinois 61350).
13. *Boards of Trustees of Chicago State University* (“*CSU*”), *Eastern Illinois University* (“*EIU*”), *Governors State University* (“*GSU*”), *Northeastern Illinois University* (“*NEIU*”), *Northern Illinois University* (“*NIU*”), *Western Illinois University* (“*WIU*”), *Illinois State University* (“*ISU*”), *Southern Illinois University* (“*SIU*”) and *University of*

Illinois (“U of I”) (“boards”). The boards of the respective universities operate, manage, control and maintain the schools. The State provides significant financial support to the boards of the universities. Certain universities have donor restricted endowments that are restricted as to spending by the donor which are detailed in their separately issued financial statements. The Uniform Management of Institutional Funds Act permits the boards to spend net appreciation of endowments as they determine to be prudent. (Administrative Offices:

- CSU, 9501 South King Drive  
Chicago, Illinois 60628
- EIU, 113 West Old Main  
Charleston, Illinois 61920
- GSU, Route 54 & Stuenkel Road  
University Park, Illinois 60466
- NEIU, 5500 North St. Louis Avenue  
Chicago, Illinois 60625
- NIU, 204 Lowden Hall  
DeKalb, Illinois 60115
- WIU, 1 University Circle  
Macomb, Illinois 61455
- ISU, Campus Box 1200  
Normal, Illinois 61790-1200
- SIU, Colyer Hall  
Carbondale, Illinois 61801
- U of I, 111 E. Green, MC 434  
Champaign, Illinois 61820).

The following component unit must obtain the State’s approval for debt issuances:

1. *Will-Kankakee Regional Development Authority (“Authority”).* The Authority promotes economic development within the counties of Will and Kankakee in the State of Illinois. The State approves bonds and notes issued by the Authority and is secondarily liable for its debt if there are not sufficient Authority monies to pay principal and interest. (Administrative Offices: 116 North Chicago Street, Suite 101, Joliet, Illinois 60432).

Excluding the following component unit from the State’s financial statements would be misleading and therefore the component unit is included because of the nature of the component unit’s relationship with the State:

1. *IMSA Fund for Advancement of Education (“IMSA Fund”).* The IMSA Fund was established for the purpose of benefiting, performing the function of and carrying out certain charitable, educational, literary and scientific purposes of the Illinois Mathematics and Science Academy, a primary government agency. (Administrative Office: 1500 West Sullivan Road, Aurora, Illinois 60506-1000).

#### **Joint Venture**

The State is a participant with the states of Michigan, Minnesota, New York, Ohio, Pennsylvania and Wisconsin in the Great Lakes Protection Fund (“Fund”), an Illinois not-for-profit corporation. The Fund is the nation’s first multi-state environmental endowment and was established in 1989 for furthering Federal and State commitments to programs that restore and maintain the Great Lakes’ water quality. This purpose is achieved by providing grant money for projects that promote the objectives of the regional Great Lakes Toxic Substance Control Agreement and the binational Great Lakes Water Quality Agreement.

A state becomes a member of the Fund by agreeing to contribute an amount set forth in the Articles of Incorporation. The required contribution from all member states at incorporation was \$81 million. The Fund’s net assets on December 31, 2004 were \$119.204 million.

Once a state agrees to make the required contribution, that state’s governor becomes a “member” of the Fund. Each member is entitled to appoint two individuals to the board of directors. Budgetary and financial decisions rest with the board of directors except where restricted by the Articles of Incorporation. Two-thirds of the Fund’s income is used to finance projects compatible with the organization’s

objectives as set forth in the Articles of Incorporation. The remaining one-third of income is paid to member states in proportion to the amount and period of time that each state's contribution was invested with the Fund ("state shares"). Illinois received a State share for 2004 of \$68 thousand. The affirmative vote of all of the members is required for all actions of the Fund. Complete financial statements of the Fund can be obtained from the Fund's Administrative Offices at 1560 Sherman Avenue, Suite 880, Evanston, Illinois 60201.

### **Related Organizations**

The State's officials are also responsible for appointing the majority of the boards of other organizations, but the State's accountability does not go beyond making the appointments. The State, generally the Governor, in certain instances with the advice and consent of the Senate, appoints the members of the following boards:

- Central Midwest Interstate Low-Level Radioactive Waste Commission
- Havana Regional Port District
- Kaskaskia Regional Port District
- Mt. Carmel Regional Port District
- Shawneetown Regional Port District
- Southwest Regional Port District
- Tri-City Regional Port District
- Waukegan Port District
- White County Regional Port District
- Illinois Community College System Foundation

The State maintains accounting records for the Central Midwest Interstate Low-Level Radioactive Waste Commission. This is the only related party activity that the State has with the above organizations.

### **Jointly Governed Organizations**

The State's officials, in conjunction with various other state and local government officials, are members of the boards of other organizations. However, the State has no ongoing financial interest or responsibility except the role of a participant in the various organizations' purpose

and, in certain instances, pays annual dues or assessments. The Governor, sometimes with the advice and consent of the Senate, appoints the number of board members (as indicated in parentheses below) of the following organizations:

- Bi-State Development Agency of the Missouri/Illinois Metropolitan District (5 of 10)
- Education Commission of the States (7 of approximately 350)
- Illinois Valley Regional Port District (2 of 5)
- Interstate Mining Commission (1 of 17)
- Jackson/Union Counties Regional Port District (4 of 23)
- Joliet Regional Port District (3 of 7)
- Lawyers Trust Fund (3 of 9)
- Midwestern Higher Education Commission (5 of 60)
- Northeastern Illinois Planning Commission (5 of 34)
- Ohio River Valley Water Sanitation Commission (3 of 24)
- Southwestern Illinois Metropolitan & Regional Planning Commission (8 appointed)
- Wabash Valley Interstate Commission (7 of 14)

The State has no significant related-party activities with the above organizations.

### **C. Basis of Presentation**

#### **Government-wide Financial Statements**

The Statement of Net Assets and the Statement of Activities display information about the primary government (the State) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the State and between the State and its discretely presented component units. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type

activities are financed in whole or in part by fees charged to external parties.

The Statement of Net Assets presents the reporting entity's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

- **Invested in capital assets, net of related debt** consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of those assets.
- **Restricted net assets** result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors and the like, or imposed by law through enabling legislation.
- **Unrestricted net assets** consist of net assets, which do not meet the definition of the two preceding categories. Unrestricted net assets often are designated to indicate that management does not consider them to be available for general operations. They often have restrictions that are imposed by management, but can be removed or modified.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the State and for each function of the State's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular 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 State's funds, including fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, generally result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, generally result from nonexchange transactions or ancillary activities.

Proprietary fund operating expenses include costs directly related to providing services and producing and delivering goods. All expenses not meeting this definition are reported as nonoperating expenses.

The State reports the following major governmental funds:

**General** – This is the State's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. These services include, among others, employment and economic development, education (other than institutions of higher education), and health and social services. Certain resources obtained from federal grants and used to support general governmental activities are accounted for in the General Fund consistent with applicable legal requirements. The State's General Fund contains four primary sub-accounts (General Revenue, Education Assistance, Common School and Medicaid Provider Assessment Program) with numerous secondary sub-accounts.

**Road** – This fund accounts for the activities of the State highway programs including highway maintenance and construction, traffic control and safety and administering motor vehicle laws and regulations. Funding sources include federal aid, State motor fuel taxes and various license and fee charges.

**Motor Fuel Tax** – This fund accounts for the activities of various transportation related program expenditures and the administrative cost of supervising the use of funds apportioned to municipalities, counties and road districts. Funding sources include State motor fuel taxes and an allocation (transfer) of State sales tax collections from the General Fund.

**State Construction Account** – This fund accounts for the construction, reconstruction and maintenance of the State maintained highway system. Funding sources include a portion of motor vehicle registration fees, weight taxes and transfers from the Motor Fuel Tax Fund.

The State reports the following major proprietary funds:

**Unemployment Compensation Trust** – This fund accounts for the activities of the unemployment insurance program including employer contributions, Federal Unemployment Trust advances and benefit claims.

**Water Revolving** – This fund accounts for the activities of a revolving loan program for local government drinking water and sewage treatment infrastructure. Certain loans receivable in the fund are restricted due to revenue bond covenants.

**Designated Account Purchase Program** – This fund accounts for the activities of the Designated Account Purchase Program including issuance of bonds and acquisition of student loans from lenders. Certain assets in the fund are restricted due to revenue bond covenants.

Additionally, the State reports the following fund types:

#### **Governmental Fund Types:**

**Special Revenue** – These funds account for resources obtained from specific revenue sources that are legally restricted to expenditures for specified purposes. Special revenues funds account for, among other things, 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 (other than capital leases, workers' compensation and unfunded retirement costs).

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

**Permanent Trust** – This fund accounts for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the government or its citizens.

#### **Proprietary Fund Types:**

**Enterprise** – These funds account for operations where the intent of the State is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

**Internal Service** – These funds account for data processing, printing, fleet management, telecommunications and medical and dental benefits for State employees provided to agencies of the State on a reimbursement basis.

**Fiduciary Fund Types:****Pension (and Other Employee Benefit)**

**Trust** – These funds account for resources that are required to be held in trust for the members and beneficiaries of the State’s five Public Employee Retirement Systems (PERS) and the Deferred Compensation Plan Fund.

**Investment Trust** – These funds account for the external portion of investment pools sponsored by the State including the Public Treasurer’s Investment Pool and the Deferred Lottery Prize Winners Trust Fund.

**Private Purpose Trust** – This fund accounts for resources legally held in trust for use by individuals, private organizations and other governments. There is no requirement that any portion of these resources be preserved as capital.

**Agency** – These funds account for the various taxes, deposits, deductions and property collected by the State, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

**Component Units**

The component statements provide aggregate information about the State’s discretely presented component units, emphasizing major component units. The State’s major component units are the Illinois Housing Development Authority, Illinois State Toll Highway Authority, Illinois State University, Northern Illinois University, Southern Illinois University and the University of Illinois.

***D. Measurement Focus and Basis of Accounting*****Government-wide, Proprietary Fund, Fiduciary Fund and Component Unit Financial Statements**

The government-wide, proprietary fund, fiduciary fund and component unit financial statements are

reported using the economic resources measurement focus (except for agency funds which do not have a 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 State gives (or receives) value without directly receiving (or giving) equal value in exchange, include income taxes, excise taxes, wealth taxes, grants, entitlements and donations. On an accrual basis, revenues from self assessed taxes, principally income, excise and wealth taxes, are recognized in the fiscal year in which the underlying exchange transaction occurs. 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 Fund Financial Statements**

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

Significant revenue sources which are susceptible to accrual include individual and corporate income taxes, sales taxes, public utility taxes, motor fuel taxes and interest. All other revenue sources including fines, penalties, licenses and

other miscellaneous revenues are considered to be measurable and available only when cash is received.

### **Private-Sector Standards**

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The State also has the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The State generally has elected not to follow subsequent private-sector guidance.

### **E. Eliminations**

Eliminations have been made in the government-wide statement of net assets to minimize the “grossing-up” effect on assets and liabilities within the governmental and business-type activities columns of the primary government. As a result, amounts reported in the funds as interfund receivables and payables have been eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances. Amounts reported in the funds as receivable from or payable to fiduciary funds have been included in the statement of net assets as receivable from and payable to external parties, rather than as internal balances.

Eliminations have been made in the statement of activities to remove the “doubling-up” effect of internal service fund activity. The effect of similar internal events that are, in effect, allocations of overhead expenses from one function to another or within the same function also have been eliminated, so that the allocated expenses are reported only by the function to which they were allocated.

### **F. Cash Equivalents**

Cash equivalents are defined as short-term, highly liquid investments readily convertible to cash with maturities of 90 days or less at time of purchase. Cash equivalents consist principally of certificates of deposit, repurchase agreements and U.S. treasury bills and are stated at cost.

### **G. Investments**

Investments are reported at fair value. Generally, the State’s pension systems’ marketable securities are valued at closing prices listed on national securities exchanges and quotes from independent pricing services as of June 30. Real estate and venture capital are valued based upon appraisals and discounted cash flow analysis.

The Illinois Public Treasurers’ Investment Pool, known as The Illinois Funds, operates as a 2a7-like pool and thus reports all investments at amortized cost rather than market value. The fair value of the pool is the same as the value of the pool shares. The Treasurer’s investment policies are governed by State statute. In addition, the Treasurer’s Office has adopted its own investment practices that supplement the statutory requirement. The Treasurer’s Office issues a separate financial report for The Illinois Funds. It may be obtained by contacting the Administrative Office at Jefferson Terrace, 300 West Jefferson Street, Second Level, Springfield, Illinois 62702.

The State’s financial statements contain certain investments that meet the definition of “derivatives.” Derivative investments included in the pension trust funds are described in more detail in Note 3.

### **H. Inventories and Prepaid Expenditures**

For governmental funds, the State recognizes the costs of material inventories as expenditures when purchased. At year-end, physical counts are taken of significant inventories in governmental funds and are generally reported on the financial statements at moving-average cost. Inventories reported in the governmental funds do not reflect current appropriable resources, and

therefore, the State reserves an equivalent portion of fund balance.

For governmental funds, prepaid expenditures are recognized when paid.

**I. Interfund Transactions**

The State has the following types of interfund transactions:

**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 at year-end are reported as interfund receivables and payables in the fund balance sheets or fund statements of net assets.

**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) between funds 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.

**J. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure, are reported at cost or estimated historical cost based on appraisals or deflated current replacement costs. Contributed assets are reported at estimated fair value at the time received.

Capitalization thresholds of the primary government generally are as follows:

Capital Asset Category	Capitalization Threshold
Infrastructure	\$ 250,000
Land	100,000
Land Improvements	25,000
Site Improvements	25,000
Buildings	100,000
Building Improvements	25,000
Equipment	5,000
Works of Art and Historical Treasures	5,000

Certain component units, however, may have adopted different capitalization thresholds. These thresholds can be obtained from their separately issued financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Major capital outlays for capital assets and improvements are capitalized as project costs are incurred. Interest incurred during the construction phase of capital assets used in business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Capital Asset Category	Estimated Useful Lives (In Years)
Infrastructure	5-50
Land	N/A
Land Improvements	N/A
Site Improvements	3-50
Buildings	10-60
Building Improvements	10-45
Equipment	3-25
Works of Art and Historical Treasures	5-7

The State and the University of Illinois, a component unit, do not capitalize certain collections of works of art or historical treasures held for public exhibition, education, or research in furtherance of public service rather than capital gain. These collections are protected, kept unencumbered, cared for and preserved. Proceeds from the sale, exchange, or other disposal of any item belonging to non-capitalized collections of works of art or historical treasures for the State and the University of Illinois must be applied to the acquisition of additional items for the same collection.

#### ***K. Retirement Costs***

Substantially all State employees, including members of the General Assembly and Judicial Branch, participate in one of three State public employee retirement systems (see Note 16). The State also maintains and funds public employee retirement systems for employees of the various State supported universities and for public school teachers in cities other than Chicago. It is the State's policy to fund retirement costs without regard to amounts calculated under the actuarial requirements. Except for in fiscal year 2004 when the State contributed the majority of the proceeds from a \$10 billion general obligation bond, the State's contributions have been less than the retirement benefits paid during the year for the last twenty-four fiscal years. Prior to fiscal year 1982, the State had funded the retirement costs at a level at least as great as the retirement benefits paid during the year.

Annual pension cost (APC) is recorded as an expense in the government-wide statement of activities and is comprised of the employer's (State's) annual required contribution (ARC), which equals normal cost plus interest on unfunded prior service costs and amortization of prior service costs over forty years, one year's interest on the net pension obligation and an adjustment to the ARC to offset the effect of actuarial amortization of past under or over contributions.

#### ***L. Capital Appreciation ("deep-discount") Bonds***

Capital appreciation bonds are those bonds that are issued at stated interest rates significantly below their effective interest rate, resulting in a substantial discount. The implicit interest (i.e., discount) is not paid until the bonds mature. Therefore, the net value of the bonds "accrete" (i.e., the discount is reduced) over the life of the bonds. Capital appreciation bonds are reported in the government-wide statement of net assets at their accreted value.

#### ***M. Compensated Absences***

The liability for compensated absences reported in the government-wide, proprietary and fiduciary fund financial statements consists of unpaid, accumulated vacation and sick leave balances. 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 are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments 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 tax).

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.

Component unit financial statements also include a liability for compensated absences. However, they may have adopted different compensated absences policies. These policies can be obtained from their separately issued financial statements.

#### ***N. Bond Premiums, Discounts, and Issuance Costs***

In the government-wide and proprietary fund financial statements, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the bonds outstanding method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### ***O. Advance Refundings of Debt***

In the government-wide and proprietary fund financial statements, gains and losses from advance refundings of debt resulting in defeasance are deferred and amortized as a component of interest expense over the shorter of the remaining life of the old debt or the life of the new debt using the effective interest method. Bonds payable are reported net of these deferred gains and losses.

#### ***P. Net Assets/Fund Balances***

The difference between fund assets and liabilities is “Net Assets” on governmental-wide, proprietary and fiduciary fund financial statements, and “Fund Balance” on governmental fund financial statements.

Fund balances of governmental funds that are legally restricted to a specific future use or that are not available for appropriation or expenditure are reported as reservations of fund balance.

When both unrestricted and restricted net assets or unreserved and reserved fund balances are available for use, the State uses restricted net assets or reserved fund balances first.

#### ***Q. Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### ***R. New Accounting Pronouncements***

Effective for the year ending June 30, 2005, the State adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures (an amendment of GASB Statement No. 3)*, which adds, modifies, and eliminates certain risk disclosures related to deposits and investments. There was no significant impact on the State’s financial statements as a result of adopting this statement.

Effective for the year ending June 30, 2005, the State adopted GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation (an amendment of GASB Statement No. 34)*, which clarifies the definition of legal enforceability as it relates to net assets restricted by enabling legislation and requires disclosure of the amount of net assets restricted by enabling legislation.

There was no significant impact on the State's financial statements as a result of adopting this statement.

Effective for the year ending June 30, 2005, the State adopted provisions related to pension transactions of Technical Bulletin No. 2004-2, *Recognition of Pension and Other Postemployment Benefit [OPEB] Expenditures/Expense and Liabilities by Cost-Sharing Employers* which clarifies pension and OPEB expenditure recognition requirements for cost-sharing employers. There was no significant impact on the State's financial statements as a result of adopting this statement.

### **S. Future Adoption of GASB Statements**

Effective for the year ending June 30, 2006, the State will adopt GASB Statement No. 42, *Accounting and Financial Reporting for*

*Impairment of Capital Assets and for Insurance Recoveries*, which establishes standards for impairment of capital assets and clarifies and establishes accounting requirements for insurance recoveries. The State has not yet determined the impact on the State's financial statements as a result of adopting this statement.

Effective for the year ending June 30, 2006, the State will also adopt GASB Statement No. 47, *Accounting for Termination Benefits*, which establishes accounting and financial reporting standards for termination benefits. The State has not yet determined the impact on the State's financial statements as a result of adopting this statement.

## **2**

## **NET ASSETS**

### **A. Restatements**

The net assets of Northern Illinois University, a major component unit, have been restated to correct prior reporting errors which understated the amount of accrued interest payable by \$1.792 million.

The net assets of Southern Illinois University, a major component unit, have been restated to correct prior reporting errors which understated the amount of accounts receivable by \$3.971 million.

The net assets of the Illinois Medical District Commission, a non-major component unit, have been restated to correct prior reporting errors

which understated the amount of net capital assets by \$1.488 million.

The net assets of Southwestern Illinois Development Authority, a non-major component unit, have been restated to correct prior reporting errors which overstated the amount of accrued interest receivable and notes receivable by \$30 thousand.

### **B. Net Assets Restricted by Enabling Legislation**

The government-wide statement of net assets reports \$3,485,990 of restricted net assets, of which \$3,122,272 is restricted by enabling legislation.

## 3

**DEPOSITS AND INVESTMENTS**

The State Treasurer is the custodian of the State's deposits and investments for most funds and maintains these deposits and investments in the State Treasury. The investment authority and guidelines for the Treasurer's published investment policy for the State Treasury is found in Section 22.8 of the Deposit of State Moneys Act (15 ILCS 520). The pooling of cash allows the Treasurer to invest monies not needed to pay immediate obligations so that investment earnings on available cash are maximized. Investments of the State Treasury are not segregated by fund; rather, each contributing fund's balance is treated as equity in the State Treasury. Accordingly, the State Treasury is not reported as a separate fund in this report. Instead, each State fund's and each component unit's balance in the State Treasury is presented as "Cash equity with State Treasurer". Investments held by the State Treasurer in the State Treasury at June 30, 2005, consisted of the following:

Table 3-1 (amounts expressed in thousands)

<b>Investment Type</b>	<b>Fair Value</b>
Repurchase agreements	\$ 2,013,179
U.S. Agency obligations	653,025
Commercial paper	2,290,920
Foreign debt securities	19,848
Money market mutual funds	322,488
Private equity	1,728
Equity in Public Treasurers' Investment Pool	1,185,604
Equity in other investment pools	2,628
<b>Total fair value</b>	<b>\$ 6,489,420</b>

Funds maintained outside the State Treasury have independent statutory authority to manage their own deposits and investments. The investment authority of the Illinois State Board of Investment (ISBI), Teacher's Retirement System (TRS) and State Universities Retirement System (SURS) is governed by the Illinois Pension Code (40 ILCS 5). Authorized investments consist of bonds, equities, real estate, venture capital and other activities to be made with the care, skill, prudence and diligence which a prudent person acting in a like capacity and familiar with such matters would use in the conduct of investing similar retirement trusts. ISBI, TRS and SURS each has published

investment policies incorporating these guidelines. Primary government investments held outside of the State Treasury at June 30, 2005, except for investments held by ISBI, TRS and SURS, consisted of the following:

Table 3-2 (amounts expressed in thousands)

<b>Investment Type</b>	<b>Fair Value</b>
Repurchase agreements	\$ 15,702
U.S. Treasury obligations	1,857,000
U.S. Agency obligations	424,980
Municipal debt	72,133
Commercial paper	63,455
Negotiable CD's	259
Annuities	3,426
Corporate debt securities	286,305
Mutual funds	525,875
Equity in Public Treasurers' Investment Pool	3,637,948
Money market mutual funds	51,533
Equity securities	3,218,098
Private equity	56
Guaranteed investment contracts	536,501
U.S. Treasury Unemployment allocation	631,317
Other	10,133
<b>Total fair value</b>	<b>\$ 11,334,721</b>

The ISBI is considered to be an internal investment pool of the State of Illinois, operating solely from investment income. The ISBI manages and invests the pension assets of three separate public employee retirement systems: General Assembly Retirement System, the Judges' Retirement System of Illinois, and State Employees' Retirement System of Illinois. The ISBI's member systems retain all of the cash necessary for current operating expenditures in the State Treasury. The amount of cash received by the ISBI's member systems in excess of their current operating expenditures is transferred to the ISBI for purposes of long-term investment. The ISBI is not reported as a separate fund in this report. Instead, each member system's balance in the ISBI is presented as "Equity in the Illinois State Board of Investments". The ISBI has approximately \$71 million in deposits and investments greater than the member systems equity due to net investment liabilities of the ISBI.

Investments held by ISBI at June 30, 2005, consisted of the following:

Table 3-3 (amounts expressed in thousands)

Investment Type	Fair Value
U.S. Treasury obligations	\$ 556,169
U.S. Agency obligations	556,192
Corporate obligations	1,551,767
Convertible bonds	1,404
Common stock and equity funds	5,579,812
Preferred stock	488
Foreign debt obligations	198,858
Foreign equity securities	986,201
Real estate	778,951
Alternative investments	466,871
Money market instruments	283,461
Foreign forward options	(498)
Total Investments	\$ 10,959,676

### CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

#### *Deposits*

##### *Primary Government:*

In accordance with Section 6 of the Public Funds Investment Act (30 ILCS 235), uncollateralized and uninsured deposits may not exceed 75% of the capital stock and surplus of a bank, 75% of the net worth of a savings and loan association or 50% of the unimpaired capital and surplus of a credit union.

The carrying amount and bank balance of cash deposits held outside of the State Treasury,

except for investments held by ISBI, TRS and SURS, was \$641.362 million and \$647.302 million at June 30, 2005, respectively. Of the total bank balance of these cash deposits at June 30, 2005, \$6.749 million was uninsured with collateral held by the pledging financial institution in the State's name, \$2.240 million was uninsured with collateral held by the pledging financial institution but not in the State's name and \$30.468 million was uninsured and uncollateralized.

ISBI's cash held in its investment related bank account is neither insured nor collateralized for amounts in excess of \$100,000. ISBI has no related deposit policy for custodial credit risk. These assets are under the custody of State Street Bank and Trust. State Street Bank and Trust has a AA Long-term Deposit/Debt rating by Standard and Poor's and an Aa2 rating by Moody's. The carrying amount and bank balance of ISBI's cash deposits at June 30, 2005, was \$13.722 million and \$13.729 million, respectively. Of the total bank balance at June 30, 2005, \$13.502 million was uninsured and uncollateralized.

SURS's cash held in its investment related bank account in excess of \$100,000 is uninsured and uncollateralized. SURS has no deposit policy for custodial credit risk. Deposits are under the custody of the Northern Trust Company which has a AA- Long Term Deposit/Debt rating by Standard and Poor's and an Aa3 rating by Moody's. At June 30, 2005, the bank balance and carrying amount was \$255.364 million, of which \$2.597 million was uninsured and uncollateralized.

#### *Investments*

##### *Primary Government:*

The State does not have a formal policy for custodial credit risk of investments held outside of the State Treasury. As of June 30, 2005, \$20.168 million of U.S. Treasury bills and \$168.697 million of U.S. Agency obligations were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the State's name.

As of June 30, 2005, the following investments were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in ISBI or TRS's name:

Table 3-4 (amounts expressed in thousands)

Investment Type	Fair Value
ISBI:	
Common stock	\$ 2,283
U.S. government and agency obligations	16,885
Corporate obligations	4,725
Total	\$ 23,893
TRS:	
Negotiable certificates of deposit	\$ 7,752
U.S. Treasury bills	55,285
U.S. Treasury notes	32,124
Total	\$ 95,161

**CREDIT RISK**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

*Primary Government:*

Section 2 of the Public Funds Investment Act limits the State's investments, both inside and outside the State Treasury, to securities of the U.S. government or its agencies, short-term obligations of domestic corporations exceeding \$500 million in assets that are rated in the three highest categories by at least two nationally recognized statistical ratings organizations not to exceed ten percent of the domestic corporations outstanding obligations, money market mutual funds invested in the U.S. government and/or its agencies, and repurchase agreements securities of the U.S. government or its agencies or money market mutual funds invested in the U.S. government or its agencies. Additional investments may be authorized in certain funds as exceptions to Section 2 of the Public Funds Investment Act pursuant to State statute prescribing the activities of a fund. The following table summarizes the Moody's credit quality ratings for debt securities held by the State Treasurer in the State Treasury at June 30, 2005:

Table 3-5 (amounts expressed in thousands)

Investment Type	Aaa	Aa	A	P-1	Not Rated	Total
Repurchase agreements	\$2,013,179	\$ --	\$ --	\$ --	\$ --	\$2,013,179
U.S. Agency obligations	653,025	--	--	--	--	653,025
Commercial paper	--	--	--	2,290,920	--	2,290,920
Foreign debt securities	--	9,848	10,000	--	--	19,848
Money market mutual funds	322,488	--	--	--	--	322,488
Equity in Public Treasurers' Investment Pool	--	--	--	--	1,185,604 *	1,185,604
Equity in other investment pools	--	--	--	--	2,628	2,628
<b>Total fixed income securities</b>	<b>\$2,988,692</b>	<b>\$9,848</b>	<b>\$10,000</b>	<b>\$2,290,920</b>	<b>\$1,188,232</b>	<b>\$6,487,692</b>

\* Equity in Public Treasurers' Investment Pool was rated AAA by Standard and Poor's.

The following table summarizes the Moody's credit quality ratings for debt securities held by the primary government, except for debt securities held by ISBI, TRS, and SURS, outside of the State Treasury at June 30, 2005:

Table 3-6 (amounts expressed in thousands)

Investment Type	Aaa	Aa	A	Baa	Ba	Not Rated	Total
Repurchase agreements	\$ 270	\$ --	\$ --	\$ --	\$ --	\$ 15,432	\$ 15,702
U.S. Agency obligations	417,524	6,830	--	--	--	--	424,354
Municipal debt	28,358	43,775	--	--	--	--	72,133
Commercial paper	--	--	--	--	--	63,455 *	63,455
Negotiable certificates of deposit	--	--	--	--	--	259	259
Corporate debt securities	33,246	92,414	149,834	8,842	702	1,267	286,305
Mutual funds	--	30,023	--	--	--	495,852	525,875
Equity in Public Treasurers' Investment Pool	--	--	--	--	--	3,637,948 **	3,637,948
Money market mutual funds	7	--	--	--	--	51,526 ***	51,533
<b>Total subject to credit risk</b>	<b>479,405</b>	<b>173,042</b>	<b>149,834</b>	<b>8,842</b>	<b>702</b>	<b>4,265,739</b>	<b>5,077,564</b>
U.S. Agency obligations	--	--	--	--	--	--	626
U.S. Treasury obligations	--	--	--	--	--	--	1,857,000
<b>Total fixed income securities</b>	<b>\$ 479,405</b>	<b>\$ 173,042</b>	<b>\$ 149,834</b>	<b>\$ 8,842</b>	<b>\$ 702</b>	<b>\$ 4,265,739</b>	<b>\$ 6,935,190</b>

\* \$63.455 million of commercial paper was rated A by Standard and Poor's.  
 \*\*The Equity in Public Treasurers' Investment Pool was rated AAA by Standard and Poor's.  
 \*\*\*\$43.106 of money market mutual funds was rated AAA by Standard and Poor's.

The portfolios of ISBI, TRS and SURS are managed by professional investment management firms. Each investment manager must comply with risk management guidelines individually assigned to them as part of their Investment Management Agreement. With the exception of certain commingled funds, bonds below B- are not permissible in any of the fixed income investment manager guidelines. However, in circumstances where position downgrades occur,

investment managers have been given permission to hold securities due to circumstances such as a higher peer group rating from another nationally recognized statistical rating organization, firm internal ratings, or other mitigating factors.

The following table summarizes the Moody's credit quality ratings for debt securities held by ISBI at June 30, 2005:

Table 3-7 (amounts expressed in thousands)

Quality Rating	Corporate Debt Obligations	Convertible Bonds	Foreign Debt Obligations	U.S. Agency Obligations	Total
Aaa	\$ 458,630	\$ 1,112	\$ 33,511	\$ 556,192	\$ 1,049,445
Aa	151,321	--	39,247	--	190,568
A	191,083	--	25,031	--	216,114
Baa	161,123	292	32,381	--	193,796
Ba	217,555	--	40,288	--	257,843
B	300,235	--	12,747	--	312,982
Caa	12,093	--	--	--	12,093
Ca	661	--	--	--	661
Not rated	59,066	--	15,653	--	74,719
<b>Total subject to credit risk</b>	<b>1,551,767</b>	<b>1,404</b>	<b>198,858</b>	<b>556,192</b>	<b>2,308,221</b>
U.S. Treasury obligations	--	--	--	556,169	556,169
<b>Total fixed income securities</b>	<b>\$ 1,551,767</b>	<b>\$ 1,404</b>	<b>\$ 198,858</b>	<b>\$ 1,112,361</b>	<b>\$ 2,864,390</b>

The following table summarizes the Moody's credit quality ratings for debt securities held by TRS at June 30, 2005:

Table 3-8 (amounts expressed in thousands)

Quality Rating	Corporate Debt Obligations	Foreign Debt Obligations	U.S. Agency Obligations	Pooled Debt Investments	Total
Aaa	\$ 1,089,948	\$ 301,428	\$ 2,377,364	\$ --	\$ 3,768,740
Aa	732,120	4,756	955	620,158	1,357,989
A	436,082	--	5,576	--	441,658
Baa	703,221	17,534	--	--	720,755
Ba	174,831	--	--	48,407	223,238
B	80,725	--	--	--	80,725
Caa	10,220	--	--	--	10,220
Not rated	59,601	7,619	--	--	67,220
<b>Total subject to credit risk</b>	<b>3,286,748</b>	<b>331,337</b>	<b>2,383,895</b>	<b>668,565</b>	<b>6,670,545</b>
U.S. Agency obligations	--	--	1,697,385	--	1,697,385
U.S. Treasury obligations	--	--	1,957,811	--	1,957,811
<b>Total fixed income securities</b>	<b>\$ 3,286,748</b>	<b>\$ 331,337</b>	<b>\$ 6,039,091</b>	<b>\$ 668,565</b>	<b>\$ 10,325,741</b>

The following table summarizes the Standard and Poor's credit quality ratings for debt securities held by SURS at June 30, 2005:

Table 3-9 (amounts expressed in thousands)

Quality Rating	Corporate Debt Securities	Foreign Debt Securities	U.S. Agency Obligations	Total
AAA	\$ 490,732	\$ 16,981	\$ 1,075,195	\$ 1,582,908
AA	65,121	1,070	4,663	70,854
A	133,518	1,086	1,097	135,701
BBB	114,104	375	14,683	129,162
BB	66,622	697	--	67,319
B	21,584	--	--	21,584
CCC	1,988	--	--	1,988
D	4,241	--	--	4,241
Not rated	631,924	(8,260)	6,468	630,132
<b>Total subject to credit risk</b>	<b>1,529,834</b>	<b>11,949</b>	<b>1,102,106</b>	<b>2,643,889</b>
U.S. Treasury obligations	--	--	1,115,682	1,115,682
<b>Total fixed income securities</b>	<b>\$ 1,529,834</b>	<b>\$ 11,949</b>	<b>\$ 2,217,788</b>	<b>\$ 3,759,571</b>

### INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

#### Primary Government:

As a means of limiting its exposure to fair value losses arising from rising interest rates, the State Treasurer's investment policy for the State

Treasury limits investments to maturities not to exceed three years with the majority required to be in authorized investments with less than one-year maturity. The portion of the State Treasury allocated to investments with more than a two year maturity, other than community development deposits described in Section 7 of the Deposit of State Moneys Act (15 ILCS 520), shall constitute no more than one percent of the entire portfolio as reported on the daily accounting balance sheet of the State Treasurer's

investments. For funds held outside of the State Treasury, excluding pension (and other employee benefit) trust funds, there is no formal policy limiting investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

The following table summarizes the segmented time distribution of the debt securities held by the State Treasurer in the State Treasury at June 30, 2005:

Table 3-10 (amounts expressed in thousands)

Investment Type	Fair Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years	More Than 10 Years
Repurchase agreements	\$2,013,179	\$2,013,179	\$ --	\$ --	\$ --
U.S. Agency obligations	653,025	451,507	201,518	--	--
Commercial paper	2,290,920	2,290,920	--	--	--
Foreign debt securities	19,848	--	19,848	--	--
Money market mutual funds	322,488	322,488	--	--	--
Equity in Public Treasurers' Investment Pool	1,185,604	1,185,604	--	--	--
Equity in other investment pools	2,628	--	--	793	1,835
<b>Total fixed income investments</b>	<b>\$6,487,692</b>	<b>\$6,263,698</b>	<b>\$221,366</b>	<b>\$ 793</b>	<b>\$ 1,835</b>

The following table summarizes the Weighted Average Maturity (WAM) for debt securities held by the primary government, except for debt securities held by ISBI, TRS, and SURS, outside of the State Treasury at June 30, 2005. The WAM expresses investment time horizons – the

time when investments become due and payable – in years to reflect the dollar size of individual investments within an investment type. The portfolio's WAM is derived by dollar-weighting the WAM for each investment type.

Table 3-11 (amounts expressed in thousands)

Investment Type	Fair Value	Weighted Average Maturity (Years)
Repurchase agreements	\$ 15,702	0.003
U.S. Treasury obligations	1,857,000	4.569
U.S. Agency obligations	424,980	1.957
Municipal debt	72,133	12.590
Commercial paper	63,455	0.040
Negotiable certificates of deposit	259	0.282
Corporate debt securities	286,305	7.154
Mutual funds	525,875	12.726
Equity in Public Treasurers' Investment Pool	3,637,948	0.098
Money market mutual funds	51,533	0.003
<b>Total fixed income investments</b>	<b>\$6,935,190</b>	

*Pensions:*

ISBI manages its exposure to fair value losses arising from interest rate risk by diversifying the debt securities portfolio and maintaining the debt securities portfolio to an effective weighted average rate between 80 and 120 percent of the benchmark index.

Duration is a measure of a debt investment's exposure to fair value changes arising from changing interest rates. It uses the present value

of cash flows, weighted for those cash flows as a percentage of the investment's portfolio. The effective duration measures the sensitivity of market price to parallel shifts in the yield curve. ISBI benchmarks its debt security portfolio to Lehman Brothers Aggregate. At June 30, 2005 the effective duration of the Lehman Brothers Aggregate was 4.2. At the same point in time, the effective duration of the ISBI debt security portfolio was 4.0. The following table summarizes the effective duration of the debt securities held by ISBI at June 30, 2005:

Table 3-12 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Effective Weighted Duration (Years)</u>
Government and agency obligations:		
U.S. Treasury obligations	\$ 556,169	4.5
Federal agency obligations	544,213	2.8
Municipal obligations	<u>11,979</u>	4.8
	\$ 1,112,361	
Corporate obligations:		
Bank and finance	392,253	2.9
Collateralized mortgage obligations	68,338	3.3
Industrials	798,620	4.9
Other	<u>292,556</u>	4.2
	1,551,767	
Convertible bonds	1,404	30.5
Foreign debt obligations	<u>198,858</u>	4.5
Total	<u>\$ 2,864,390</u>	

TRS manages its exposure to fair value loss arising from increasing interest rates by diversifying the debt securities portfolio. The following table summarizes the time segmented distribution of the debt securities held by TRS at June 30, 2005:

Table 3-13 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 to 5 Years</u>	<u>6 to 10 Years</u>	<u>More Than 10 Years</u>
U.S. Treasury and Agency obligations	\$ 6,039,091	\$ 1,274,131	\$ 1,350,545	\$ 544,405	\$ 2,870,010
Corporate debt securities	3,286,748	96,523	968,376	665,170	1,556,679
Foreign debt securities	331,337	7,606	71,501	56,557	195,673
Pooled debt investments	<u>668,565</u>	--	--	<u>668,565</u>	--
Total Investments	<u>\$ 10,325,741</u>	<u>\$ 1,378,260</u>	<u>\$ 2,390,422</u>	<u>\$ 1,934,697</u>	<u>\$ 4,622,362</u>

SURS manages its exposure to fair value loss arising from increasing interest rates by diversifying the debt securities portfolio. The following table summarizes the time segmented distribution of the debt securities held by SURS at June 30, 2005:

Table 3-14 (amounts expressed in thousands)

Investment Type	Fair Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years	More Than 10 Years
U.S. Treasury bonds	\$ 1,115,682	\$ 23,410	\$ 435,253	\$ 390,510	\$ 266,509
U.S. Agency obligations	149,701	20,724	97,040	5,086	26,851
U.S. Agency asset-backed securities	927,401	61,822	7,381	77,298	780,900
Municipal debt	25,004	1,358	468	553	22,625
Corporate debt securities	1,163,518	80,264	221,067	107,617	754,570
Corporate asset-backed securities	235,790	3,909	169,839	869	61,173
Foreign debt securities	11,949	(5,881)	4,650	3,412	9,768
Fixed income - commingled funds	121,027	--	18,439	102,588	--
Fixed income - various funds	9,499	--	9,499	--	--
Total	\$ 3,759,571	\$ 185,606	\$ 963,636	\$ 687,933	\$ 1,922,396

### FOREIGN CURRENCY RISK

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of a deposit or an investment.

#### *Primary Government:*

Only assets held by the State Treasurer and assets held outside the State Treasurer by the Prepaid Tuition Fund, a nonmajor proprietary fund, and foreign offices are allowed to be used to purchase investments in foreign securities. The State Treasurer is limited by the Deposit of State Moneys Act to investments in debt

instruments issued by foreign governments, except the Republic of Sudan, that are guaranteed by the full faith and credit of the foreign government in which the foreign government has not defaulted or been late in payment on similar debt instruments at the time the Treasurer purchases the debt instrument. The Prepaid Tuition Fund has an investment policy limiting international equities to 10% of its total investment portfolio.

The following table summarizes the foreign currency risk, by currency denomination, held by the State Treasurer in the State Treasury at June 30, 2005:

Table 3-15 (amounts expressed in thousands)

Currency Denomination	Foreign Debt Obligations	Total
Euro	\$ 9,848	\$ 9,848
Israeli New Shekel	10,000	10,000
Total investments subject to foreign currency risk	\$ 19,848	\$ 19,848

The following table summarizes the foreign currency risk, by currency denomination, of the primary government, except for debt securities held by ISBI, TRS, and SURS, outside of the State Treasury at June 30, 2005:

Table 3-16 (amounts expressed in thousands)

<u>Currency Denomination</u>	<u>Foreign Short-term Deposits</u>	<u>Foreign Equity Securities</u>	<u>Total</u>
Australian Dollar	\$ --	\$ 1,634	\$ 1,634
British Pound Sterling	--	7,201	7,201
Canadian Dollar	10	1,226	1,236
Euro	2	12,334	12,336
Hong Kong Dollar	52	1,330	1,382
Israeli New Shekel	--	--	--
Japanese Yen	21	3,891	3,912
Swiss Franc	--	3,051	3,051
Other currencies	32	1,152	1,184
Total deposits and investments subject to foreign currency risk	<u>\$ 117</u>	<u>\$ 31,819</u>	<u>\$31,936</u>

*Pensions:*

The ISBI, TRS and SURS do not have formal foreign risk policies. ISBI's international portfolio is constructed on the principles of diversification, quality growth and value. Risk of loss arises from changes in currency exchange rates. International managers may also engage in transactions to hedge currency at their discretion.

TRS's foreign currency risk exposure is primarily derived from its holdings in foreign currency-denominated equity, fixed income investments and foreign currency. TRS's international equity and global fixed income managers, at their discretion, may or may not hedge the portfolio's foreign currency exposures with currency forward contracts

depending upon their views on a specific country or foreign currency relative to the U.S. dollar.

International investment management firms must maintain diversified portfolios for SURS. The System's exposure to foreign currency risk derives from its positions in foreign currency and foreign currency-denominated equity investments

The following table summarizes the foreign currency risk by currency denomination for deposits and investments held by ISBI as of June 30, 2005:

Table 3-17 (amounts expressed in thousands)

<b>Currency Denomination</b>	<b>Foreign Equity Securities</b>	<b>Foreign Debt Obligations</b>	<b>Total</b>
Australian Dollar	\$ 47,594	\$ (228)	\$ 47,366
British Pound Sterling	202,514	798	203,312
Canadian Dollar	30,813	1,852	32,665
Danish Krone	11,600	--	11,600
Euro	282,662	3,057	285,719
Hong Kong Dollar	45,015	--	45,015
Japanese Yen	228,926	7,559	236,485
South Korean Won	21,385	--	21,385
Swedish Krona	28,388	--	28,388
Swiss Franc	52,437	--	52,437
Other currencies	26,972	5,443	32,415
Total investments subject to foreign currency risk	<u>\$ 978,306</u>	<u>\$ 18,481</u>	<u>\$ 996,787</u>

The following table summarizes the foreign currency risk by currency denomination for deposits and investments held by TRS as of June 30, 2005:

Table 3-18 (amounts expressed in thousands)

<b>Currency Denomination</b>	<b>Foreign Short-term Investment Funds</b>	<b>Foreign Equity Securities</b>	<b>Foreign Debt Obligations</b>	<b>Total</b>
Australian Dollar	\$ 1,173	\$ 186,056	\$ 12,202	\$ 199,431
Brazilian Real	41	97,423	--	97,464
British Pound Sterling	1,088	1,039,816	80,583	1,121,487
Canadian Dollar	411	41,390	17,124	58,925
Danish Krone	39	29,899	--	29,938
Euro	3,853	1,760,075	172,012	1,935,940
Hong Kong Dollar	353	113,212	--	113,565
Japanese Yen	9,524	939,295	16,235	965,054
Mexican Peso	892	27,908	8,551	37,351
New Taiwan Dollar	87	129,028	--	129,115
New Zealand Dollar	3,934	31,107	8,526	43,567
Singapore Dollar	82	58,607	--	58,689
South African Rand	123	62,192	12	62,327
South Korean Won	2,725	212,608	--	215,333
Swedish Krona	185	79,148	16,092	95,425
Swiss Franc	187	374,041	--	374,228
Other currencies	3,470	113,968	--	117,438
Total deposits and investments subject to foreign currency risk	<u>\$ 28,167</u>	<u>\$ 5,295,773</u>	<u>\$ 331,337</u>	<u>\$ 5,655,277</u>

In addition to the above, TRS has foreign currency investments in real estate (payable in Euros) and limited partnerships (payable in U.S. dollars) with fair values totaling \$35.885 million and \$9.964 million, respectively.

The following table summarizes the foreign currency risk by currency denomination for deposits and investments held by SURS as of June 30, 2005:

Table 3-19 (amounts expressed in thousands)

<u>Currency Denomination</u>	<u>Foreign Short-term Investment Funds</u>	<u>Foreign Equity Securities</u>	<u>Foreign Debt Obligations</u>	<u>Other Foreign Obligations</u>	<u>Total</u>
Australian Dollar	\$ 295	\$ 37,930	\$ --	\$ --	\$ 38,225
British Pound Sterling	(5,674)	190,534	--	--	184,860
Canadian Dollar	(2,604)	34,497	1,968	20	33,881
Euro	(20,552)	255,523	4,535	28,246	267,752
Hong Kong Dollar	36	17,086	--	--	17,122
Japanese Yen	13,936	167,836	--	--	181,772
South Korean Won	(176)	11,365	--	--	11,189
Swedish Krona	2,181	34,971	--	--	37,152
Swiss Franc	(2,956)	51,461	--	--	48,505
Other currencies	(4,764)	19,009	5,446	--	19,691
Total investments subject to foreign currency risk	<u>\$ (20,278)</u>	<u>\$ 820,212</u>	<u>\$ 11,949</u>	<u>\$ 28,266</u>	<u>\$ 840,149</u>

### COMPONENT UNITS

The risk disclosures associated with the State's major component unit's deposits and investments are as follows:

### ILLINOIS HOUSING DEVELOPMENT AUTHORITY (IHDA)

#### Investments

Table 3-20 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Rating Standard &amp; Poor's/ Moody's</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 to 5 Years</u>	<u>6 to 10 Years</u>	<u>More Than 10 Years</u>
Repurchase agreements	AAA/Aaa	\$ 36,125	\$ --	\$ --	\$ --	\$ 36,125
	AA/Aa	107,351	619	--	--	106,732
	A/Aa	8,824	--	--	--	8,824
Total repurchase agreements		152,300	619	--	--	151,681
U.S. Agency obligations	AAA/Aaa	561,493	509,694	47,573	--	4,226
Municipal and other obligations	AAA/Aaa	2,115	--	304	495	1,316
Total subject to credit risk		715,908	510,313	47,877	495	157,223
U.S. Government obligations		47,713	20,749	12,643	384	13,937
Total subject to interest rate risk		763,621	<u>\$ 531,062</u>	<u>\$ 60,520</u>	<u>\$ 879</u>	<u>\$ 171,160</u>
Real estate		30,238				
Total investments		<u>\$ 793,859</u>				

**Interest Rate Risk:** IHDA's investment policy does not limit the maturity of investments as a means of managing its exposure to fair value losses arising from an increasing rate environment.

**Credit Risk:** IHDA is limited to investments as described in the State Statutes.

## ILLINOIS TOLL HIGHWAY AUTHORITY (THA)

### Deposits

At December 31, 2004, \$476 thousand of THA's bank balance of \$181.768 million was uninsured and uncollateralized.

### Investments

Table 3-21 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Rating Moody's</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 to 5 Years</u>
U.S. Agency obligations	Aaa	\$ 29,571	\$ --	\$ 29,571
Repurchase agreements	Aaa	316,675	316,675	--
Total subject to interest rate risk		346,246	<u>\$316,675</u>	<u>\$29,571</u>
Less cash equivalents		(316,675)		
Total investments		<u>\$ 29,571</u>		

**Interest Rate Risk:** As a means of limiting its exposure to fair value losses from rising interest rates, and as a means of managing liquidity, THA's investment policy requires the majority of THA funds to be invested in investments of less than one year maturity. No investment is to exceed a ten-year maturity.

## ILLINOIS STATE UNIVERSITY (ISU)

### Deposits

At June 30, 2005, \$140 thousand of ISU Foundation's, a component unit of ISU, bank balance of \$3.883 million was uninsured and uncollateralized.

### Investments

#### University

Table 3-22 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Rating Standard &amp; Poor's</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 to 5 Years</u>
U.S. Agency obligations	AAA	\$ 40,250	\$ 18,244	\$ 22,006
Illinois Public Treasurers' Investment Pool	AAA	24,860	24,860	--
Money market mutual funds	AAA	8,587	8,587	--
Total subject to credit risk		73,697	51,691	22,006
U.S. Treasuries	N/A	4,634	4,634	--
Total subject to interest rate risk		78,331	<u>\$ 56,325</u>	<u>\$ 22,006</u>
Less cash equivalents		(33,447)		
Total investments		<u>\$ 44,884</u>		

**Interest Rate Risk:** ISU's investment policy does not limit the maturity of investments as a means of managing its exposure to fair value losses arising from an increasing rate environment.

**Credit Risk:** ISU is limited to investments as described in the State Statutes.

**Concentration of Credit Risk:** ISU places no limit on the amount that may be invested in any one issuer. More than 5 percent of ISU's investments are in Federal National Mortgage Association (\$4.941 million), Federal Home Loan Mortgage Corporation (\$11.844 million) and Federal Home Loan Bank (\$23.465 million).

### ISU Foundation

Table 3-23 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Rating Standard and Poor's</u>	<u>Fair Value</u>	<u>Duration (Years)</u>
Bond mutual funds	AA	\$ 8,256	3.50
Money market mutual funds	AAA	4,497	2.58
Total subject to credit risk and interest rate risk		12,753	
Common stock		284	
Equity mutual funds		44,228	
Other		631	
Total investments		<u>\$ 57,896</u>	

**Interest Rate Risk:** ISU Foundation's investment policy does not limit the maturity of investments as a means of managing its exposure to fair value losses arising from an increasing rate environment.

Duration is a measure of a fixed income's cash flows using present values, weighted for cash flows as a percentage of the investment's full price. Effective duration makes assumptions regarding the most likely timing and amounts of variable cash flows arising from such investments as callable bonds, prepayments, and variable-rate debt.

**Credit Risk:** ISU Foundation's investment policy permits fixed income investments in securities within the four highest grades assigned by Moody's Investors Service, Inc. or Standard and Poor's Corporation or, if unrated, deemed by the investment manager to be of comparable quality.

## **NORTHERN ILLINOIS UNIVERSITY (NIU)**

### **Investments**

#### University

Table 3-24 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Rating*</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 to 5 Years</u>
U.S. Agency obligations	AAA	\$41,425	\$ 21,395	\$20,030
Commercial paper	A1	6,660	6,660	--
Illinois Public Treasurers' Investment Pool	AAA	14,942	14,942	--
Total subject to credit risk		63,027	42,997	20,030
U.S. Government obligations		3,456	3,456	--
Total subject to interest rate risk		66,483	\$ 46,453	\$20,030
Less cash equivalents		(14,942)		
Total investments		<u>\$51,541</u>		

\* Ratings are from Moody's except commercial paper which is from Standard and Poor's.

**Interest Rate Risk:** NIU's investment policy does not limit the maturity of investments as a means of managing its exposure to fair value losses arising from an increasing rate environment.

**Credit Risk:** NIU is limited to investments as described in the State Statutes.

**Concentration of Credit Risk:** NIU has no formal policy limiting the amount that may be invested in any one issuer. The NIU has one commercial paper investment of \$6.66 million in Calyon North America, Inc. that represents 10% of the total investments of the NIU.

### NIU Foundation

Table 3-25 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Rating Standard and Poor's</u>	<u>Fair Value</u>	<u>Duration (Years)</u>
Bond mutual funds	AAA	\$ 4,976	1.80
	AAA	1,918	4.50
	AA	18	3.50
	AA	854	3.90
	AA	4,670	4.30
Total subject to credit risk and interest rate risk		12,436	
Stock mutual funds		21,953	
Common stock		8,339	
Limited partnerships		3,579	
Other		278	
Total investments		<u>\$ 46,585</u>	

**Interest Rate Risk:** NIU Foundation's policy indicates that each manager shall maintain a duration of +/- 20 percent of the effective duration of its benchmark index.

**Credit Risk:** NIU Foundation's policy calls for managers to maintain an overall credit rating of Aa or better by Moody's or AA or better by Standard & Poor's and to hold no more than 15 percent of the portfolio in below investment grade issues (below Baa/BBB).

### **SOUTHERN ILLINOIS UNIVERSITY (SIU)**

#### University

#### **Deposits**

At June 30, 2005, the actual bank balances related to the cash deposits of SIU amounted to \$65.690 million; all such balances were covered by federal depository insurance or collateral held by the University's agent in the University's name, except for \$403 thousand held in foreign banks. The foreign bank cash balance consists of \$402 thousand in yen and \$1 thousand in euros.

## Investments

Table 3-26 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Rating Standard and Poor's</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 to 5 Years</u>	<u>6 to 10 Years</u>
U.S. Agency obligations	AAA	\$ 70,821	\$ 27,199	\$ 41,530	\$ 2,092
Corporate bonds	A	747	747	--	--
Money market mutual funds	NR	7,802	7,802	--	--
Total subject to credit risk		79,370	35,748	41,530	2,092
U.S. Treasuries		83,273	23,495	44,690	15,088
Total subject to interest rate risk		\$ 162,643	\$ 59,243	\$ 86,220	\$ 17,180
Common stock		44			
Investments of component units except for Carbondale Foundation		20,849			
Total investments		\$ 183,536			

**Interest Rate Risk:** Interest rate risk is mitigated by structuring SIU's portfolio so that securities mature to meet the SIU's cash requirements for ongoing operations. The internally managed portfolio is managed in accordance with covenants provided from the University's debt issuance activities. The externally managed portfolio is typically allocated with up to 30 percent of assets held in the Illinois Funds; 20 to 30 percent of assets held in the short-term portfolio; and 45 to 55 percent of assets held in the intermediate-term portfolio.

**Credit Risk:** Credit risk is mitigated by limiting investments to those specified in the *Illinois Public Funds Investment Act*; pre-qualifying the financial institutions which are utilized; and diversifying the investment portfolio so that the failure of any one issue or backer will not place an undue financial burden on SIU. U.S. Treasuries are federal government securities that do not require the disclosure of credit risk. The U.S. agencies investments include the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, and the Federal Home Loan Bank, all of which were rated AAA.

SIU-Carbondale Foundation

Table 3-27 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 to 5 Years</u>	<u>6 to 10 Years</u>	<u>More Than 10 Years</u>	<u>No Maturity</u>
U.S. Agency obligations	\$ 32	\$ --	\$ --	\$ --	\$ 32	\$ --
U.S. fixed income mutual funds	38,947	38,947	--	--	--	--
Money market mutual funds	3,125	3,125	--	--	--	--
Total subject to interest rate risk	42,104	\$ 42,072	\$ --	\$ --	\$ 32	\$ --
Common stock	\$ 248					
Equity mutual funds	54,783					
Total investments	\$ 97,135					

## UNIVERSITY OF ILLINOIS (U of I)

## Investments

**Interest Rate Risk:** U of I and the U of I Foundation, a component unit of the U of I, employ multiple investment managers, of which each has a specific maturity assignment related to operating funds. The funds are structured with different layers of liquidity. Funds expected to be used within one year are invested in money market instruments. Core operating funds are invested in longer maturity investments. Core operating funds investment manager's performance benchmarks are Lehman Brothers 1-3 year Government Credit Bond Index and the Lehman Brothers Intermediate Aggregate Bond Index. The manager guidelines provide that the average weighted duration of the portfolio, including option position, not vary from that of their respective performance benchmarks by more than +/-20 percent. The Entity's investments and maturities at June 30, 2005 are illustrated below:

University

Table 3-28 (amounts expressed in thousands)

Investment Type	Fair Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years	More Than 10 Years
Certificates of deposit	\$ 402	\$ 402	\$ --	\$ --	\$ --
U.S. Treasury put	4,345	--	--	--	4,345
U.S. Treasury bonds and bills	182,965	74,072	89,365	17,925	1,603
U.S. Agency obligations	116,661	5,749	49,722	7,798	53,392
Commercial paper	44,818	44,818	--	--	--
Corporate bonds	148,233	11,817	101,123	20,003	15,290
Bond mutual funds	60,227	1,657	19,085	26,644	12,841
Money market mutual funds	164,252	164,252	--	--	--
Illinois Public Treasurers' Investment Pool	53,367	53,367	--	--	--
Non government mortgage-backed securities	29,588	1	460	--	29,127
Non U.S. Government bonds	3,983	--	3,308	675	--
Total subject to interest rate risk	808,841	\$ 356,135	\$ 263,063	\$ 73,045	\$ 116,598
U.S. equities	20,287				
Foreign equity securities	37,778				
Preferred stock	3,611				
U.S. equity mutual funds	109,729				
Limited partnerships	1,734				
Real estate	315				
Total investments of the University	982,295				
Investments of component units except for U of I Foundation	14,405				
Less cash equivalents	(249,756)				
Total investments	\$ 746,944				

At June 30, 2005, U of I's operating funds pool portfolio had an effective duration of 1.7 years.

**Foundation**

Table 3-29 (amounts expressed in thousands)

Investment Type	Fair Value	Less	1 to 5 Years	6 to 10 Years	More
		Than 1 Year			Than 10 Years
U.S. and other government securities	\$ 53,846	\$ 987	\$ 71	\$ 46,257	\$ 6,531
Municipal bonds	382	--	--	382	--
Corporate bonds and notes	54,214	--	2	37,701	16,511
Mutual funds - bonds	135,842	48,916	57,609	15,073	14,244
Mutual funds - municipal bonds	2,462	--	--	2,462	--
Mutual funds - money market	31,741	31,741	--	--	--
Total subject to interest rate risk	278,487	<u>\$81,644</u>	<u>\$57,682</u>	<u>\$101,875</u>	<u>\$37,286</u>
U.S. equities	244,796				
Foreign equity securities	132,822				
Preferred stock	214				
Equity mutual funds	181,071				
Real estate and partnerships	88,794				
Other	3,469				
Total investments	<u>\$ 929,653</u>				

**Credit Risk:** U of I's policy requires that operating funds be invested in fixed income securities and money market instruments. Fixed income securities shall be rated investment grade or better by one or more nationally recognized statistical rating organizations. Securities not covered by the investment grade standard are allowed if, in the manager's judgment, those instruments are of comparable credit quality. Securities which fall below the stated minimum credit requirements subsequent to initial purchase may be held at the manager's discretion. It is expected that the average credit quality of the operating funds will not fall below Standard & Poor's AA- or equivalent. At June 30, 2005, U of I and the U of I Foundation had debt securities and quality ratings as shown in the charts below:

**University**

Table 3-30 (amounts expressed in thousands)

Investment Type	Fair Value	Standard and Poor's/Moody's							Less Than BB or Not Rated
		AAA/Aaa	AAA/Not Rated	AA/Aa	Not Rated/A	A/BA	BBB/Baa	BB/Ba	
Certificates of deposit	\$ 402	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 402
U.S. Treasury put	4,345	--	--	--	--	--	--	--	4,345
U.S. Treasury bonds and bills	182,965	182,965	--	--	--	--	--	--	--
U.S. Agency obligations	116,661	116,661	--	--	--	--	--	--	--
Commercial paper	44,818	44,818	--	--	--	--	--	--	--
Corporate bonds	148,233	36,503	--	19,271	--	43,685	46,448	2,300	26
Bond mutual funds	60,227	39,185	--	4,858	--	1,586	6,163	6,561	1,874
Mortgage-backed securities	29,588	26,812	--	878	--	1,898	--	--	--
Illinois Public Treasurers' Investment Pool	53,367	--	53,367	--	--	--	--	--	--
Money market mutual funds	164,252	19,926	--	--	7,182	--	--	--	137,144
Non U.S. Government bonds	3,983	852	--	1,384	--	349	1,398	--	--
Total Investments	<u>\$808,841</u>	<u>\$467,722</u>	<u>\$ 53,367</u>	<u>\$26,391</u>	<u>\$ 7,182</u>	<u>\$47,518</u>	<u>\$ 54,009</u>	<u>\$ 8,861</u>	<u>\$ 143,791</u>

**Foundation**

Table 3-31 (amounts expressed in thousands)

Investment Type	Fair Value	Standard and Poor's/Moody's					Less Than BB or Not Rated
		AAA/Aaa	AA/Aa	A/BA	BBB/Baa	BB/Ba	
U.S. and other government securities	\$ 53,846	\$ 52,314	\$ --	\$ --	\$ --	\$ 1,532	\$ --
Municipal bonds	382	382	--	--	--	--	--
Corporate bonds and notes	54,214	16,121	8,016	3,737	10,214	12,661	3,465
Mutual funds - bonds	135,842	116,199	11,527	8,116	--	--	--
Mutual funds - municipal bonds	2,462	2,462	--	--	--	--	--
Mutual funds - money market	31,741	--	--	--	--	--	31,741
Total Investments	<u>\$278,487</u>	<u>\$187,478</u>	<u>\$19,543</u>	<u>\$11,853</u>	<u>\$10,214</u>	<u>\$14,193</u>	<u>\$ 35,206</u>

**Foreign Currency Risk:** The U of I allows its investment managers to invest up to 20 percent in foreign currency securities. The U.S. dollar balances of U of I's and Foundation's cash equivalents and investments exposed to foreign currency risk as of June 30, 2005 are categorized by currency below:

**University**

Table 3-32 (amounts expressed in thousands)

Currency denomination	Total	Cash Equivalents	Equity Investments
British Pound Sterling	\$ 7,454	\$ --	\$ 7,454
Euro	12,554	31	12,523
Japanese Yen	4,259	--	4,259
Swedish Krona	2,105	4	2,101
All other currency	11,406	--	11,406
Total subject to foreign currency risk	<u>\$ 37,778</u>	<u>\$ 35</u>	<u>\$ 37,743</u>

**Foundation**

Table 3-33 (amounts expressed in thousands)

Currency denomination	Total	Cash Equivalents	Equity Investments
British Pound Sterling	\$ 37,082	\$ 599	\$ 36,483
Euro	43,788	590	43,198
Japanese Yen	29,120	101	29,019
Swedish Krona	4,571	56	4,515
All other currency	43,405	1,678	41,727
Total subject to foreign currency risk	<u>\$ 157,966</u>	<u>\$ 3,024</u>	<u>\$ 154,942</u>

## DERIVATIVES

Certain State agencies, principally ISBI, TRS and SURS, invest in derivative securities. These derivative securities have been authorized by the policies of the applicable State agencies and the Illinois Compiled Statutes. A derivative security is an investment whose return on investment depends upon the underlying value of other assets such as commodity prices, bond and stock prices or a market index. In general, a derivative is used to modify exposure to undesirable risks, to increase portfolio liquidity and flexibility or to enhance investment yields within the level of risk defined in the agency's investment guidelines.

Derivative transactions involve, to varying degrees, credit risk and market risk. Credit risk is the possibility that a loss may occur because a party to a transaction fails to perform according to the established terms. In order to eliminate credit risk, all derivative securities of ISBI, TRS and SURS are done through a clearinghouse which guarantees delivery and accepts the risk of default by either party. Market risk is the possibility that a change in interest or currency rates will cause the value of a financial instrument to decrease or become more costly to settle. The market risk associated with derivatives, the prices of which are constantly fluctuating, is regulated by ISBI, TRS and SURS by imposing strict limits as to the types, amounts and degree of risk that investment managers may undertake. These limits are approved by governing bodies and senior management, and the risk positions of the investment managers are reviewed periodically to monitor compliance with limits.

ISBI, TRS and SURS invest in the following types of derivatives: foreign currency forward contracts, collateralized mortgage obligations, financial futures and financial options.

Foreign currency forward contracts are used to hedge against the currency risk in agencies' foreign stock and fixed income security

portfolios. Foreign currency forward contracts are an agreement to purchase or sell a specific amount of a foreign currency at a specified delivery or maturity date for an agreed upon price. Fluctuations in the market value of foreign currency forward contracts are recognized as incurred rather than at the maturity or settlement date of the contract. Foreign currency forward contracts represent an off-balance sheet obligation because there are no balance sheet assets or liabilities associated with those contracts. As of June 30, 2005, the net unrealized gain(loss) of foreign currency forward contracts outstanding for ISBI, TRS and SURS was (\$498) thousand, \$10.840 million and \$1.118 million, respectively.

Collateralized mortgage obligations are securities which are based on cash flows from principal and interest payments on underlying mortgages. Therefore, they are sensitive to prepayment by mortgagees, which may result from a decline in interest rates. As of June 30, 2005, the fair value of collateralized mortgage obligations for ISBI and SURS was \$68.338 million and \$140.692 million, respectively.

Financial futures are agreements to purchase or sell a specific amount of an asset at a specified delivery or maturity date for an agreed-upon price. As the market value of the futures contract varies from the original contract price, a gain or loss is recognized and paid to the clearinghouse. Financial futures represent an off-balance sheet obligation because there are no balance sheet assets or liabilities associated with those contracts.

Financial options are agreements that give one party the right, but not the obligation, to purchase or sell a specific amount of an asset for a specified price, called the strike price, on or before a specified expiration date. As writers of financial options, ISBI, TRS and SURS receive a premium at the outset of the agreement and bear the risk of an unfavorable change in the price of the financial instrument underlying the option. Premiums received are recorded as a liability when the financial option

is written. Fluctuations in the fair value of financial options are recognized in the financial statements as incurred rather than at the time the options are exercised or when they expire. As a purchaser of financial options, ISBI and SURS pay a premium at the outset of the agreement and the counterparty bears the risk of an unfavorable change in the price of the financial instrument underlying the option. Premiums paid are recorded as an asset when the financial option is purchased and

gains/losses are recognized when the options are exercised by the agency or they expire.

As of June 30, 2005, the fair value of option contracts written for TRS and SURS was \$380 thousand and (\$835) thousand, respectively.

The following table represents the derivative positions held by ISBI, TRS and SURS at June 30, 2005 in financial futures and financial options.

Table 3-34 (amounts expressed in thousands)

Type of Derivative Contract	Contractual Principal Outstanding*		
	Illinois State Board of Investment	Teachers' Retirement System	Universities Retirement System
Domestic interest rate products			
Fixed income futures purchased	\$ 453,931	\$ 168,664	\$ 103,600
Fixed income futures sold	59,071	(246,378)	67,700
Fixed income put options (written, purchased)	92,538	(4,406)	96,700
Fixed income call options (written, purchased)	153,159	15,698	116,200
International interest rate products			
Fixed income futures purchased	--	18,811	3,441,201
Fixed income futures sold	--	(51,155)	16,344
Fixed income put options (written, purchased)	--	--	37,000
Fixed income call options (written, purchased)	--	--	37,000
Domestic Equity Products			
S & P 500 Index and other equity futures purchased	--	1,899,948	522,458
Foreign Currency Products			
Forward foreign currency futures (net)	--	914,209	--
Currency call options (net)	--	61,420	--

\* The contractual principal amounts listed above represent the fair value of the underlying assets the derivative contracts control. Contractual principal values do not represent actual balance sheet values.

Contractual principal amounts are often used to express the volume of these transactions but do not reflect the extent to which positions may offset one another. These amounts do not represent the much smaller amounts potentially subject to risk.

### SECURITIES LENDING TRANSACTIONS

The investment policies of certain State agencies and component units, principally the ISBI, TRS, SURS and the University of Illinois,

permit them to enter into securities lending transactions. In these transactions, the agency loans their securities to broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future. The agencies' securities custodians are agents in lending the securities for collateral of at least 102% of the fair value of the securities. Collateral can consist of cash, cash equivalents, government securities, commercial paper or irrevocable letters of credit. Depending on their nature, securities on

loan at year-end are presented as classified or unclassified in the preceding schedule of custodial credit risk. Generally, at year-end, agencies had no credit risk exposure to borrowers because the amounts they owed to borrowers exceeded the amounts borrowers owed the agencies and maturities on non-cash collateral received are longer than the lesser of the maturities of the securities lent or the term of the lending transactions. Policies regarding indemnification vary among agencies. Some agencies' contracts with custodians require them to indemnify the agency if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or the borrowers fail to pay the agency for income distributions by the securities' issuers while the securities are out on loan. Other agencies have no provisions for indemnification.

Generally, securities loans can be terminated on demand by either the agency or the borrower, although the average term of the loans is 10 to 29 days. Cash collateral is invested in the lending agent's short-term investment pool, which at year-end has a weighted average maturity of 30 to 51 days. The relationship between the maturities of the investment pool and the agency's loans are affected by the maturities of the securities loans made by other entities that use the agent's pool, which the agency cannot determine. The agencies cannot pledge or sell collateral securities received unless the borrower defaults.

The following table summarizes the fair value and related collateral value of outstanding loaned investment securities as of June 30, 2005.

Table 3-35 (amounts expressed in thousands)

<u>State Agency/Component Unit</u>	<u>Fair Value</u>	<u>Collateral Value</u>
Illinois State Board of Investments	\$1,442	\$ 1,476
Teacher's Retirement System	4,716	4,840
State Universities Retirement Systems	2,112	2,167
University of Illinois	247	252

**4****TAXES RECEIVABLE**

Taxes receivable for the primary government at June 30, 2005 are as follows:

Table 4-1 (amounts expressed in thousands)

	Income	Sales	Motor fuel	Public utility	Unemployment compensation	Other	Less allowance for uncollectible taxes	Total
<b>Primary Government</b>								
<b>Governmental Activities:</b>								
General Fund	\$ 755,491	\$ 620,336		\$ 16,481		\$ 128,281	\$ 531,866	\$ 988,723
Motor Fuel Tax Fund			\$ 152,536				28,629	123,907
Non-major Funds	64,327	210,502	11,598	14,475		32,640	88,182	245,360
Total governmental activities	819,818	830,838	164,134	30,956	\$ --	160,921	648,677	1,357,990
<b>Business-type Activities:</b>								
Unemployment Compensation Trust Fund					645,648		131,900	513,748
Total business-type activities	--	--	--	--	645,648	--	131,900	513,748
Total Primary Government	<u>\$ 819,818</u>	<u>\$ 830,838</u>	<u>\$ 164,134</u>	<u>\$ 30,956</u>	<u>\$ 645,648</u>	<u>\$ 160,921</u>	<u>\$ 780,577</u>	<u>\$ 1,871,738</u>
<b>Fiduciary Funds:</b>	\$ --	\$ 102,786	\$ --	\$ 5,658	\$ --	\$ 4,845	\$ --	\$ 113,289

## 5

## INTERFUND BALANCES AND ACTIVITY

Interfund due to and due from balances at June 30, 2005 consisted of the following:

Due From	Due To											Total
	General Fund	Road Fund	Motor Fuel Tax Fund	Non-major Governmental Funds	Unemployment Compensation Trust Fund	Water Revolving Fund	Designated Account Purchase Program Fund	Non-major Enterprise Funds	Internal Service Funds	Fiduciary Funds		
General Fund	\$ --	\$ 25,938	\$ 1	\$ 34,375	\$ --	\$ 72	\$ --	\$ 85	\$ 58	\$ --	\$ 60,529	
Road Fund	--	--	26,451	146	--	--	--	--	69	--	26,666	
State Construction Account	--	74,460	17,535	2,005	--	--	--	--	--	--	94,000	
Non-major Governmental Funds	281,707	7,395	2,670	94,097	3,437	--	14	7,195	2,639	16,670	415,824	
Unemployment Compensation Trust Fund	7,078	117	--	890	--	--	--	--	--	--	8,085	
Designated Account Purchase Program Fund	--	--	--	1,076	--	--	--	--	--	--	1,076	
Non-major Enterprise Funds	37,034	--	--	1,659	--	--	--	--	--	971	39,664	
Internal Service Funds	204,529	4,996	311	21,941	--	--	2	3,135	3,643	136	238,693	
Fiduciary Funds	2,842	2,766	182	26,366	--	--	--	117	311	66	32,650	
<b>Total</b>	<b>\$533,190</b>	<b>\$115,672</b>	<b>\$47,150</b>	<b>\$ 182,555</b>	<b>\$ 3,437</b>	<b>\$ 72</b>	<b>\$ 16</b>	<b>\$ 10,532</b>	<b>\$ 6,720</b>	<b>\$ 17,843</b>	<b>\$917,187</b>	

Interfund due to and due from balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers activity at June 30, 2005 consisted of the following:

Table 5-2 (amounts expressed in thousands)

Transfers-In	Transfers-Out										Total
	General Fund	Road Fund	Motor Fuel Tax Fund	State Construction Account	Non-major Governmental Funds	Unemployment Compensation Trust Fund	Water Revolving Fund	Designated Account Purchase Program Fund	Non-major Enterprise Funds	Internal Service Funds	
General Fund	\$ --	\$ --	\$ --	\$ --	\$ 2,910,105	\$ --	\$ --	\$ --	\$ 628,421	\$ 56,215	\$ 3,594,741
Road Fund	--	--	338,300	--	--	--	--	--	--	--	338,300
State Construction Account	--	--	234,243	--	--	--	--	--	--	--	234,243
Non-major Governmental Funds	4,569,443	253,513	62,042	89	938,640	18,269	8	513	1,400	2,084	5,846,001
Unemployment Compensation Trust Fund	--	--	--	--	2,359	--	--	--	--	--	2,359
Water Revolving Fund	--	--	--	--	4,830	--	--	--	--	--	4,830
Internal Service Funds	349	--	--	--	13,378	--	--	--	--	17,552 *	31,279
<b>Total</b>	<b>\$ 4,569,792</b>	<b>\$ 253,513</b>	<b>\$ 634,585</b>	<b>\$ 89</b>	<b>\$ 3,869,312</b>	<b>\$ 18,269</b>	<b>\$ 8</b>	<b>\$ 513</b>	<b>\$ 629,821</b>	<b>\$ 75,851</b>	<b>\$ 10,051,753</b>

\* Transfers-in for internal service funds in this presentation include \$17,552 from other internal service funds which are shown as capital contributions in the financial statements.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts to debt service funds as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

In order to address shortfalls in expected revenues during the fiscal year, the General Revenue Account, a sub-account of the General

Fund received transfers of \$360.126 million from non-major governmental funds, \$9.555 million from non-major enterprise funds, and \$56.215 from internal service funds.

The repayments of short-term certificate principal, \$1.615 billion, and premiums, \$4.544 million, during the year by the General Obligation Bond Retirement and Interest Fund, a non-major governmental fund, are shown as a transfer-out to the General Revenue Account and the Long-Term Care Provider Account, sub-accounts of the General Fund.

## INTERENTITY

The due from amounts for the State of Illinois from its component units, as of June 30, 2005, consisted of the following:

Due To	Due From								Total
	Toll Highway Authority	Non-major Authorities	Illinois State University	Northern Illinois University	Southern Illinois University	University of Illinois	Non-major Universities		
General Fund	\$ 2	\$ 96	\$ 12,012	\$ 1,519	\$ 8,244	\$ 48,726	\$ 2,459	\$ 73,058	
Road Fund	359	--	--	71	268	2,454	292	3,444	
Motor Fuel Tax Fund	--	--	--	1	--	1	--	2	
State Construction Account	249	--	--	--	--	936	--	1,185	
Non-major Governmental Funds	3	115	852	1,773	3,030	9,616	719	16,108	
Non-major Enterprise Funds	1	--	--	9	2	--	1	13	
Internal Service Funds	--	--	--	--	33	473	--	506	
Fiduciary Funds	7	234	--	--	--	--	--	241	
<b>Total</b>	<b>\$ 621 *</b>	<b>\$ 445</b>	<b>\$ 12,864</b>	<b>\$ 3,373</b>	<b>\$ 11,577</b>	<b>\$ 62,206</b>	<b>\$ 3,471</b>	<b>\$ 94,557</b>	

\* The amounts due from the Toll Highway Authority at December 31, 2004, its fiscal year-end, were \$0.

The due to amounts for the State of Illinois to its component units, as of June 30, 2005, consisted of the following:

Due From	Due To								Total
	Illinois Housing Development Authority	Toll Highway Authority	Non-major Authorities	Illinois State University	Northern Illinois University	Southern Illinois University	University of Illinois	Non-major Universities	
General Fund	\$ 56	\$ --	\$ --	\$ --	\$ 18	\$ 240	\$ 25,798	\$ 29	\$ 26,141
Road Fund	--	2,077	--	--	--	--	--	--	2,077
Non-major Governmental Funds	--	6	45	--	136	459	14	331	991
Unemployment Compensation Trust Fund	--	--	--	5	7	96	35	27	170
Internal Service Funds	1	2,729	303	727	3,133	298	5,045	421	12,657
Fiduciary Funds	--	91	--	143	294	199	1,149	16	1,892
<b>Total</b>	<b>\$ 57</b>	<b>\$ 4,903 *</b>	<b>\$ 348</b>	<b>\$ 875</b>	<b>\$ 3,588</b>	<b>\$ 1,292</b>	<b>\$ 32,041</b>	<b>\$ 824</b>	<b>\$ 43,928</b>

\* The amounts due to the Toll Highway Authority at December 31, 2004, its fiscal year-end, were \$0.

Transactions between the State of Illinois and its component units consist mostly of appropriations for general administrative expenses and capital projects. In addition, most of the State's universities receive pass-through and other grants from the State.

## 6

## LOANS AND NOTES RECEIVABLE

Loans and notes receivable at June 30, 2005, consisted of the following:

Table 6-1 (amounts expressed in thousands)

	Primary Government					
	Governmental Activities		Business-type Activities			
	General Fund	Non-major Governmental Funds	Water Revolving Fund	Designated Account Purchase Program Fund	Fiduciary Funds	Component Units
Mortgage loan program		\$ 23				\$ 1,527,825
Student loan program	\$ 33,082	1,410		\$ 3,492,176	\$ 110	117,823
Local government infrastructure			\$ 1,444,940			58,765
Business loan program	29,298					
Port district construction	15,108					
Other	2,093	86,669				31,304
	<u>79,581</u>	<u>88,102</u>	<u>1,444,940</u>	<u>3,492,176</u>	<u>110</u>	<u>1,735,717</u>
Less: Allowance for uncollectible accounts	<u>66,605</u>	<u>1,862</u>		<u>7,105</u>	<u>30</u>	<u>51,042</u>
Total	<u>12,976</u>	<u>86,240</u>	<u>1,444,940</u>	<u>3,485,071</u>	<u>80</u>	<u>1,684,675</u>
Less: Amounts representing restricted assets			<u>465,355</u>	<u>3,485,071</u>		<u>60,972</u>
Loans and notes receivable, net	<u>\$ 12,976</u>	<u>\$ 86,240</u>	<u>\$ 979,585</u>	<u>\$ --</u>	<u>\$ 80</u>	<u>\$ 1,623,703</u>

A portion of the General fund type business loan programs (\$29.3 million) represents various funds' pooled resources that the State has invested in a pilot mortgage program since fiscal year 1983. The only remaining program is categorized as a hotel loan and is discussed below.

Effective January 12, 1987, two of the program's outstanding mortgage loans aggregating \$28.9 million were restructured. One of these loans with an original balance of \$15.5 million was restructured again effective January 1, 1990. The remaining loan totaling \$13.4 million in original value was restructured effective January 1, 1991. Through June 30, 1998, the Treasurer recorded a provision for the write-down of \$17.1 million for these two properties based on independent valuations. These two loans have been classified as non-performing assets.

In 1995, the Treasurer authorized the Trustee to sell the mortgage loans. However, the Attorney General opined that both his and the Governor's consent were required which was not provided. Affiliates of the owners of the hotel loans filed a lawsuit against the Trustee and the Treasurer seeking specific performance of the buy-sell agreement on the agreed-to terms.

On March 13, 2000, the Circuit Court in Madison County entered a judgment order requiring the Trustee and Treasurer to sell the mortgage loans on the hotel properties to the plaintiffs. The court found that the plaintiffs were ready, willing and able to perform the buy-sell agreements at the time originally set for closing in 1995. The Trustee and the Treasurer are appealing the order. Briefings on the appeal were completed in February 2001 with oral arguments heard later that year. The Illinois Appellate Court, Fifth District, affirmed the Circuit Court's decision in all material

respects. An appeal of that ruling was petitioned by the Trustee to the Illinois Supreme Court and granted on October 7, 2003. On June 3, 2005, the Illinois Supreme Court reversed the Appellate Court's decision on the basis of sovereign immunity. The plaintiffs have requested that the Illinois Supreme Court reconsider its decision. If the Illinois Supreme Court declines to reconsider its decision, the case will be remanded to the Madison County Circuit Court.

On October 31, 1997, the Trustee, at the direction of the Treasurer, filed a suit against each of the two Hotel Ventures for making improper deductions in determining payments due. The Trustee claims that these violations, and the failure of the Hotel Ventures to pay upon demand the monies that were improperly deducted, constitute a default of the notes making the loan balances due upon demand. At the time of the filing of the suit, the Trustee presented letters of credit with a value of \$2.7 million, which serve as collateral for the loans of one of the properties, for collection. The ventures obtained a restraining order to prevent collection of the letters of credit.

The two lawsuits were filed in Cook County. The affiliates of the owners of the hotel loans asked the Court to stay the lawsuits while the Madison County action was pending, and their motions were granted. After the final judgment was entered in the Madison County case, the Judge presiding over one of the lawsuits in Cook County lifted his stay. Plaintiffs in the Madison County case then asked the Court to hold the Trustee and its counsel in contempt for pursuing the Cook County case. Eventually, the Trustee petitioned the Illinois Supreme Court for a supervisory order to allow it to proceed prosecuting the Cook County case without being held in contempt by the Madison County Court. The Supreme Court issued such a supervisory order in the fall of 2001, and the Cook County case is now proceeding. However, the other lawsuit remains stayed. As a result of discovery in the case which is proceeding, the Trustee has determined that

there have been additional events of default, and as a result, the Trustee has now filed an amended complaint. The outcome of this litigation is not presently determinable.

The write-down of the above hotel loans is not considered forgiveness of the obligations and collection efforts will continue for the entire loan balance including principal and interest.

## 7 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2005, was as follows:

Table 7-1 (amounts expressed in thousands)

	Beginning Balance	Additions	Deletions	Transfers and Reclassifications	Ending Balance
<b>Primary Government</b>					
<b>Governmental Activities</b>					
<b>Capital assets not being depreciated:</b>					
Land and land improvements	\$ 2,392,318	\$ 85,846	\$ 1,473	\$ (1)	\$ 2,476,690
Historical treasures and works of art	37,336	33	--	(910)	36,459
Construction in progress	87,355	116,222	2,287	(134,811)	66,479
Total capital assets not being depreciated	<u>2,517,009</u>	<u>202,101</u>	<u>3,760</u>	<u>(135,722)</u>	<u>2,579,628</u>
<b>Capital assets being depreciated:</b>					
Infrastructure	20,732,754	1,139,470	680,361	--	21,191,863
Site improvements	595,395	3,327	1,846	22,966	619,842
Buildings and building improvements	3,963,205	8,539	2,515	106,330	4,075,559
Equipment	1,071,929	64,656	50,962	(6,455)	1,079,168
Historical treasures and works of art	130	--	--	970	1,100
Total capital assets being depreciated	<u>26,363,413</u>	<u>1,215,992</u>	<u>735,684</u>	<u>123,811</u>	<u>26,967,532</u>
<b>Less accumulated depreciation for:</b>					
Infrastructure	8,999,769	904,646	680,361	--	9,224,054
Site improvements	261,320	16,929	648	1,905	279,506
Buildings and building improvements	1,688,653	107,380	2,186	2,268	1,796,115
Equipment	844,768	82,070	43,009	(9,904)	873,925
Historical treasures and works of art	130	--	--	970	1,100
Total accumulated depreciation	<u>11,794,640</u>	<u>1,111,025</u>	<u>726,204</u>	<u>(4,761)</u>	<u>12,174,700</u>
Total capital assets being depreciated, net	<u>14,568,773</u>	<u>104,967</u>	<u>9,480</u>	<u>128,572</u>	<u>14,792,832</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 17,085,782</u>	<u>\$ 307,068</u>	<u>\$ 13,240</u>	<u>\$ (7,150)</u>	<u>\$ 17,372,460</u>
<b>Depreciation expense for governmental activities was charged to functions as follows:</b>					
Health and social services					\$ 33,500
Education					3,345
General government					42,257
Employment and economic development					5,869
Transportation					924,970
Public protection and justice					78,224
Environmental and business regulation					22,860
Total					<u>\$ 1,111,025</u>

Table 7-2 (amounts expressed in thousands)

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers and Reclassifications</b>	<b>Ending Balance</b>
<b>Primary Government</b>					
<b>Business-type Activities</b>					
<b>Capital assets not being depreciated:</b>					
Land and land improvements	\$ 190	\$ --	\$ --	\$ --	\$ 190
Total capital assets not being depreciated	190	--	--	--	190
<b>Capital assets being depreciated:</b>					
Buildings and building improvements	1,387	124	--	--	1,511
Equipment	8,335	430	747	(95)	7,923
Total capital assets being depreciated	9,722	554	747	(95)	9,434
<b>Less accumulated depreciation for:</b>					
Buildings and building improvements	157	30	--	--	187
Equipment	6,162	925	726	(58)	6,303
Total accumulated depreciation	6,319	955	726	(58)	6,490
Total capital assets being depreciated, net	3,403	(401)	21	(37)	2,944
<b>Business-type activities capital assets, net</b>	<b>\$ 3,593</b>	<b>\$ (401)</b>	<b>\$ 21</b>	<b>\$ (37)</b>	<b>\$ 3,134</b>
<b>Fiduciary Funds</b>					
<b>Capital assets not being depreciated:</b>					
Land and land improvements	\$ 1,670	\$ 5	\$ --	\$ --	\$ 1,675
Total capital assets not being depreciated	1,670	5	--	--	1,675
<b>Capital assets being depreciated:</b>					
Site improvements	322	--	--	--	322
Buildings and building improvements	14,344	78	--	--	14,422
Equipment	21,853	591	920	--	21,524
Total capital assets being depreciated	36,519	669	920	--	36,268
<b>Less accumulated depreciation for:</b>					
Site improvements	272	11	--	--	283
Buildings and building improvements	5,720	407	--	--	6,127
Equipment	16,282	1,876	918	--	17,240
Total accumulated depreciation	22,274	2,294	918	--	23,650
Total capital assets being depreciated, net	14,245	(1,625)	2	--	12,618
<b>Fiduciary funds capital assets, net</b>	<b>\$ 15,915</b>	<b>\$ (1,620)</b>	<b>\$ 2</b>	<b>\$ --</b>	<b>\$ 14,293</b>

Table 7-3 (amounts expressed in thousands)

	<b>Beginning Balance, as Restated</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers and Reclassifications</b>	<b>Ending Balance</b>
<b>Component Units</b>					
<b>Capital assets not being depreciated:</b>					
Land and land improvements	\$ 412,519	\$ 12,203	\$ 2,868	\$ --	\$ 421,854
Historical treasures and works of art	21,249	1,025	5	(11)	22,258
Construction in progress	886,564	245,380	40,727	(496,731)	594,486
Total capital assets not being depreciated	<u>1,320,332</u>	<u>258,608</u>	<u>43,600</u>	<u>(496,742)</u>	<u>1,038,598</u>
<b>Capital assets being depreciated:</b>					
Infrastructure	3,444,515	143,962	--	683	3,589,160
Site improvements	537,826	2,145	1,072	168,450	707,349
Buildings and building improvements	4,133,160	97,556	4,550	328,606	4,554,772
Equipment	1,874,025	146,794	64,124	9	1,956,704
Historical treasures and works of art	361,144	21,596	--	--	382,740
Total capital assets being depreciated	<u>10,350,670</u>	<u>412,053</u>	<u>69,746</u>	<u>497,748</u>	<u>11,190,725</u>
<b>Less accumulated depreciation for:</b>					
Infrastructure	2,065,897	147,306	--	--	2,213,203
Site improvements	262,168	20,114	65	--	282,217
Buildings and building improvements	1,674,664	99,854	1,753	--	1,772,765
Equipment	1,266,059	158,264	51,790	--	1,372,533
Historical treasures and works of art	265,597	18,574	--	--	284,171
Total accumulated depreciation	<u>5,534,385</u>	<u>444,112</u>	<u>53,608</u>	<u>--</u>	<u>5,924,889</u>
Total capital assets being depreciated, net	<u>4,816,285</u>	<u>(32,059)</u>	<u>16,138</u>	<u>497,748</u>	<u>5,265,836</u>
<b>Component units capital assets, net</b>	<u><u>\$ 6,136,617</u></u>	<u><u>\$ 226,549</u></u>	<u><u>\$ 59,738</u></u>	<u><u>\$ 1,006</u></u>	<u><u>\$ 6,304,434</u></u>

## 8

**CHANGES IN LONG-TERM OBLIGATIONS**

Changes in long-term obligations for the year ended June 30, 2005 are summarized below:

Table 8-1 (amounts expressed in thousands)

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005	Amounts Due Within One Year
<b>Primary Government</b>					
<b>Governmental Activities</b>					
Bonds payable:					
General obligation bonds (note 9)	\$ 20,334,929	\$ 965,069	\$ (652,359)	\$ 20,647,639	\$ 688,148
Special obligation bonds (note 10)	2,345,599	205,581	(108,655)	2,442,525	123,629
Deferred amount on refundings:					
General obligation bonds (note 9)	(83,527)	--	14,514	(69,013)	(10,823)
Special obligation bonds (note 10)	(3,856)	--	1,732	(2,124)	(425)
Unamortized premiums:					
General obligation bonds (note 9)	306,182	59,993	(32,943)	333,232	33,955
Special obligation bonds (note 10)	67,416	13,520	(5,868)	75,068	6,652
Unamortized (discounts):					
General obligation bonds (note 9)	(2,688)	--	121	(2,567)	(121)
Total bonds payable	<u>22,964,055</u>	<u>1,244,163</u>	<u>(783,458)</u>	<u>23,424,760</u>	<u>841,015</u>
Other long-term obligations:					
Capital lease obligations (note 13A)	13,895	476	(3,232)	11,139	865
Installment purchases (note 13D)	10,217	14,880	(8,974)	16,123	5,417
Certificates of participation (note 13B)	122,965	--	(8,160)	114,805	7,295
Illinois Emergency Management Agency (note 13C)	17,500	--	--	17,500	--
Cape Girardeau bridge (note 13E)	5,935	944	(1,724)	5,155	1,727
Workers compensation (note 19)	158,648	93,687	(83,005)	169,330	68,603
Auto liability (note 19)	7,051	1,210	(3,209)	5,052	2,435
Compensated absences (note 1M)	410,935	294,371	(297,664)	407,642	47,804
Net pension obligation (note 16)	10,444,067	1,591,999	--	12,036,066	--
Other obligations (note 13H)	16,740	--	(1,842)	14,898	5,195
Total other long-term obligations	<u>11,207,953</u>	<u>1,997,567</u>	<u>(407,810)</u>	<u>12,797,710</u>	<u>139,341</u>
<b>Total Governmental Activities</b>	<u>\$ 34,172,008</u>	<u>\$ 3,241,730</u>	<u>\$ (1,191,268)</u>	<u>\$ 36,222,470</u>	<u>\$ 980,356</u>
<b>Business-type Activities</b>					
<b>Unemployment Compensation Trust:</b>					
Bonds and notes payable:					
Revenue bonds (note 11)	\$ --	\$ 712,000	\$ (43,900)	\$ 668,100	\$ 513,100
Notes payable (note 12)	585,175	--	(585,175)	--	--
Unamortized premiums	--	18,264	(9,066)	9,198	6,048
Total bonds and notes payable	<u>585,175</u>	<u>730,264</u>	<u>(638,141)</u>	<u>677,298</u>	<u>519,148</u>
<b>Water Revolving:</b>					
Bonds and notes payable:					
Revenue bonds (note 11)	268,565	--	(14,075)	254,490	16,455
Unamortized premiums	13,643	--	(1,593)	12,050	1,650
Total bonds and notes payable	<u>282,208</u>	<u>--</u>	<u>(15,668)</u>	<u>266,540</u>	<u>18,105</u>
Other long-term obligations:					
Compensated absences (note 1M)	1,544	533	(928)	1,149	461
Total Water Revolving	<u>283,752</u>	<u>533</u>	<u>(16,596)</u>	<u>267,689</u>	<u>18,566</u>

Table 8-2 (amounts expressed in thousands)

	Balance July 1, 2004			Balance June 30, 2005	Amounts Due Within One Year
	as Reclassified	Additions	Deletions		
<b>Primary Government continued</b>					
<b>Business-type Activities, continued</b>					
<b>Designated Account Purchase Program:</b>					
Bonds and notes payable:					
Revenue bonds (note 11)	\$ 3,517,305	\$ 350,000	\$ (114,440)	\$ 3,752,865	\$ 130,350
Notes payable (note 12)	100,294	--	(100,294)	--	--
Unamortized (discounts)	(14,389)	(1,265)	634	(15,020)	(553)
Total bonds and notes payable	3,603,210	348,735	(214,100)	3,737,845	129,797
Other long-term obligations:					
Compensated absences (note 1M)	984	15	(43)	956	98
Total Designated Account Purchase Program	3,604,194	348,750	(214,143)	3,738,801	129,895
<b>Other business-type activity programs:</b>					
Other long-term obligations:					
Lottery prize awards (note 13F)	4,738	--	(3,505)	1,233	130
Capital lease obligations (note 13A)	50	--	(26)	24	24
Installment purchases (note 13D)	4	--	(4)	--	--
Tuition and related accretion payable (note 13G)	537,699	154,158	(14,253)	677,604	22,037
Compensated absences (note 1M)	6,292	3,651	(3,562)	6,381	384
Other obligations (note 13H)	10,051	413	--	10,464	10,464
Total other business-type activity programs	558,834	158,222	(21,350)	695,706	33,039
<b>Total Business-type Activities</b>	<b>\$ 5,031,955</b>	<b>\$ 1,237,769</b>	<b>\$ (890,230)</b>	<b>\$ 5,379,494</b>	<b>\$ 700,648</b>
<b>Fiduciary Funds</b>					
Revenue bonds (note 11)	\$ 9,128	\$ 692	\$ --	\$ 9,820	\$ 9,820
Capital lease obligations (note 13A)	--	33	(10)	23	11
Compensated absences (note 1M)	3,165	222	(204)	3,183	81
<b>Total Fiduciary Funds</b>	<b>\$ 12,293</b>	<b>\$ 947</b>	<b>\$ (214)</b>	<b>\$ 13,026</b>	<b>\$ 9,912</b>
<b>Component Units</b>					
Bonds and notes payable:					
Revenue bonds (note 11)	\$ 3,451,819	\$ 694,263	\$ (642,084)	\$ 3,503,998	\$ 222,580
Notes payable (note 12) *	14,782	6,842	(2,932)	18,692	9,064
Deferred amount on refundings *	(39,540)	(5,429)	3,421	(41,548)	(3,676)
Unamortized premiums*	24,407	16,096	(1,967)	38,536	1,977
Unamortized (discounts) *	(16,048)	5	740	(15,303)	(471)
Total bonds and notes payable	3,435,420	711,777	(642,822)	3,504,375	229,474
Other long-term obligations:					
Capital lease obligations (note 13A)	90,597	11,747	(15,102)	87,242	11,381
Installment purchases (note 13D)	2,564	1,063	(530)	3,097	828
Certificates of participation (note 13B)	474,930	30,320	(28,725)	476,525	25,815
Deferred amount on refundings	(18,029)	--	1,221	(16,808)	(1,222)
Unamortized premiums *	14,523	--	(1,465)	13,058	1,451
Unamortized (discounts) *	(90)	(218)	8	(300)	(25)
Accrued self-insurance (note 19)	120,002	95,853	(63,279)	152,576	37,144
Compensated absences (note 1M)	324,772	41,843	(18,168)	348,447	34,779
Other obligations (note 13H) *	287,949	231,890	(230,023)	289,816	177,487
Total other long-term obligations	1,297,218	412,498	(356,063)	1,353,653	287,638
<b>Total Component Units</b>	<b>\$ 4,732,638</b>	<b>\$ 1,124,275</b>	<b>\$ (998,885)</b>	<b>\$ 4,858,028</b>	<b>\$ 517,112</b>

\* Prior year amounts restated for changes in classifications.

The liabilities for governmental activities of the primary government have been liquidated in prior years as follows:

**Compensated absences, certificates of participation and capital lease obligations (including installment purchases)** – by the applicable governmental and internal service funds that accounted for the salaries and wages of the related employees or incurred the obligation.

**Workers compensation** – by the General Fund with significant reimbursements to the General Fund being made by other funds that accounted for the salaries and wages of the related employees.

**Net pension obligation** – by the applicable funds that accounted for the salaries and wages of the related employees who are members of the General Assembly Retirement System, the Judges' Retirement System or the State Employees' Retirement System. In addition, appropriations from the General Fund have been used to liquidate amounts for employees who are members of the Teachers' Retirement System or the State Universities Retirement System.

**Other** – by the applicable governmental funds that incurred the obligation as discussed in Note 13.

## 9

**GENERAL OBLIGATION BONDS**

General obligation bonds have been authorized and issued primarily to provide funds for acquisition and construction of capital facilities for higher education, public and mental health, correction and conservation purposes and for maintenance and construction of highway and waterway facilities. Bonds have been issued to provide assistance to municipalities for construction of sewage treatment facilities, port districts, aquarium facilities, local schools, mass transportation and aviation purposes, and to fund research and development of coal as an energy source. Bonds were also issued for the purpose of making contributions to the following designated retirement systems: State Employees' Retirement System of Illinois; Teachers' Retirement System of the State of Illinois; State Universities Retirement System; Judges' Retirement System of Illinois; and General Assembly Retirement System. In addition, bonds have been authorized to refund any general obligation bonds outstanding.

The State Constitution provides that the State may issue general obligation bonds for specific

purposes in such amounts as provided either by the General Assembly with a three-fifths vote of each house or by a majority of voters in a general election. The enabling acts pursuant to which the bonds are issued provide that all bonds issued thereunder shall be direct obligations of the State of Illinois and pledge the full faith and credit of the State. Effective July 30, 2004, general obligation bonds are to be redeemed over a period not to exceed 25 years from available resources in the debt service funds. Previously, bonds have been issued which mature in varying amounts over periods not exceeding 30 years. With the exception of anti-pollution bonds, Illinois offerings generally have a call option of the State. Calls can begin 10 years following the date of issuance, in whole or in part, in such order as the State shall determine and at a redemption price not to exceed par value.

General obligation bonds outstanding and bonds authorized but unissued at June 30, 2005 are as follows:

Governmental Activities Purpose	Outstanding		Authorized but Unissued	Annual Maturity To
	Interest Rates	Amounts		
Capital Development	2.50 % to 6.10%	\$ 3,584,826	\$ 1,499,964	2034
Transportation	2.50 % to 6.10%	2,647,960	721,566	2034
Anti-Pollution	2.50 % to 11.0%	211,940	23,554	2034
School Construction	2.50 % to 6.10%	2,209,499	429,986	2034
Coal Development	3.00 % to 6.00%	45,509	568,694	2027
Pension Funding Contribution	2.50 % to 5.10%	10,000,000	- -	2033
Refunding	2.50 % to 5.50%	1,947,905	923,608	2021
		<u>20,647,639</u>	<u>\$ 4,167,372</u>	
Deferred amount on refundings		(69,013)		
Unamortized premiums		333,232		
Unamortized (discounts)		(2,567)		
		<u>\$ 20,909,291</u>		

Changes in general obligation bonds during the year ended June 30, 2005, are summarized in

Note 8. Future general obligation debt service requirements at June 30, 2005 are as follows:

Table 9-2 (amounts expressed in thousands)

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2006	\$ 688,148	\$ 955,242	\$ 1,643,390
2007	661,780	933,188	1,594,968
2008	716,415	911,519	1,627,934
2009	705,567	888,630	1,594,197
2010	689,851	865,463	1,555,314
2011-2015	3,242,466	3,955,516	7,197,982
2016-2020	3,028,215	3,262,587	6,290,802
2021-2025	3,532,648	2,494,605	6,027,253
2026-2030	4,463,211	1,529,434	5,992,645
2031-2035	3,345,569	349,584	3,695,153
	<u>21,073,870</u>	<u>\$ 16,145,768</u>	<u>\$ 37,219,638</u>
Less: Unaccreted appreciation	(426,231)		
	<u>20,647,639</u>		
Deferred amount on refundings	(69,013)		
Unamortized premiums	333,232		
Unamortized (discounts)	(2,567)		
<b>Total</b>	<u><u>\$ 20,909,291</u></u>		

The State has issued \$600 million in variable rate general obligation bonds. Information regarding the June 30, 2005 valuations and risks

associated with these bonds are included in Note 14—Derivatives.

## 10 SPECIAL OBLIGATION BONDS

Special obligation bonds have been authorized and issued to provide funds for the Build Illinois Program and the State's Metropolitan Civic Center Support Program, and to refund any bonds previously issued under these programs.

The Build Illinois Program was implemented to expand the State's efforts in economic development by providing financing in certain areas. These areas include construction, reconstruction, modernization and extension of the State's infrastructure; development and improvement of educational, scientific, technical and vocational programs and facilities; expansion of health and human services in the State; protection, preservation, restoration and conservation of the State's environmental and natural resources; and provision of incentives for the location and expansion of businesses in Illinois resulting in increased employment.

The State's Metropolitan Civic Center Support Program was implemented to provide funding for single or multi-purpose projects. The primary function of which is to provide public entertainment, exhibitions or conventions, or to provide parking facilities related thereto. Also, a portion (not to exceed \$10 million) is authorized for the purpose of making construction and improvement grants by the Secretary of State, as State Librarian, to public libraries and library systems.

Special obligation bonds are payable primarily from dedicated portions of the State's sales tax and the horse racing privilege tax and are redeemed over a period of not more than 30 years. Additionally, these bonds have call provisions providing for early redemption at the option of the State, beginning 10 years following the date of issuance, in whole or in part, in such

order as the State shall determine and within any maturity by lot at varying premiums which decrease periodically.

Special obligation bonds outstanding and bonds authorized but unissued for governmental activities at June 30, 2005, are as follows:

Table 10-1 (amounts expressed in thousands)

Governmental Activities Purpose	Outstanding		Authorized but Unissued	Annual Maturity To
	Interest Rates	Amounts		
Build Illinois				
Public infrastructure	2.00 % to 6.50%	\$ 951,138	\$ 285,829	2030
Business development	2.00 % to 6.25%	124,301	6,699	2029
Education	2.00 % to 6.50%	309,331	367,170	2030
Environment	2.00 % to 6.50%	61,445	27,064	2029
Refunding	4.50 % to 7.00%	857,358	Unlimited	2020
		<u>2,303,573</u>	<u>686,762</u>	
Civic Center:				
Civic centers	6.25 % to 7.40%	56,862	142,404	2020
Libraries	6.25 % to 6.25%	6,625	3,375	2020
Refunding	4.60 % to 6.50%	75,465	Unlimited	2015
		<u>138,952</u>	<u>145,779</u>	
		<u>2,442,525</u>	<u>\$ 832,541</u>	
Deferred amount on refundings		(2,124)		
Unamortized premiums		75,068		
		<u>\$ 2,515,469</u>		

Changes in special obligation bonds during the year ended June 30, 2005, are summarized in

Note 8. Future special obligation debt service requirements at June 30, 2005, are as follows:

Table 10-2 (amounts expressed in thousands)

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2006	\$ 123,629	\$ 128,622	\$ 252,251
2007	136,441	121,382	257,823
2008	141,365	114,412	255,777
2009	148,415	107,114	255,529
2010	154,025	99,895	253,920
2011-2015	787,510	382,422	1,169,932
2016-2020	620,861	185,220	806,081
2021-2025	263,600	67,221	330,821
2026-2030	113,380	12,797	126,177
	<u>2,489,226</u>	<u>\$ 1,219,085</u>	<u>\$ 3,708,311</u>
Less: Unaccreted appreciation	(46,701)		
	<u>2,442,525</u>		
Deferred amount on refundings	(2,124)		
Unamortized premiums	75,068		
<b>Total</b>	<u>\$ 2,515,469</u>		

# 11 REVENUE BONDS

The State Constitution empowers certain State agencies and authorities to issue bonds that are not supported by the full faith and credit of the State. The bond indentures include a pledge from these agencies and authorities that income derived from acquired or constructed assets be used to retire the debt and service related

interest. Bonds outstanding at June 30, 2005 (except for the Illinois State Toll Highway Authority which is as of December 31, 2004), net of unamortized discounts, unamortized deferred amount on bond refundings and unamortized bond premiums are as follows:

Table 11-1 (amounts expressed in thousands)

Fund Type/Agency	Amount Outstanding	Outstanding Interest Rates	Annual Maturity To
<b>Primary Government</b>			
<b>Business-type Activities</b>			
Major Funds:			
Unemployment Compensation Trust Fund	\$ 677,298	5.000%	2007
Water Revolving Fund	266,540	3.250% to 5.500%	2023
Designated Account Purchase Program	<u>3,737,845</u>	4.250% to 17.000%	2044
<b>Total Business-type Activities</b>	<b><u>\$ 4,681,683</u></b>		
Fiduciary Funds:			
State Universities Retirement System	<u>\$ 9,820</u>	7.450%	2005
<b>Component Units</b>			
Major Component Units:			
Illinois Housing Development Authority	\$ 1,493,002	1.150% to 15.000%	2046
Illinois State Toll Highway Authority	656,974	4.000% to 6.300%	2017
Illinois State University	52,980	2.000% to 7.350%	2023
Northern Illinois University	117,631	4.000% to 6.550%	2029
Southern Illinois University	186,621	1.800% to 6.200%	2035
University of Illinois	<u>780,272</u>	2.000% to 7.960%	2034
	3,287,480		
Non-Major Component Units	<u>198,203</u>	1.400% to 7.050%	2035
<b>Total Component Units</b>	<b><u>\$ 3,485,683</u></b>		

Changes in revenue bonds during the year ended June 30, 2005 are summarized in Note 8. Revenue bond debt service requirements,

principal and interest as of June 30, 2005, are as follows:

Table 11-2 (amounts expressed in thousands)

Year Ending June 30	Primary Government				Component Units	
	Business-type Activities		Fiduciary Funds		Principal	Interest
	Principal	Interest	Principal	Interest		
2006	\$ 659,905	\$ 151,642	\$ 10,000	\$ --	\$ 222,580	\$ 164,306
2007	129,355	139,510	--	--	173,300	157,666
2008	104,250	133,832	--	--	154,630	151,243
2009	24,645	130,859	--	--	160,580	144,749
2010	18,940	129,843	--	--	166,735	137,833
2011-2015	240,540	618,812	--	--	891,945	576,602
2016-2020	81,155	585,799	--	--	804,870	372,530
2021-2025	124,215	571,197	--	--	509,205	233,041
2026-2030	330,750	535,304	--	--	452,200	118,157
2031-2035	905,200	469,075	--	--	148,795	33,837
2036-2040	1,056,950	256,083	--	--	26,830	6,921
2041-2045	999,550	77,026	--	--	13,610	2,286
2046-2050	--	--	--	--	1,695	66
	4,675,455	\$ 3,798,982	10,000	\$ --	3,726,975	\$ 2,099,237
Less: Unaccreted appreciation	--	--	(180)	--	(222,977)	--
	4,675,455		9,820		3,503,998	
Deferred amount on refundings	--	--	--	--	(41,548)	--
Unamortized premiums	21,248	--	--	--	38,536	--
Unamortized (discounts)	(15,020)	--	--	--	(15,303)	--
<b>Total</b>	<b>\$ 4,681,683</b>		<b>\$ 9,820</b>		<b>\$ 3,485,683</b>	

Included within the \$1,493.0 million of outstanding Illinois Housing Development Authority (IHDA) revenue bonds are \$1,390.3 million which do not require the Governor to include in the State budget the amount necessary for payment of principal and interest. Payment of principal and interest on a portion of the IHDA bonds are debt of various authorities and is guaranteed from pledged revenues of the properties. Payment of principal and interest of the remainder of the IHDA bonds and the non-major component unit bonds are guaranteed by a municipal bond insurance policy.

#### A. Demand and Variable Rate Bonds

##### Primary Government

##### Designated Account Purchase Program (IDAPP)

Included in the \$3,737.8 million of outstanding revenue bonds issued by IDAPP are \$280.2

million of variable rate demand bonds, (Series D, Series 1996A, Series 1996B, Series 1997A, Series 1997B, Series 1998A, Series 1998B, Series 1999A and Series 1999B), the proceeds of which were used to purchase and originate student loans. The bonds mature at various dates, bearing interest rates as determined by the remarketing agent that would enable the bonds to be sold at a price equal to their principal amount, but not to exceed 15% per annum for the Series D, Series 1996B, Series 1997B, and Series 1998B bonds and 12% per annum for the Series 1996A, Series 1997A, Series 1998A, Series 1999A and Series 1999B bonds. Of the \$280.2 million of demand bonds, \$259.7 million are recorded as non-current for 2005.

The bonds, if in a weekly or monthly mode, are subject to purchase on demand of the holder at a price equal to principal plus accrued interest on seven days' notice and delivery to the remarketing agent. The remarketing agent is authorized to sell the repurchased bonds at a

price equal to their principal amount by adjusting the interest rate.

Irrevocable letters of credit have been issued by various credit facilities in order to permit the Trustee to draw amounts to pay the tender price of the variable rate demand bonds tendered for payment under early redemption and demand provisions of the bond issues. Under these letters of credit, the various credit facilities, acting as tender agent, paying agent and bond registrar for the respective bond issues, are entitled to draw the amount needed (a) to pay interest on the bonds on each interest payment date; (b) to pay principal and interest on the bonds called for redemption; (c) to pay principal and interest on the bonds resulting from an acceleration of maturity due to an event of default; and (d) to pay the tender price of bonds tendered or required to be tendered for purchase which is not to be paid from remarketing proceeds or from certain funds held under the indenture. The letters of credit have variable interest rates ranging from the Federal funds rate plus .5% to 20% per annum and expire at various dates through August 28, 2009. If the remarketing agent is unable to resell any bonds that are "put" within 180 days of the "put" date, IDAPP is required to repay the amounts drawn on the letters of credit for the redemption of these bonds. Repayment of amounts drawn on the letters of credit will be made by IDAPP from the trustee accounts.

IDAPP has take out agreements with various credit facilities to convert the bonds to an installment loan payable over the terms of the agreements bearing adjustable interest rates between 4.09% and 7.25% as of June 30, 2005. The take out agreements expire at various dates through August 28, 2009. If the take out agreements were to be exercised because all of the \$280.2 million of demand bonds were to be "put" and not resold, IDAPP would be required to pay interest amounts varying from \$8.2 million in fiscal year 2006 to \$.5 million in fiscal year 2035 assuming the interest rates above.

IDAPP is required to pay to the credit facilities an origination fee based on the line of credit amounts and a quarterly commitment fee thereafter, based on the available amount of the letters of credit. Quarterly commitment fees

currently in effect range from .075% to .55% of the available amount of the letters of credit. As of June 30, 2005, IDAPP has not drawn any funds under the existing agreements.

Also included in the \$3,737.8 million of outstanding revenue bonds are \$3,702.6 million of variable rate bonds. These bonds carry a maximum interest rate ranging from 12% to 17%. The interest rate in effect at June 30, 2005 was used in calculating future interest payments.

There is a requirement within certain bond agreements and indentures that IDAPP must deliver to bond trustees audited financial statements within 120 days after its fiscal year-end. IDAPP was unable to meet this requirement in fiscal year 2005. IDAPP requested the trustees to waive their right to demand payment of the bonds as a result of the noncompliance. The trustees agreed to the waiver of this right. Additional information regarding IDAPP's demand bonds may be obtained from their separately issued annual report.

### **Component Units**

#### ***Illinois Housing Development Authority (IHDA)***

Included within the IHDA's outstanding revenue bonds are \$8.1 million of Taxable Multi-Family Variable Rate Demand Bonds Series 1996A, \$55.0 million of Multi-Family Housing Revenue Bonds Series 1997 and Series 2000A and \$10.7 million of Homeowner Mortgage Revenue Bonds Series 2004A3 which are variable rate demand bonds. Interest rates on these bonds are determined weekly at a rate established by the remarketing agents on each rate determination date. In addition, \$24.5 million of Taxable Homeowner Mortgage Revenue Bonds Series 2001D, 2001F and 2002B are also variable rate demand bonds. Interest rates on these bonds are based on a floating rate determined on an annual basis and paid monthly. The IHDA has agreements with liquidity providers to purchase any bonds tendered for purchase in accordance with the indentures with respect to which the Trustee does not, on the date any such tendered bonds are required to be purchased, have sufficient funds to make such purchase. Payment

of the principal and interest on the bonds when due are insured by a financial guarantee insurance policy. The IHDA has a commitment to reimburse the insurer for any such payments made.

**Illinois State Toll Highway Authority (THA)**

Included within the THA’s outstanding revenue bonds are variable rate demand bonds in the amount of \$178.2 million for the Series 1993B bonds and \$123.1 million for the Series 1998B bonds. These bonds mature in 2010 and 2017, respectively, and bear interest rates as determined by the remarketing agents on each rate determination date not to exceed 22% and 25%, respectively. These bonds are subject to redemption if tendered by the holder at a price equal to the principal plus accrued interest upon notice and delivery to the remarketing agent. The THA has agreements with liquidity providers to purchase any bonds so tendered for purchase in accordance with the indentures with respect to which the Trustee does not, on the date any such tendered bonds are required to be purchased, have sufficient funds to make such purchase. The THA has obtained a financial guarantee insurance policy to guarantee the payment of principal and interest on the scheduled maturity dates. The THA has an obligation to reimburse the insurer for any such payments made.

**Derivatives**

IDAPP, IHDA and THA all have entered into various interest rate swap agreements. Details of these agreements are discussed in Note 14—Derivatives.

**B. Conduit Debt (not included in financial statements)**

The State of Illinois, by action of the General Assembly, created various authorities for the express purpose of providing private entities with an available low cost source of capital financing for construction of facilities deemed to be in the public interest. Fees are assessed to recover related processing and application costs incurred. Bonds issued by the authorities represent limited obligations payable solely from payments made by the borrowing entities. The majority of the bonds are secured by the property financed. Upon repayment of a bond, ownership of acquired property transfers to the entity served by the bond issuance. The State has no obligation for this debt. Accordingly, these bonds are not reflected in the accompanying financial statements.

At June 30, 2005, recorded amounts of revenue bonds, net of defeased bonds, and notes outstanding as reported by authority officials are as follows:

Authority	Amount Outstanding	Annual Maturity To
Illinois Finance Authority	\$ 20,348,083	2045
Illinois Housing Development Authority	293,519	2044
Southwestern Illinois Development Authority	128,587	2038
Upper Illinois River Valley Development Authority	58,135	2040
Will-Kankakee Regional Development Authority	37,120	2033
Illinois Medical District Commission	29,800	2032
Quad Cities Regional Economic Development Authority	13,496	2031
Total	\$ 20,908,740	

# 12 NOTES/GENERAL OBLIGATION CERTIFICATES PAYABLE

## A. Notes Payable

The State's component units have obtained notes payable, normally secured by specific revenue sources, to provide financing. Outstanding notes payable at June 30, 2005 were as follows:

Fund Type/Agency	Amount Outstanding	Interest Rates	Annual Maturity To
<b>Component Units</b>			
Major Component Units:			
Illinois State University	\$ 300	4.25% to 5.00%	2007
Northern Illinois University	7,963	2.50% to 6.00%	2008
Southern Illinois University	1,624	3.00% to 4.85%	2009
	9,887		
Non-Major Component Units	8,805	0.00% to 10.81%	2021
<b>Total Component Units</b>	<b>\$ 18,692</b>		

Changes in notes payable during the year ended June 30, 2005 are summarized in Note 8. Future notes payable debt service requirements as of June 30, 2005, are as follows:

Year Ending June 30	Component Units	
	Principal	Interest
2006	\$ 9,064	\$ 1,108
2007	3,719	359
2008	2,767	203
2009	1,403	108
2010	1,079	50
2011-2015	291	27
2016-2020	306	12
2021-2025	63	1
	<b>\$ 18,692</b>	<b>\$ 1,868</b>

## B. General Obligation Certificates Payable

The State is authorized to borrow up to 15% of the State's appropriations in a fiscal year to meet deficits caused by emergencies or failures of revenue. All monies borrowed to fund such deficits must be repaid within one year of the date of issuance.

On June 23, 2004, the State issued \$850.0 million of general obligation certificates of which \$425.0 million matured on July 23, 2004 with an interest rate of 6% and \$425.0 million matured on October 22, 2004 with an interest rate of 2%. The certificates were issued for the purpose of paying for medical services under the Illinois Public Aid Code or the Children's Health Insurance Program Act.

The State is also authorized to borrow up to 5% of the State's appropriations in a fiscal year to meet deficits in anticipated revenues. All such debt shall be retired from the revenues received in that fiscal year.

On March 3, 2005, the State issued \$765.0 million of general obligation certificates, all of which matured on June 3, 2005, with an interest rate of 3%. The certificates were issued to make supplemental inpatient and outpatient payments to certain public and non-public hospitals within the State of Illinois. Proceeds from the certificates were deposited as follows: \$765.0 million into the General Revenue Account (a sub-account of the General Fund) and \$1.7 million of bond issuance premium into the General Obligation Bond Retirement and Interest Fund (a non-major governmental fund).

Changes in general obligation certificates payable during the year ended June 30, 2005 are as follows:

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
<b>Primary Government Governmental Activities</b>				
General obligation certificates payable	\$ 850,000	\$ 765,000	\$(1,615,000)	\$ --
Unamortized premiums	2,869	1,675	(4,544)	--
<b>Total Governmental Activities</b>	<b>\$ 852,869</b>	<b>\$ 766,675</b>	<b>\$(1,619,544)</b>	<b>\$ --</b>

**C. Demand Notes Payable**

University. The entire amount outstanding of \$9.9 million at June 30, 2005, is shown as current for fiscal year 2005.

**Component Units**

**University of Illinois (U of I)**

The U of I has a \$28.0 million line of credit to a bank, due on November 30, 2005, with a negotiated interest rate in irregular intervals (3.81% at June 30, 2005). The line of credit is unsecured. The line of credit is to be used to purchase property that is to be held by the

**Eastern Illinois University (EIU)**

EIU (a non-major component unit) has entered into a demand note payable. Collateral is provided for this note by the Neal Welcome Center. Of EIU's \$1.8 million notes payable outstanding at June 30, 2005, \$1.5 million, all of which is shown as current for fiscal year 2005, is related to this demand note payable.

Changes in demand notes payable during the year ended June 30, 2005 are as follows:

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
<b>Component Units</b>				
University of Illinois	\$ 7,513	\$ 2,582	\$ (220)	\$ 9,875
Eastern Illinois University	1,494	18	--	1,512
<b>Total Demand Notes Payable</b>	<b>\$ 9,007</b>	<b>\$ 2,600</b>	<b>\$ (220)</b>	<b>\$ 11,387</b>

**13 OTHER LONG-TERM OBLIGATIONS**

Other long-term obligations reported in the government-wide statements and disclosed below are as follows:

Description	Reference	Primary Government			Component Units
		Governmental Activities	Business-type Activities	Fiduciary Funds	
Capital lease obligations	(A)	\$ 11.1	\$ --	\$ --	\$ 87.2
Certificates of participation	(B)	114.8	--	--	472.5
Illinois Emergency Management Agency	(C)	17.5	--	--	--
Installment purchase obligations	(D)	16.1	--	--	3.1
Cape Girardeau Bridge - State of Illinois/ State of Missouri Joint Agreement	(E)	5.2	--	--	--
Obligations to Lottery Prize Winners	(F)	--	1.2	--	--
Illinois Student Assistance Commission/ Tuition obligations	(G)	--	677.6	--	--
Other obligations	(H)	14.9	10.5	-	289.8
<b>Total Other Long-Term Obligations</b>		<b>\$ 179.6</b>	<b>\$ 689.3</b>	<b>\$ --</b>	<b>\$ 852.6</b>

**A. Lease Commitments**

The State has entered into various capital and operating leases for land, office facilities, office and computer equipment and other assets. 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. Any operating leases with scheduled rent increases are considered immaterial to the future minimum lease payments and current rental expenditures. At June 30, 2005, assets capitalized under capitalized leases are as follows:

Table 13-2 (amounts expressed in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Fiduciary Funds	
Land and land improvements	\$ --	\$ --	\$ --	\$ 15,132
Buildings and building improvements	16,194	--	--	48,707
Equipment	1,565	70	42	54,196
	17,759	70	42	118,035
Less: Accumulated depreciation	6,345	51	14	22,218
	<u>\$ 11,414</u>	<u>\$ 19</u>	<u>\$ 28</u>	<u>\$ 95,817</u>

Future minimum commitments for non-cancelable leases as of June 30, 2005 are as follows:

Table 13-3 (amounts expressed in thousands)

Year Ending June 30	Operating Leases	Primary Government						Total
		Capitalized Leases						
		Governmental Activities		Business-type Activities		Fiduciary Funds		
		Principal	Interest	Principal	Interest	Principal	Interest	
2006	\$ 133,745	\$ 865	\$ 1,012	\$ 24	\$ 3	\$ 11	\$ 1	\$ 1,916
2007	82,159	711	932	--	--	11	1	1,655
2008	62,523	638	867	--	--	1	--	1,506
2009	51,844	651	808	--	--	--	--	1,459
2010	42,000	695	742	--	--	--	--	1,437
2011-2015	81,844	4,564	2,557	--	--	--	--	7,121
2016-2020	159	3,015	396	--	--	--	--	3,411
Total minimum lease payments	<u>\$ 454,274</u>	<u>\$ 11,139</u>	<u>\$ 7,314</u>	<u>\$ 24</u>	<u>\$ 3</u>	<u>\$ 23</u>	<u>\$ 2</u>	<u>\$ 18,505</u>

Table 13-4 (amounts expressed in thousands)

Year Ending June 30	Operating Leases	Component Units		
		Capitalized Leases		
		Principal	Interest	Total
2006	\$ 10,639	\$ 11,381	\$ 4,170	\$ 15,551
2007	7,762	8,678	3,636	12,314
2008	5,605	7,794	3,124	10,918
2009	4,072	6,228	2,527	8,755
2010	3,253	4,513	2,271	6,784
2011-2015	4,652	10,690	9,713	20,403
2016-2020	--	10,926	7,611	18,537
2021-2025	--	27,032	7,452	34,484
Total minimum lease payments	<u>\$ 35,983</u>	<u>\$ 87,242</u>	<u>\$ 40,504</u>	<u>\$ 127,746</u>

Rental payments for operating leases charged to operations during the year ended June 30, 2005 aggregated \$304.473 million for the primary government and \$24.411 million for component units.

**B. Certificates of Participation**

**State-issued Certificates of Participation -**

The State is authorized to issue certificates of participation (“Certificates”) representing the right to receive a proportionate share in lease-purchase or installment purchase payments to be made for the benefit of State agencies for the acquisition or improvement of real or personal property, refinancing of such property, payment of expenses of such property or payment of expenses related to the issuance. The outstanding balance of the State-issued Certificates included in the governmental activities financial statements as of June 30, 2005 was \$29.1 million.

Certain universities have also issued Certificates representing the right to receive a proportionate share of lease-purchase or installment payments. All of these Certificates issued by component units are considered

State-issued. The outstanding balance of these Certificates as of June 30, 2005 was \$472.5 million, which includes unamortized premiums of \$13.1 million, unamortized discounts of \$3 million and deferred amounts on refunding of \$16.8 million for the university funds, and is included in the component unit financial statements.

**Non-State-issued Certificates of Participation -**

The State also finances the purchase of certain State-owned real and personal property through third party (non-State-issued) Certificates. These non-State-issued Certificates are sold by private concerns and are repaid by State agency appropriations pursuant to installment purchase agreements. The outstanding balance of non-State-issued Certificates included in the governmental activities financial statements as of June 30, 2005 was \$85.7 million.

Future commitments by the State to make installment payments to pay for the assets acquired and related financing costs for State-issued and non-State-issued Certificates at June 30, 2005 are as follows:

Table 13-5 (amounts expressed in thousands)

Year Ending June 30	Certificates of Participation						Component Units	
	Governmental Activities				Total			
	State-Issued		Non-State-Issued		Principal	Interest	Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 1,580	\$ 1,669	\$ 5,715	\$ 4,386	\$ 7,295	\$ 6,055	\$ 25,815	\$ 20,689
2007	1,660	1,581	8,595	4,310	10,255	5,891	27,675	19,624
2008	1,750	1,487	5,285	3,934	7,035	5,421	29,520	18,292
2009	1,850	1,387	5,565	3,651	7,415	5,038	31,010	16,851
2010	1,945	1,278	5,860	3,349	7,805	4,627	32,615	15,307
2011-2015	11,560	4,483	32,565	11,465	44,125	15,948	164,305	53,485
2016-2020	8,805	825	22,070	2,625	30,875	3,450	104,220	24,247
2021-2025	--	--	--	--	--	--	61,365	4,587
	29,150	<u>\$12,710</u>	85,655	<u>\$33,720</u>	114,805	<u>\$46,430</u>	476,525	<u>\$173,082</u>
Deferred amount on								
Refundings	--	--	--	--	--	--	(16,808)	
Unamortized Premiums	--	--	--	--	--	--	13,058	
Unamortized (Discounts)	--	--	--	--	--	--	(300)	
	<u>\$29,150</u>		<u>\$85,655</u>		<u>\$114,805</u>		<u>\$472,475</u>	

**C. Illinois Emergency Management Agency**

Tracts of land near Ottawa, Illinois were donated to the State more than 50 years ago for public purposes. Several years later, the State discovered that other parties had dumped radioactive waste on the land, before it was donated to the State. The State advised the United States Environmental Protection Agency (USEPA) of the situation and the land was transferred to the Illinois Emergency Management Agency, formerly the Department of Nuclear Safety, for clean-up.

Although the State was not culpable for the creation of the hazard, federal law makes it, as the owner, a potentially responsible party along

with the corporations that did the dumping. These corporations are defunct and in recognition of the State's lack of culpability, the USEPA has estimated the clean-up plan to cost \$40 million. The USEPA has estimated the State's liability for the clean-up. The State has recorded this liability in the governmental activities statement of net assets in the amount of \$17.5 million at June 30, 2005.

**D. Installment Purchase Obligations**

The State has acquired certain land, office facilities, office and computer equipment and other assets through installment purchase arrangements. Future commitments under installment purchase contracts as of June 30, 2005 are as follows:

Table 13-6 (amounts expressed in thousands)

Year Ending June 30	Primary Government			Component Units		
	Governmental			Principal	Interest	Total
	Activities					
	Principal	Interest	Total			
2006	\$ 5,417	\$ 611	\$ 6,028	\$ 828	\$ 104	\$ 932
2007	3,969	384	4,353	702	74	776
2008	2,922	197	3,119	726	49	775
2009	2,142	101	2,243	414	25	439
2010	1,673	28	1,701	427	11	438
2011-2015	--	--	--	--	--	--
	<u>\$ 16,123</u>	<u>\$ 1,321</u>	<u>\$ 17,444</u>	<u>\$ 3,097</u>	<u>\$ 263</u>	<u>\$ 3,360</u>

**E. Cape Girardeau Bridge - State of Illinois/State of Missouri Joint Agreement**

The State of Illinois entered into an agreement with the State of Missouri for the construction of the Cape Girardeau Bridge. The agreement required that the State of Illinois reimburse the State of Missouri for 40% of the costs incurred for bridge construction. In accordance with a pre-established payment plan, the State of Illinois repays one-quarter of its annual obligation each year for four years following the year costs were incurred. Each year, the State of Missouri incurs costs and each year, the State of Illinois makes payments on costs

incurred in prior years (unless such costs have been totally reimbursed) subject to the same one-quarter reimbursement arrangement. The State of Missouri assesses 5.3% interest on the unpaid balance.

As of June 30, 2005, the balance of the Illinois/Missouri Joint Agreement was \$5.2 million and is included in the governmental activities financial statements. In subsequent years, this liability will be liquidated from future resources of the State Construction Account Fund, a major governmental fund. Future Illinois/Missouri Joint Agreement debt service requirements at June 30, 2005, are as follows:

Table 13-7 (amounts expressed in thousands)

Year Ending June 30	Principal	Interest	Total
2006	\$ 1,727	\$ 273	\$ 2,000
2007	1,818	182	2,000
2008	1,191	85	1,276
2009	419	22	441
	<u>\$ 5,155</u>	<u>\$ 562</u>	<u>\$ 5,717</u>

#### ***F. Obligations to Lottery Prize Winners***

The State has obligations to certain lottery prize winners for awards payable in annual installments ranging from nineteen years to the life of the prize winner, with the first payment being made after the claim is presented for payment.

For certain prize winners, annuities were purchased in the name of the State for which the State has retained the rights of ownership. Effective July 30, 1985, State law provides that the State Treasurer, with the consent of the Director of the Department of Revenue, may contract to invest in securities, which provide payments corresponding to its obligation to these winners. The present value of these annuities and the related liabilities owed to prize winners, approximating \$1.2 million, have been reported in the financial statements of the State Lottery Fund, a non-major enterprise fund.

In addition to the prize obligations discussed above, the State has provided for other payments corresponding to its obligation to prize winners through the purchase of direct obligations of the federal government, primarily in the form of United States Treasury zero coupon bonds. As established by State law, such securities shall be maintained in the Deferred Lottery Prize Winners Trust Fund, a special trust fund separate and apart from all public money or funds of the State. These investments are purchased in amounts to provide for annual annuity payments to the prize winner(s) of each qualifying individual drawing. Since these monies are invested by the State on behalf of external legally separate entities (the prize winners), with specific investments being acquired for these

individual entities for which the income from and changes in the value of the investments affect only the prize winners for whom they were acquired, in accordance with the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the Deferred Lottery Prize Winners Trust Fund is reported as an investment trust fund. The investments of the fund are reported at fair value, which approximated \$870.4 million at year-end, and the net assets are reported as reserved for external investment pool participants.

#### ***G. Illinois Student Assistance Commission***

Tuition payable in the Illinois Prepaid Tuition Fund, a non-major enterprise fund, as of June 30, 2005, represents net principal payments received for contracts held by the fund in the amount of \$562.3 million, of which \$20.5 million is considered current. In addition, an accretion payable recorded in the same fund in the amount of \$115.3 million of which \$1.5 million is considered current, is the present value of payments to be made in excess of the principal payments received from investments of the tuition contracts. The accretion expense is estimated as a percentage of net tuition costs paid to date.

The rate for fiscal year 2005 is 7.75% based on the actuarial reporting. The accretion expense is calculated on a monthly basis on the balance in the tuition payable account.

#### ***H. Other Obligations***

##### **Primary Government - Governmental Activities**

The Tax Reform Act of 1986 requires issuers of state and local government bonds to rebate to the federal government arbitrage profits earned on those bonds under certain circumstances. In accordance with that, it was determined that there was an arbitrage rebate liability of \$76 thousand as of June 30, 2005. The Build Illinois Bond Retirement and Interest Fund, a non-major governmental fund, is expected to be used to

repay the liability of \$76 thousand from future resources of this fund.

A lawsuit against the City of Chicago and the Illinois State Board of Education (ISBE) has resulted in a settlement requiring the ISBE to pay \$19.25 million over seven years to Chicago Public School District #299 (District) to assist the District in providing special education services to identified eligible children within the least restrictive environment. The settlement, reached in July 1999, required the ISBE to pay \$2.75 million per year through January 2006. Due to the District's failure to disburse an adequate amount of ISBE's portion of the settlement for the intended purpose, ISBE has only paid \$4.42 million of the settlement amount through June 30, 2005. In fiscal year 2005, a federal judge extended the ruling through the end of the 2009-2010 school year. This ruling allowed ISBE to restructure the payments for the remaining \$14.83 million due the District through fiscal year 2010. The current year portion of the obligation is accounted for in the ISBE Federal Department of Education Fund, a non-major governmental fund. As of June 30, 2005 the current portion of the obligation is \$5.20 million. The long-term portion of the obligation at June 30, 2005 is \$9.63 million.

#### **Primary Government - Business-type Activities**

The Self Insurers' Security Fund, a non-major enterprise fund, has recorded a liability of \$10.5 million for unpaid claims. This amount is the estimated future benefit payments for bankrupt companies. This liability is expected to be paid with current resources of the fund.

#### **Component Units**

The Illinois Housing Development Authority (IHDA) has loans throughout the State. Loans receivable in the Mortgage Loan Programs and the Affordable Housing Programs are secured by first mortgage liens on the related developments. Each development is subject to

a regulatory agreement under which the IHDA has certain powers relating to rents, profits, occupancy, management and operations. Monies are required to be deposited in reserve accounts monthly by all mortgagors for real estate tax reserves and by substantially all mortgagors for insurance and replacement reserves.

The deposits from developers, which are held in escrow, may be used when necessary to pay principal and interest payments and fund construction cost overruns, change orders, tax and insurance payments and capital improvements. In addition, on certain developments, letters of credit and assignments of syndication proceeds are held by the IHDA for similar purposes and to fund potential operating deficits of the related developments. Investment income earned on deposited funds is credited to the respective developer's escrow accounts. As of June 30, 2005, the deposits in escrow were \$142.8 million.

In addition, component units presented other miscellaneous obligations in the amount of \$147.0 million. These obligations will be liquidated by the reporting component unit.

## 14 DERIVATIVES

The State and its component units have entered into various debt-related derivatives as of June 30, 2005. The objectives of the derivatives are as follows:

### **Primary Government - Governmental Activities**

On October 30, 2003, the State of Illinois issued a total of \$963 million of tax exempt general obligation new and refunding bonds in two series: \$363 million fixed rate bonds maturing in years 2006 through 2020 (2003A bonds) and \$600 million variable rate bonds maturing in years 2020 through 2033 (2003B bonds). To assure the continuing ability to place the variable rate demand bonds with investors, the State secured a liquidity facility from Depfa Bank, PLC (Liquidity Provider) for the principal amount and 35 days interest on the 2003B bonds.

Pursuant to Public Act 93-9, the State simultaneously entered into Interest Rate Exchange Agreements (Agreements) with five counterparties under substantially identical terms, to create a net fixed rate debt service obligation on the 2003B bonds. The Agreements together with the issuance of the 2003B bonds as variable rate debt were entered into to produce a lower total cost of debt service than if the financing plan had been sold as all fixed rate debt.

The Agreements were entered into pursuant to the Interest Rate Risk Management Policy (Policy), as required by the General Obligation Act, 30 ILCS 330/9, *et seq.*, (Bond Act). Pursuant to the Policy, the Agreements and the 2003B bonds in combination are not counted against the variable rate debt limit of the State, since amounts paid on the 2003B bonds and receipts under the Agreements are substantially similar and canceling, resulting in a net synthetic fixed rate obligation.

Subject to continuing basis performance monitoring between the Agreements and the 2003B bonds (certain basis risks described herein), the initial savings to the State in respect to entering a net synthetic fixed rate bond structure versus a traditional fixed rate bond structure is approximately 0.71% per year, or a net present value of approximately \$62 million as of June 30, 2005.

The Agreements provide for the State to pay a monthly fixed rate of interest (3.890%) and receive a monthly floating rate of interest based on 67% of the one month London Interbank Offering Rate (LIBOR) or the Bond Market Association (BMA) index, depending on whether one month LIBOR is above or below 2.5%. The payments are computed on a combined Agreement amount which is equal to the 2003B bonds principal outstanding and reduces as the 2003B bonds principal is repaid.

### **Primary Government - Business-type Activities**

The Designated Account Purchase Program (IDAPP) has two active interest rate swap contracts as of June 30, 2005. Both of these contracts are associated with the Series 2001B bond issue.

IDAPP maintains an interest rate risk management strategy that uses derivative instruments to minimize significant, unanticipated earnings fluctuations caused by interest rate volatility. This strategy enabled IDAPP to synthetically convert the variable rate paid on certain of its taxable Reset Auction Mode Securities (RAMS) to a one-year fixed rate thereby providing IDAPP with a cost-effective means of matching its one-year fixed rate Parent Loans to Undergraduate Students (PLUS) assets with corresponding bond interest liabilities. The interest rate exchange agreements entered into in connection with such strategy enable IDAPP to lock in the spread between the PLUS loans and the related

borrowing costs until the PLUS loans' next annual reset date.

IDAPP entered into an interest rate exchange agreement on June 29, 2004 (2004 swap) to reduce its exposure to adverse movements in interest rates related to \$150 million of Series 2001B PLUS loans that are in effect fixed rate loans for a one-year period ending July 1, 2005. IDAPP did not elect to account for the 2004 swap as a hedge and the amounts to be paid or received under the 2004 swap are recognized as additions to or reductions in interest expense in the period they are incurred or received. Payments are made based on a variable rate of one month LIBOR and IDAPP pays the counterparty based on a fixed rate of 2.500%. Both are paid on a monthly basis. During the fiscal year ended June 30, 2005, IDAPP recorded a charge of \$371 thousand to interest expense related to the 2004 swap.

A second one-year interest rate exchange agreement (2005 swap) was entered into for fiscal year 2005 relating to an additional \$175 million of 2001B bonds. Payments will be based on a variable rate of one month LIBOR and IDAPP will pay the counterparty based on a fixed rate of 3.925%.

### **Component Units**

#### ***Illinois Housing Development Authority (IHDA)***

To protect against the potential of rising interest rates, IHDA has entered into six pay-fixed, receive variable interest rate swap agreements, the objective of which is to achieve a synthetic fixed interest rate on the underlying bonds at a cost anticipated to be less than the amounts paid had IHDA issued fixed-rate debt. In addition, IHDA has entered into two interest rate cap agreements, the objectives of which are to establish a maximum debt service which may be paid over the life of the underlying bonds.

Since interest rates have declined since the implementation of the swap and cap

agreements, all currently active swaps and cap agreements, except for Housing Bonds Series 2004B, had a negative fair value as of June 30, 2005. The negative fair values may be countered by reductions in total interest payments required under the variable rate bonds, creating lower synthetic interest rates. Since the coupons on IHDA variable rate bonds adjust to changing interest rates, the bonds do not have corresponding fair value changes.

#### ***Illinois State Toll Highway Authority (THA)***

To protect against the potential rising of interest rates and in order to achieve lower borrowing costs, THA issued variable rate debt and entered into corresponding fixed rate bond swap agreements, rather than issuing fixed rate bonds. The objective was to obtain a synthetic fixed interest rate on the underlying bonds at a cost anticipated to be less than the amounts paid had the THA issued fixed rate debt, in addition to maintaining future financing flexibility.

The THA has entered into interest rate swap agreements (agreements) on the entire amount of the Series 1993B (\$178 million) and Series 1998B (\$123 million) bond issues. Under the terms of these agreements, THA each June 30 and December 31, beginning June 1993 and ending with maturity in December 2009 on the Series 1993B bonds will pay a fixed synthetic rate of 4.920% on the outstanding bonds, and each July 1 and January 1, beginning July 1999 and ending with maturity in January 2017 on the Series 1998B bonds will pay a fixed synthetic rate of 4.325% on the outstanding bonds. Both the Series 1993B and Series 1998B bonds' variable rate coupons are based on the BMA Swap Index.

#### ***University of Illinois (U of I)***

To facilitate the advance refunding of the Certificates of Participation (Utility Infrastructure Projects) Series 2001 A & B; and, as a means to lower its borrowing costs, when compared against fixed rate bonds at the time of issuance in March 2004, the U of I entered into

an interest rate swap in connection with its \$144 million variable rate Certificates of Participation (Utility Infrastructure Projects) Series 2004. The intention of the swap was to effectively change the U of I's variable interest rate on the Certificates to a synthetic fixed rate of 3.919%, which includes the Certificates' current liquidity facility fee. In addition, there is a 0.05% current remarketing fee.

The Certificates and related swap agreement mature in August 2021 and the swap's initial notional amount matches the variable rate Certificates (\$144 million). The swap was entered into at the same time as the Certificates were issued (March 2004). Starting in fiscal year 2006, the notional value of the swap and the principal amount of the associated Certificates begin to mature. Under the swap, the U of I pays the counterparty a fixed payment of 3.765% and receives a variable payment computed as 100% of the BMA Municipal Swap Index. Conversely, the Certificates' variable interest rates are expected to approximate BMA. Since issuance, the Certificates' average variable interest rate has been 0.01% below BMA.

## **Risks**

### ***Credit risk***

The State is subject to credit risk should the credit ratings of either the State or the Liquidity Provider deteriorate. The amount of the floating rate of interest on the 2003B general obligation bonds may increase relative to the amount of the floating index received under the Agreements, thus requiring the State to pay any difference or shortfall. Conversely, if ratings of the State and Liquidity Provider improve relative to the market, the amount of the floating index received under the Agreements may exceed the amount of interest required for the 2003B bonds, resulting in additional receipts to the State.

As of June 30, 2005, IDAPP was exposed to credit risk because one of the swaps had a

positive fair value. The swap counterparty was rated AAA/Aa2/AA+ by Standard and Poor's, Moody's Investors Services and Fitch Ratings Services, respectively. To mitigate the potential for credit risk, if the credit ratings of the counterparty fall below A-, A3 and A+, respectively, the fair value of the swap will be collateralized by the counterparty with US Treasury Securities, Agency Notes and Municipal Securities. Collateral would be posted with a third party custodian. Fair value is a factor only upon termination.

As of June 30, 2005, IHDA was not exposed to credit risk because of the negative fair values of the swaps. Should interest rates change and the fair values become positive, IHDA would be exposed to credit risk in the amount of the swaps' fair value. Fair value is a factor only upon termination.

The THA has adopted an interest rate risk management policy to select counterparties with an initial rating of at least A-/A3 (Standard and Poor's, Moody's respectively). As of December 31, 2004 (THA's fiscal year end), the three counterparties have credit ratings that exceed the minimum credit rating requirement. If the counterparties are downgraded below acceptable levels, the agreements require that the counterparties post suitable and adequate collateral. The notional amount of the swaps equals the principal amount of the bonds for both the Series 1993B and 1998B bond obligations.

As of June 30, 2005, the U of I was not exposed to credit risk because the swap had a negative fair value. The swap counterparty was rated A+/Aa3 by Standard and Poor's and Moody's Investors Services, respectively. To mitigate the potential for credit risk, if both credit ratings of the counterparty fall below A- and A3, respectively, the fair value of the swap will be collateralized by the counterparty with US Treasury Securities, Agency Notes and Municipal Securities. Collateral would be posted with a third party custodian.

***Basis risk***

Since the floating index under the Agreement is based on LIBOR, the State bears exposure to changing interest rate relationships between tax exempt and taxable debt markets. Should the value of tax exempt interest decrease in relation to taxable interest (as a result of a further lowering of income tax rates among other causes), tax exempt interest rates may rise (which the State pays on its 2003B general obligation bonds in the form of BMA) in relation to the floating interest rate index (which the State receives under the Agreements in the form of 67% of one month LIBOR when the Agreement is in LIBOR mode). If this were to occur, the State would pay any difference or shortfall. Conversely, if the value of tax exempt interest relative to taxable interest were to increase such that tax exempt interest rates decrease when compared to 67% of one month LIBOR (when the Agreements are in LIBOR mode), the floating index received under the Agreements could exceed the amount of interest required for the 2003B bonds, resulting in additional receipts for the State.

IDAPP and IHDA would be exposed to basis risk on their swap agreements should the variable payment received be based on an index other than the index on the underlying bonds. Should the relationship between the indexes converge, the expected cost savings may not be realized. Both IDAPP and IHDA believe their swap agreements have been structured to minimize or eliminate this risk.

The THA has implemented a strategy on the agreements associated with the Series 1993B and 1998B bonds which was designed to provide a synthetic fixed rate and it is not anticipated that, as a result of the strategy, the THA has assumed any additional interest rate risk. The agreements expose the THA to basis risk should the variable interest rate on the bond coupons and the synthetic interest rate change. If a change occurs, the expected cost savings may not be realized. As of December 31, 2004 (THA's fiscal year end), the BMA rate was 1.990%.

To minimize the potential for basis risk, the U of I engaged a third party consultant to calculate the "mark-to-market" or "market value" of the swap transaction. As of June 30, 2005, the mark to market value of the swap was a negative \$4 million. Since this is a negative number it represents an approximation of the amount of money that the U of I would be required to pay the swap provider to terminate the swap.

***Termination risk***

Should the State or a counterparty fail to perform under the terms of the Agreement, there may be a termination of the Agreement. In such an event the State may incur an unhedged variable rate position with its 2003B general obligation bonds and potentially owe a net termination payment if the market value of the contract is against the State. Posting collateral by the counterparty (in the form of cash, unconditional Treasury obligations or Treasury guaranteed agency securities), if required by the credit rating of the counterparty, protects the State's interest against the counterparty's failure when the market value is in favor of the State. The State is never required to post collateral when the value is in favor of the counterparty (as is the case as of June 30, 2005).

IDAPP or the counterparty may terminate any of the swap agreements if the other party fails to perform under the terms of the swap agreements. If the swap is terminated, the variable rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, IDAPP would be liable to the counterparty for an amount equal to the swap's fair value. The swap has a \$3.75 million termination payment provision.

IHDA or the counterparty may terminate any of the swap agreements if the other party fails to perform under the terms of the swap agreements. If a swap is insured, a termination event occurs if the insurer fails to meet its obligations under the agreement.

The THA or the counterparty may terminate any of the swap agreements if the other party fails to perform under the terms of the swap agreements. On a current mark-to-market basis, using December 31, 2004 (THA's fiscal year end) as a termination date, the net present value of each of the swaps would require the THA to make an estimated combined termination payment, in the event that the outstanding swaps were terminated, of approximately \$14 million and \$9 million for Series 1993B and Series 1998B bonds, respectively. The termination payment is based upon the market conditions prevailing at the time of termination, and calculated using methodology set forth by the International Swaps and Derivative Association (ISDA).

The U of I is exposed to potential termination risk as the U of I has the option to terminate the swap early. The U of I or the counterparty may terminate the swap if the other party fails to

perform under the terms of the agreement. The U of I may also terminate the swap if both credit ratings of the counterparty fall below BBB+ as issued by Standard and Poor's and Baa1 as issued by Moody's Investors Service. If the swap is terminated, the variable rate Certificates would no longer carry a synthetic fixed interest rate. Also, if at the time of termination the swap has a negative fair value, the U of I would be liable to the counterparty for a payment equal to the swap's fair value.

***Rollover risk***

All of the swap agreements discussed above have been structured to protect the issuing agency from exposure to rollover risk.

Details of the various debt related derivative agreements in effect as of June 30, 2005 (except for THA which is as of December 31, 2004) are as follows:

Table 14-1 (amounts expressed in thousands)

Associated Bond Issue (1)	Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	Rate in Effect at 6/30/05	Fair Values (2)	Swap Termination Date	Counterparty Credit Rating (3)
<b>Primary Government</b>								
<b>Governmental Activities</b>								
<b>Interest Rate Swap Contracts</b>								
Series 2003B	\$384,000	10/03	3.890%	67% of 1 mo. LIBOR <sup>^</sup> ,	2.40%	\$(43,268)	10/33	A+/Aa3/A+
General Obligation Bonds	54,000	10/03	3.890%	when 1 mo. LIBOR	2.40%	(7,446)	10/33	AA-/Aa2/AA-
	54,000	10/03	3.890%	is $\geq$ 2.5%, or	2.40%	(5,908)	10/33	AA/Aa2/AA
	54,000	10/03	3.890%	BMA <sup>^</sup> , when 1 mo.	2.40%	(5,863)	10/33	AA-/Aa1/AA-
	54,000	10/03	3.890%	LIBOR is < 2.5%	2.40%	(5,994)	10/33	A+/Aa3/AA-
	<u>\$600,000</u>					<u>\$(68,479)</u>		
<b>Business-type Activities</b>								
<b>IDAPP</b>								
<b>Interest Rate Swap Contracts</b>								
<b>RAMS*</b>								
Series 2001B	\$150,000	7/04	2.500%	1 mo. LIBOR <sup>^</sup>	3.34%	\$ 76	7/05	AAA/Aa2/AA+
Series 2001B	175,000	7/05	3.925%	1 mo. LIBOR <sup>^</sup>	3.34%	(124)	7/06	AAA/Aa2/AA+
	<u>\$325,000</u>					<u>\$ (48)</u>		
<b>Component Units</b>								
<b>IHDA</b>								
<b>Interest Rate Swap Contracts</b>								
<b>MVRDB**</b>								
Series 1996A	\$ 5,135	12/98	6.410%	30 day nonfinancial CP <sup>^^</sup>	3.11%	\$ (419)	12/08	A+/Aa3/--
Series 1996A	2,915	12/03	5.467%	1 mo. LIBOR <sup>^</sup>	3.11%	(284)	8/26	AAA/Aa2/--
<b>MHRB***</b>								
Series 2000A (Lakeshore Plaza) (4)	40,785	6/00	5.510%	Actual bond rate	2.44%	(335)	7/27	AAA/Aaa/--
<b>HMRB****</b>								
Series 2001D	5,735	7/01	6.130%	1 mo. LIBOR <sup>^</sup> +30bp <sup>^^^</sup>	3.41%	(322)	2/10	AAA/Aaa/--
Series 2001F	10,000	1/02	6.615%	1 mo. LIBOR <sup>^</sup> +40bp <sup>^^^</sup>	3.51%	(1,972)	8/20	A+/Aa3/--
Series 2002B	9,020	5/02	6.145%	1 mo. LIBOR <sup>^</sup> +41.5bp <sup>^^^</sup>	3.53%	(655)	2/23	AAA/Aaa/--
<b>Interest Rate Cap</b>								
<b>MHRB***</b>								
Series 1997 (Camelot Development)	14,170	11/97	5.750%	N/A	2.47%	(94)	12/07	AA-/Aa3/--
<b>HB*****</b>								
Series 2004B	9,595	3/04	5.000%	N/A	2.37%	44	4/12	AAA/Aaa/--
	<u>\$ 97,355</u>					<u>\$ (4,037)</u>		
<b>THA</b>								
<b>Interest Rate Swap Contracts</b>								
Series 1993B	\$178,200	6/93	4.920%	BMA <sup>^</sup> Municipal Sw ap Index	1.99%	\$(14,031)	12/09	--/Aa3/--
Series 1998B	67,705	7/99	4.325%	BMA <sup>^</sup> Municipal Sw ap Index	1.99%	(4,872)	1/17	--/A1/--
Series 1998B	55,395	7/99	4.325%	BMA <sup>^</sup> Municipal Sw ap Index	1.99%	(3,987)	1/17	--/A1/--
	<u>\$301,300</u>					<u>\$(22,890)</u>		
<b>U of I</b>								
<b>Interest Rate Swap Contracts</b>								
Certificates of Participation								
Series 2004	\$143,665	3/04	3.919%	BMA <sup>^</sup> Municipal Sw ap Index	3.77%	\$ (4,119)	8/21	A+/Aa3/--

\* Reset Auction Mode Securities, Student Loan Revenue Bonds    ^ Bond Market Association  
 \*\* Multi-Family Variable Rate Demand Bonds    ^^ London Interbank Offered Rate  
 \*\*\* Multi-Family Housing Revenue Bonds    ^^ Commercial Paper  
 \*\*\*\* Homeowner Mortgage Revenue Bonds    ^^ basis points  
 \*\*\*\*\* Housing Bonds

(1) All bond issues are taxable debt instruments.  
 (2) Includes accrued interest.  
 (3) Credit rating companies: Standard and Poor's (S&P)/Moody's Investors Services/Fitch Rating Services  
 (4) \$550 premium received 9/17/98. Par termination rights at IHDA's option beginning 7/01/05.  
 (5) Counterparty collateralizes negative market value.

As of June 30, 2005 (except for THA which is as of December 31, 2004), debt service requirements of outstanding variable rate debt

and net swap payments, assuming current interest rates remain the same, for their terms are as follows:

Table 14-2 (amounts expressed in thousands)								
<b>Swap Payments and Associated Debt</b>								
<b>Variable Rate Bonds</b>								
<b>Primary Government</b>								
Year Ending June 30	Governmental Activities				Business-type Activities			
	Principal	Interest	Interest Rate		Principal	Interest	Interest Rate	
			Swaps, Net	Total			Swaps, Net	Total
2006	\$ --	\$ 14,400	\$ 9,953	\$ 24,353	\$ 5,600	\$ 7,052	\$ (54)	\$ 12,598
2007	--	14,400	9,953	24,353	3,400	574	(2)	3,972
2008	--	14,400	9,953	24,353	--	--	--	--
2009	--	14,400	9,953	24,353	--	--	--	--
2010	--	14,400	9,953	24,353	--	--	--	--
2011-2015	--	72,000	49,767	121,767	--	--	--	--
2016-2020	32,500	72,000	49,767	154,267	--	--	--	--
2021-2025	247,300	52,464	36,264	336,028	--	--	--	--
2026-2030	253,500	26,057	18,011	297,568	--	--	--	--
2031-2035	66,700	4,171	2,883	73,754	--	--	--	--
<b>Total</b>	<b>\$ 600,000</b>	<b>\$ 298,692</b>	<b>\$ 206,457</b>	<b>\$ 1,105,149</b>	<b>\$ 9,000</b>	<b>\$ 7,626</b>	<b>\$ (56)</b>	<b>\$ 16,570</b>
<b>Component Units</b>								
Year Ending June 30	Illinois Housing Development Authority				Illinois State Toll Highway Authority			
	Principal	Interest	Interest Rate		Principal	Interest	Interest Rate	
			Swaps, Net	Total			Swaps, Net	Total
2006	\$ 2,230	\$ 3,374	\$ 1,584	\$ 7,188	\$ --	\$ 5,893	\$ 8,198	\$ 14,091
2007	2,360	3,294	1,548	7,202	30,900	5,590	7,741	44,231
2008	2,395	3,212	1,511	7,118	32,500	4,969	6,803	44,272
2009	7,590	3,013	1,434	12,037	34,300	4,315	5,814	44,429
2010	2,610	2,811	1,355	6,776	36,100	3,625	4,772	44,497
2011-2015	11,920	12,705	6,119	30,744	44,400	12,437	15,275	72,112
2016-2020	21,085	9,984	4,551	35,620	123,100	4,950	6,029	134,079
2021-2025	15,725	6,315	2,390	24,430	--	--	--	--
2026-2030	28,675	2,208	561	31,444	--	--	--	--
2031-2035	2,480	184	25	2,689	--	--	--	--
<b>Total</b>	<b>\$ 97,070</b>	<b>\$ 47,100</b>	<b>\$ 21,078</b>	<b>\$ 165,248</b>	<b>\$ 301,300</b>	<b>\$ 41,779</b>	<b>\$ 54,632</b>	<b>\$ 397,711</b>
Year Ending June 30	University of Illinois							
	Principal	Interest	Interest Rate					
			Swaps, Net	Total				
2006	\$ 915	\$ 3,276	\$ 2,116	\$ 6,307				
2007	955	3,255	2,102	6,312				
2008	995	3,233	2,087	6,315				
2009	1,035	3,219	2,063	6,317				
2010	1,075	3,187	2,055	6,317				
2011-2015	35,650	14,258	8,602	58,510				
2016-2020	66,290	9,342	4,827	80,459				
2021-2025	36,750	1,052	345	38,147				
<b>Total</b>	<b>\$ 143,665</b>	<b>\$ 40,822</b>	<b>\$ 24,197</b>	<b>\$ 208,684</b>				

As rates vary, variable rate bond interest payments and net swap payments will vary.

# 15 REFUNDINGS OF LONG-TERM OBLIGATIONS

## A. Advance Refundings

During the year ended June 30, 2005, the State issued advanced refunding debt to lower interest rates. These revenue bonds were issued to refund portions of earlier issues. The principal of the refunded debt will be redeemed on various dates through 2011 at redemption prices ranging from 100% to 102%. Proceeds from the sales, together with other funds, were

placed in irrevocable trusts that are used to service the future debt requirements of the old debt. As a result, the refunded bonds are considered to be defeased and the liability for this debt has been removed from the financial statements of the State. At June 30, 2005, the outstanding balance of the defeased debt was \$75.3 million. Advance refunding debt issued during fiscal year 2005 were as follows:

Table 15-1 (amounts expressed in millions)

Component Units	Par Value of Refunding Issue	Refunding Issue Interest Rates	Par Value of Debt Refunded	Interest Rates of Debt Refunded	Debt Service Reduced by Refunding	Current Resources Used in Refunding	Refunding Economic Gain	Accounting (Loss)
Western Illinois University-Series 2005	\$ 25.7	3.00% to 4.25%	\$ 32.9	4.90% to 6.85%	\$ 7.7	\$ 8.6	\$ 2.5	\$ (1.3)
University of Illinois - Series 2005A	70.5	4.625% to 5.50%	72.6	4.90% to 5.80%	3.6	0.2	4.2	(4.1)
	<u>\$ 96.2</u>		<u>\$ 105.5</u>		<u>\$ 11.3</u>	<u>\$ 8.8</u>	<u>\$ 6.7</u>	<u>\$ (5.4)</u>

## B. Prior Year Refundings

In prior years, the State defeased certain callable maturities of general obligation, special obligation and revenue bonds and certificates of participation by placing the proceeds of new debt in an irrevocable trust to provide for all

future debt service payments on the old debt. Accordingly, the trust account assets and the liability for the defeased debt is not included in the State's financial statements. At June 30, 2005, the outstanding balances of prior year defeased debt were as follows:

Table 15-2 (amounts expressed in thousands)

	Primary Government		Component Units
	Governmental Activities	Business-type Activities	
General obligation bonds	\$ 761,820	\$ --	\$ --
Special obligation bonds	38,246	--	--
Revenue bonds	--	--	264,401
Certificates of participation	--	--	195,095
	<u>\$ 800,066</u>	<u>\$ --</u>	<u>\$ 459,496</u>

**16****RETIREMENT SYSTEMS**

**Plan Descriptions.** The State of Illinois sponsors five public employee retirement systems (“PERS”) that are included in the State’s financial statements as pension trust funds. The General Assembly Retirement System (“GARS”), Judges’ Retirement System (“JRS”) and State Employees’ Retirement System (“SERS”), are the administrators of single-employer defined benefit pension plans. The GARS, JRS and SERS are governed by articles 2, 18 and 14, respectively, of the Illinois Pension Code (40 ILCS 5/1, et. al.).

The Teachers’ Retirement System (“TRS”) is the administrator of a cost-sharing multiple-employer public employee defined benefit pension plan with “special funding situations.” It provides coverage to teachers employed by public school districts in Illinois (excluding Chicago) even though most covered employees are not State employees. There are 878 local school districts, 139 special districts and 25 other State agencies that contribute to the TRS plan. At June 30, 2005, the TRS had outstanding receivables of \$58 million for payroll deduction agreements with members for optional services, refund repayments and upgrade balances owed to the TRS.

The State Universities Retirement System (“SURS”) is the administrator of a cost-sharing multiple-employer public employee defined benefit pension plan and a defined contribution plan. They also have “special funding situations.” The SURS provides coverage to faculty and staff of State universities, community colleges and related agencies, of which, some covered employees are not State employees. There are 12 universities, 39 community colleges and 15 other State agencies that contribute to the SURS plan.

The State of Illinois is legally mandated to make contributions to the TRS and SURS. Because the State contributes most of the TRS and SURS employer contributions, the single employer provisions of GASB Statement 27

have been followed for reporting those systems in the statewide CAFR. The TRS and SURS are governed by articles 16 and 15, respectively, of the Illinois Pension Code.

Effective January 1, 1998, legislation established an alternative defined benefit program known as the Portable Benefit Option Plan within the SURS. This option is offered in addition to the existing traditional benefit option. All members who are eligible for the traditional benefit option are eligible for the portable option. New and existing members are provided a window period in which to make an irrevocable election. The portable option provides an enhanced refund at termination for those who leave SURS with at least five years of service. Offsetting this additional cost is the elimination of the survivor benefit package. This program is designed to be cost-neutral in relation to the traditional option. Approximately 16.0 thousand of the approximately 80.1 thousand members have chosen this option.

Legislation, effective January 1, 1998, also required the SURS to offer a Self-Managed Plan. This is a defined contribution plan and is offered to employees of all SURS employers who elect to participate. All but two SURS employers participate in the Self-Managed Plan. The contribution rate is 8% of their gross earnings. It is a qualified money purchase plan under Section 401(a) of the Internal Revenue Code. The assets are maintained under a trust administered by the SURS Board of Trustees in accordance with the Illinois Pension Code. 8.4 thousand of the approximately 80.1 thousand members have chosen this option. \$350.2 million of the \$13.7 billion total assets relate to the Self-Managed Plan. Plan member contributions were \$33.6 million and employer contributions were \$27.4 million for the year ended June 30, 2005.

Each of the five State-sponsored retirement systems provide retirement, death and disability

benefits to members and beneficiaries. Each plan also issues a publicly available financial report that includes financial statements and required supplementary information for that plan. Those reports may be obtained by writing or calling the plan as follows:

- General Assembly Retirement System and Judges' Retirement System, 2101 South Veterans Parkway, PO Box 19255, Springfield, Illinois, 62794-9255, (217)782-8500.
- State Employees' Retirement System, 2101 South Veterans Parkway, PO Box 19255, Springfield, Illinois, 62794-9255, (217)785-2340.
- Teachers' Retirement System, 2815 West Washington Street, PO Box 19253, Springfield, Illinois, 62794-9253, (217)753-0311.
- State Universities Retirement System, 1901 Fox Drive, Champaign, Illinois, 61820-7333, (217)378-8800.

***Funding Policy and Annual Pension Cost.*** Member contributions are based on fixed percentages set by statute ranging from 4.0% to 12.5%. The State's funding requirements have been established by statute (Public Act 88-593) effective July 1, 1995 and provide for a systematic 50-year funding plan with an ultimate goal to achieve "90% funding" of the systems' liabilities. In addition, the funding plan provides for a 15-year phase-in period to allow the State to adapt to the increased financial commitment. Once the 15-year phase-in period is complete, the State's contribution

will then remain at a level percentage of payroll for the next 35 years until the 90% funded level is achieved. However, Public Act 94-0004 decreased the required funding levels for fiscal years 2006 and 2007 to \$938.4 million and \$1,374.7 million, respectively, and requires equal annual increments from fiscal years 2008 to 2010 to ensure that the fiscal year 2006 and 2007 decreases have no long-term effect on contributions. In addition, pursuant to Public Act 93-0002, the State made a contribution from general obligation bond proceeds of \$7.3 billion to the retirement systems to fund a portion of the State's unfunded liability. As illustrated in Table 16-1, the State met its funding requirement established by *statutory law* for the fiscal year ended June 30, 2005. Actual contributions varied slightly from contributions required by statute mainly because of differences between estimated and actual federal contributions.

The current statutory law includes a "continuing appropriation," which means that the State must automatically provide funding to the pension systems based on actuarial cost requirements and amortization of the unfunded liability without being subject to the General Assembly's appropriation process.

This statutory funding requirement differs significantly from the annual pension cost ("APC") because the statutory plan does not conform with the GASB Statement 27 accounting parameters. The State's APC for the current year and related information for each plan are included in Table 16-1.

Table 16-1 (amounts expressed in thousands)

	<u>GARS</u>	<u>JRS</u>	<u>SERS</u>	<u>TRS</u>	<u>SURS</u>
Actuarially required contribution ("ARC")	\$ 8,303	\$ 57,749	\$ 727,429	\$ 1,683,212	\$ 607,765
Plus: Interest on net pension obligation ("NPO")	2,690	18,200	(8,974)	533,200	332,350
Adjustment to the ARC	(1,541)	(10,427)	5,459	(318,107)	(202,816)
Annual pension cost ("APC")	9,452	65,522	723,914	1,898,305	737,299
Employer contributions	4,675	32,043	427,435	987,362	285,400
Increase in NPO	4,777	33,479	296,479	910,943	451,899
NPO (net pension asset) at June 30, 2004	33,626	227,495	(105,578)	6,272,941	3,910,005
NPO at June 30, 2005	<u>\$ 38,403</u>	<u>\$ 260,974</u>	<u>\$ 190,901</u>	<u>\$ 7,183,884</u>	<u>\$ 4,361,904</u>
Required contribution amounts/rates:					
Statutory required contribution - P.A. 88-593 *	\$ 4,674	\$ 31,991	\$ 425,683	\$ 986,269	\$ 285,400
Members	11.5%	11%	4% - 12.5%	9%	8% - 9.5%
Actuarial valuation date	6/30/2004	6/30/2004	6/30/2004	6/30/2004	6/30/2004
Actuarial cost method	Proj. Unit Credit	Proj. Unit Credit	Proj. Unit Credit	Proj. Unit Credit	Proj. Unit Credit
Amortization method	Level % of pay	Level % of pay			
Remaining amortization period	40 years. Open	40 years. Open	40 years. Open	40 years. Open	40 years. Open
Asset valuation method	Fair value	Fair value	Fair value	Fair value	Fair value
Actuarial assumptions:					
Investment rate of return **	8%	8%	8.5%	8.5%	8.5%
Projected salary increases **	6.5%	5.5%	4% - 9.1%	5.9% - 10.2% ***	5.5% - 9.5%
Postretirement benefit increases	3%	3%	3%	3%	3%
Inflation rate	4%	4%	3%	3.5%	3%

\* Public Act 88-593 provides for 50-year funding including 15-year phase-in of employer contributions as a percentage of active member payroll increasing until fiscal year 2010, and remaining at that level until fiscal year 2045 when the Systems' funded ratios will be 90%.

\*\* Includes inflation rate listed

\*\*\* Composite, approximately 6.5%

**Trend Information.** The annual pension cost, the percentage of annual pension cost contributed for the year and the net pension

obligation at the end of the year are presented in the following Table 16-2:

Table 16-2 (amounts expressed in thousands)

	<u>GARS</u>	<u>JRS</u>	<u>SERS</u>	<u>TRS</u>	<u>SURS</u>
<b>Annual Pension Cost ("APC")</b>					
<b>6/30/2003</b>	\$ 9,518	\$ 63,695	\$ 473,365	\$ 1,761,788	\$ 749,086
<b>6/30/2004</b>	\$ 10,800	\$ 74,588	\$ 616,706	\$ 2,047,760	\$ 854,684
<b>6/30/2005</b>	\$ 9,452	\$ 65,522	\$ 723,914	\$ 1,898,305	\$ 737,299
<b>% of APC Contributed</b>					
<b>6/30/2003</b>	57.09%	49.36%	83.67%	55.11%	38.08%
<b>6/30/2004</b>	305.11%	239.44%	302.36%	265.35%	205.64%
<b>6/30/2005</b>	49.46%	48.90%	59.04%	52.01%	38.71%
<b>Net Pension Obligation (Asset)</b>					
<b>6/30/2003</b>	\$ 55,778	\$ 331,500	\$ 1,142,390	\$ 9,658,892	\$ 4,812,868
<b>6/30/2004</b>	\$ 33,626	\$ 227,495	\$ (105,578)	\$ 6,272,941	\$ 3,910,005
<b>6/30/2005</b>	\$ 38,403	\$ 260,974	\$ 190,901	\$ 7,183,884	\$ 4,361,904

**17****POST-EMPLOYMENT BENEFITS**

The State provides health, dental, vision and life insurance benefits for certain retirees and their dependents. Substantially all State employees become eligible for post-employment benefits if they eventually become annuitants of one of the State sponsored pension plans. Health, dental and vision benefits include basic benefits for annuitants under the State's self-insurance plan and insurance contracts currently in force. Life insurance benefits are limited to \$5,000 per annuitant age 60 and older. The total cost of all members, including post-employment health, dental and vision and life insurance benefits, is recognized as an expenditure in the accompanying financial statements as claims are reported and are financed on a pay-as-you-go basis. For fiscal year 2005, the cost of providing post-employment health, dental and vision benefits and life insurance benefits for the approximately 103,000 retirees and their dependents was estimated to be \$537.0 million and \$16.5 million, respectively.

The State also provides health insurance benefits to non-State employees who are annuitants of the Teachers' Retirement System

(TRS). Funding is provided by a three-quarters of one percent of payroll contribution from active teachers, one-half of one percent of payroll contribution from employer school districts, and matching appropriations from the State to pay the subsidy portion of participating annuitants. Annuitants enrolling in TRS managed care or residing in areas with no managed care receive a 75% premium subsidy. All other annuitants receive a 50% subsidy. At June 30, 2005, there were 47,073 TRS annuitants enrolled in the health plan. Payments into this plan from active teachers, employers, annuitants, and the State were \$62.3, \$35.2, \$121.5 and \$69.3 million, respectively, for the year ended June 30, 2005. The teachers' health insurance program is administered by the Illinois Department of Central Management Services (CMS) and is accounted for in the Teachers' Health Insurance Security Fund, a non-major enterprise fund. TRS is responsible for program enrollment and eligibility determination. CMS is responsible for providing information and consultation to plan participants.

**18****FUND DEFICITS****Primary Government - Governmental Activities****Major Governmental Funds**

The State's General Fund, from which a significant portion of day to day operating expenditures are paid, has a GAAP deficit aggregating \$3.064 billion at June 30, 2005. This deficit results from spending in excess of revenues recognized.

**Non-major Governmental Funds**

The Job Training and Partnership Fund of the Department of Commerce and Economic Opportunity has a fund deficit at June 30, 2005

aggregating \$23.8 million, resulting from the recognition of fund liabilities in excess of accrued revenues on the modified accrual basis.

The Local Government Tax Fund of the Department of Revenue has a deficit at June 30, 2005, aggregating \$4.3 million, resulting from the recognition of fund liabilities in excess of accrued revenues on the modified accrual basis.

The Personal Property Tax Replacement Fund of the Department of Revenue has a deficit at June 30, 2005, aggregating \$9.7 million, resulting from the recognition of fund liabilities in excess of accrued revenues on the modified accrual basis.

The Federal/Local Airport Fund of the Department of Transportation has a deficit at June 30, 2005, aggregating \$1.3 million, resulting from the recognition of fund liabilities in excess of accrued revenues on the modified accrual basis.

The Rate Adjustment Fund of the Illinois Workers' Compensation Commission has a deficit at June 30, 2005, aggregating \$15.9 million, resulting from program costs in excess of charges for services.

The Drivers Education Fund of the State Board of Education has a deficit at June 30, 2005, aggregating \$14.0 million, resulting from reimbursement to school districts for drivers education program costs incurred in the current year but not paid until the subsequent year.

The Federal Civil Preparedness Administrative Fund of the Illinois Emergency Management Agency has a fund deficit at June 30, 2005, aggregating \$1.8 million, resulting from recognition of fund liabilities in excess of accrued revenues on the modified accrual basis.

The Transportation Bond Series B Fund of the Department of Transportation has a deficit at June 30, 2005, aggregating \$23.6 million resulting from recognition of fund liabilities in excess of bond issuances.

The Capital Development Fund of the Capital Development Board has a deficit at June 30, 2005, aggregating \$71.4 million, resulting from recognition of fund liabilities in excess of bond issuances.

The School Construction Fund of the Capital Development Board has a deficit at June 30, 2005 aggregating \$63.1 million, resulting from recognition of fund liabilities in excess of bond issuances.

The above Governmental Funds' deficits will be eliminated by future revenue increases and/or expenditure reductions in the following year(s).

**Primary Government - Business-type Activities**

***Non-major Proprietary Funds***

The Prepaid Tuition Fund of the Illinois Student Assistance Commission has a deficit at June 30, 2005, aggregating \$30.5 million, resulting from program costs incurred since the inception of the program which will be paid in subsequent years.

**19****RISK MANAGEMENT****Primary Government**

The State is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; workers compensation and natural disasters. The State retains the risk of loss (i.e. self insured) for these risks except minimal commercial insurance. There were no significant reductions in insurance coverage from the prior fiscal year. The amount of settlements has not exceeded insurance coverage in the past three fiscal years. In addition, the State is exposed to various risks of loss related to employee and retiree health and dental insurance programs as described below.

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 (IBNR). 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 State's risk financing of auto liability has been determined using an estimate of claims outstanding. The liability is expected to be paid from future resources of the General Fund and Road Fund in the amount of \$1.6 million and \$3.5 million, respectively.

The workers compensation liability has been determined using claims outstanding and a projection of claims to be submitted, based upon prior years experience of the State. Matured claims have been recorded as a liability in the General Fund in the amount of \$1.0 million. The remaining portion of the liability, \$168.3 million as of June 30, 2005, is included in the government-wide financial

statement and is expected to be paid from future resources of the General Fund with significant reimbursement to the General Fund being made by other funds that accounted for the salaries and wages of the related employees.

The State uses the Health Insurance Reserve Fund, an internal service fund, to account for employee and retiree health and dental insurance benefit programs, which are partially self-funded. Employees may obtain health care services through participation in the State's group health insurance plan or through membership in one of eight health maintenance organization plans under contract with the State. The State maintains the risk of insurance for employees who participate in the State's group health insurance plan. Expenses and liabilities for claims, which include incurred but not reported or not processed benefit claims, have been recorded as liabilities in the amount of \$229.9 million. Payments to the Health Insurance Reserve Fund are based on estimates of amounts needed to pay prior year unprocessed and current year claims.

The following is a reconciliation of the State's claims liabilities for the year ended June 30, 2005:

Table 19-1 (amounts expressed in thousands)				
Year Ended June 30	Changes in Claims Liability Balances			
	Beginning Balance	Current Year Claims and Changes in Estimates	Claim Payments	Ending Balance
Primary Government-Governmental Activities:				
2004				
Auto Liability	\$ 7,925	\$ 3,012	\$ (3,886)	\$ 7,051
Workers' Compensation	136,263	100,032	(77,647)	158,648
Health Insurance	267,987	732,869	(801,023)	199,833
Total	<u>\$ 412,175</u>	<u>\$ 835,913</u>	<u>\$ (882,556)</u>	<u>\$ 365,532</u>
2005				
Auto Liability	\$ 7,051	\$ 1,210	\$ (3,209)	\$ 5,052
Workers' Compensation	158,648	93,687	(83,005)	169,330
Health Insurance	199,833	937,870	(907,800)	229,903
Total	<u>\$ 365,532</u>	<u>\$ 1,032,767</u>	<u>\$ (994,014)</u>	<u>\$ 404,285</u>
Component Units, (Information for the Toll Highway Authority is as of December 31):				
2003	<u>\$ 117,223</u>	<u>\$ 45,480</u>	<u>\$ (42,701)</u>	<u>\$ 120,002</u>
2004	<u>\$ 120,002</u>	<u>\$ 95,853</u>	<u>\$ (63,279)</u>	<u>\$ 152,576</u>

The State administers the following public entity risk pools for non-state employers: 1) the Local Government Health Insurance Reserve Fund offers a health insurance program to local governments for its employees and retirees, 2) the Teacher Health Insurance Security Fund offers health insurance to school districts for its teachers and retirees and 3) the Community College Health Insurance Security Fund offers health insurance to community college retirees and their dependent beneficiaries. These funds are presented as non-major enterprise funds in the State's CAFR. Detailed information on these programs can be obtained from the Department of Central Management Services, Division of Risk Management, 604 Stratton Office Building, Springfield, Illinois, 62706, which administers the plans. The Financial audit report for the Department of Central Management Services includes fund financial statements and the required pool supplementary disclosures for these three plans.

### Component Units

The Toll Highway Authority, a major component unit, records an accrued self-insurance liability which covers workers' compensation liability and auto liability. The Authority accrued self-insurance liability was \$4.6 million at December 31, 2004.

Southern Illinois University, a major component unit, records an accrued self-insurance liability which covers general and professional liability and limited student health care liability in excess of costs not covered by other primary provider plans. The University's accrued self-insurance liability was \$17.0 million at June 30, 2005.

The University of Illinois, a major component unit, records an accrued self-insurance liability which covers hospital patient liability, hospital and medical professional liability, estimated general and contract liability, and workers' compensation liability related to employees paid by the University. The University's accrued self-insurance liability was \$131.0 million at June 30, 2005.

Illinois State University, Northern Illinois University, Southern Illinois University, and the University of Illinois have contracted with commercial carriers to provide excess insurance coverage. These coverages have been considered in determining the accrued self-insurance liability where applicable. There were no settlements which exceeded insurance coverage during the last three years.

The non-major component unit universities carry excess general liability coverage. The deductible portion of this coverage is covered by the State University Risk Management Association, a self-insurance pool.

**20****COMMITMENTS AND CONTINGENCIES****A. Construction Commitments**

The Department of Transportation has outstanding construction commitments for highway improvement programs of \$1.143 billion as of June 30, 2005. These commitments will be financed through State reappropriations, with \$802 million available for federal reimbursement. Also, the Capital Development Board has outstanding construction commitments for building and building additions and improvements of \$91.9 million as of June 30, 2005, which will be financed through State reappropriations. The Illinois State Toll Highway Authority, reported on a December 31st year end, has entered into commitments for road construction of \$215 million as of December 31, 2004. The University of Illinois has outstanding construction commitments for various building and building improvement projects of \$58.9 million as of June 30, 2005.

**B. Protested Taxes**

The State of Illinois has \$259 million in protested tax cases which have not been adjudicated at June 30, 2005. The ultimate disposition of these cases is not determinable at this time.

**C. Federal Disallowance**

In June 2005, the U.S. Department of Health and Human Services (HHS) Department Appeals Board entered a written order dismissing a formal disallowance and request for reimbursement of \$89.6 million in federal financial participation issued by the HHS. The Board agreed with the State that the State's provider tax and grant program for State fiscal year 1993 were not in violation of federal laws and regulations which existed at that time. HHS is seeking reconsideration of the decision.

In October 2004, the HHS Office of Inspector General recommended the State refund \$140.3

million in federal financial participation because of alleged payments in excess of limitations to the University of Illinois at Chicago hospital. No formal disallowance or request for reimbursement has yet been issued by HHS.

**D. Federal Funding**

The State 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. At June 30, 2005, other than those identified in note 20(C) above, 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 State believes there will be no material adjustments to the federal grants and, accordingly, has not recorded a provision for possible repayment.

**E. Tobacco Settlement**

A Master Settlement Agreement (MSA) was executed in November of 1998 between five tobacco companies and 46 states, including the State of Illinois. The MSA called for, among other things, the payment of more than \$200 billion allocated to the states in installments payable until the year 2025 with additional payments continuing thereafter in perpetuity. The Illinois share is expected to be \$9.1 billion through 2025. The payments are subject to various adjustments such as those for volume shipped, inflation, and the success of litigation by other governmental units and could amount to less than the expected amounts. Various aspects of the MSA have been challenged in court both locally and nationally.

Because of the novelty of the MSA and of the many related claims and because of the uncertainty inherent in calculation under the MSA, it is not possible to accurately predict the

amount of money that will actually be received by the State with reasonable certainty. The State received \$350, \$268, \$312, \$319, \$270 and \$274 million in fiscal years 2000, 2001, 2002, 2003, 2004 and 2005, respectively, and \$273 million through June 16, 2006 for fiscal year 2006.

**F. Excess Fee Charges**

There have been several cases filed that challenge the constitutionality of legislation allowing the broader use of fee proceeds that are deposited into special funds the use of which is, by law, otherwise limited to specified purposes. The lead case is Illinois State Chamber of Commerce v. Filan. The fiscal year 2004 Budget Implementation Act, the legislature authorized the Director of the Governor's Office of Management and Budget to transfer funds from specialized or dedicated funds to the General Fund. Some of these specialized funds are funded by fees. The Chamber of Commerce, as an employer, pays an Industrial Commission Surcharge to the Department of Insurance. The purpose of the surcharge and fee was to reduce the amount of the Illinois Industrial Commission's operating expenses being paid from general tax revenues. However, the surcharge and fee generated more than twice the sum needed for the Commission's operating budget causing the Illinois State Chamber of Commerce to challenge the Act's constitutionality. On November 29, 2004, the Cook County Circuit Court ruled that the surcharge and fee violated the Uniformity Clause and the Due Process Clause of the Illinois Constitution and ordered all monies currently held or to be collected to be placed in an escrow fund. Following various efforts to appeal, the matter is pending in Circuit Court. The funds at issue continue to be held in escrow per court order with only limited amounts available for withdrawal by the Commission for operational needs. The State collected surcharges and fees related to the case of \$30.7 million in fiscal year 2004, \$23.0 million in fiscal year 2005 and \$24.6 million through June 16, 2006 for fiscal year 2006.

The other cases are on hold pending the outcome of the lead case. In the aggregate, these cases involve an amount in excess of \$10 million.

**G. Other Legal Proceedings**

The State, its units and employees are party to numerous legal proceedings, many of which normally recur, in governmental operations. In addition, the State and its units are involved in certain other legal proceedings, which, if decided adversely to the State, may require the State to make material future expenditures for expanded services or capital facilities or may impair future revenue sources. It is neither possible to determine the outcome of these proceedings nor to estimate the possible effects adverse decisions may have on future expenditures or revenue sources.

Included in the State's outstanding litigation is a class action suit claiming the State's former lack of insurance coverage for prescription contraceptives for family planning purposes in the State's employee group insurance program constituted a violation of Title VII of the Civil Rights Act of 1964, as amended, was brought against the State in October 2002. The class, greater than 61,000, consists of all State female employees from August 31, 2000, to date of final judgment who were enrolled in a health care plan that did not provide insurance coverage for prescription contraceptives for family planning purposes. The District Court found in favor of the State on September 16, 2005 determining that there was no violation of Title VII. Plaintiff has appealed this ruling.

Also included in the State's outstanding litigation are a number of cases challenging the legality or the adequacy of a variety of significant social welfare programs primarily involving the State's Medicaid program.

- A suit (Radaszewski v. Maram) has been filed challenging the differences between waiver eligibility for children versus adults who receive private duty in-home nursing

services under the State's Medicaid program. The case states that not allowing the same private duty in-home nursing services to adults constitutes an invalid rule not adopted in accordance with the Illinois Administrative Procedure Act, violates the State's Medicaid Plan, violates the State's Medicaid regulations, and breaches a contract embodied in the State's Medicaid Plan. Upon the Department of Public Aid amending the State's Medicaid Plan and its own regulations to strike all references to private duty nursing, a State claim that the amendments violate the Illinois Administrative Procedure Act and Federal law claims that the Department's refusal to provide the for in-home nursing services sought violates the ADA and the Rehabilitation Act were filed. The Federal District Court remanded a violation of rules adoption in accordance with the Illinois Administrative Procedure Act to the State court. The Federal District Court dismissed the ADA claim and granted judgment for the defendant on the Rehabilitation Act claim. However, on September 8, 2004, the U.S. Court of Appeals, Seventh Circuit, reversed and remanded the case for further proceedings.

- A suit (*Ligas v. Maram*) has been filed by nine name plaintiffs and on behalf of a class of Medicaid-eligible developmentally disabled persons seeking more public resources devoted to community services for the developmentally disabled. Plaintiffs allege that they are presently residing in Medicaid-funded institutions, or that they are at risk of institutionalization, because the State failed to provide adequate support services to enable them to live in the community. Plaintiffs claim, among other things, that State does not have an "Olmstead Plan" in place to enable developmentally disabled persons to leave institutions for community placements. Plaintiffs claim that the State's acts and omissions violate Title II of the ADA, Section 504 of the Rehabilitation Act, the Medicaid Act and 42 U.S.C. § 1983. Class certification has ben

granted by the District Court. This matter is currently in discovery.

- A similar action to *Ligas (Williams v. Blagojevich)* involves resources devoted to the mentally ill rather than the developmentally disabled. However, a motion for class certification is pending. This matter is currently in discovery.

Adverse judgments in these matters generally could result in injunctive relief coupled with prospective changes in patient care that could require substantial increased financing of the litigated programs in the future. Because of the prospective nature of these matters and undeterminable exposure of loss, no provision for this potential exposure has been made in the accompanying basic financial statements.

#### ***H. Illinois Housing Development Authority Bonds (IHDA)***

The IHDA, a component unit of the State, has a portion of its revenue bonds that are moral obligations of the State. In the event that the IHDA determines that funds will not be sufficient for the payment of principal and interest on these bonds, the Chairman of the IHDA shall certify the Governor as soon as practicable the amount required by the IHDA to enable it to pay such principal and interest. The Governor shall include the amount so certified in the State budget; however, the General Assembly has no obligation to appropriate funds to IHDA. As of June 30, 2005 the outstanding balance of bonds, which the State is morally obligated to repay is \$116.1 million.

#### ***I. Metropolitan Pier and Exposition Authority (McCormick Place)***

The Authority is authorized by the Metropolitan Pier and Exposition Authority Act to issue bonds in the principal amount of \$312.5 million, excluding refunding bonds issued after January 1, 1986. These bonds were issued (1) to pay construction costs of completing the McCormick Place expansion, (2) to pay the construction costs of projects authorized by the Illinois General

Assembly in the future, (3) to refund any outstanding bonds of the McCormick Place that were issued prior to July 1, 1984 and (4) to provide for the acquisition and improvement of Navy Pier in Chicago. In order to provide funding for the debt service requirements on these bonds, the Illinois General Assembly amended tax laws to provide for 1.75% of total State sales tax revenues, 3% of 94% of total hotel room rental receipts, and \$1.7 million per year out of 7% of State racing tax revenues to be deposited into the Build Illinois Fund (a non-major governmental fund). Within the Build Illinois Fund are credits to separate accounts, of which one is the "McCormick Place Account" and has first priority credit of the amounts collected.

The bonds are special obligations of the Authority and are payable from and secured by a pledge of revenues derived from dedicated state taxes, discussed above, imposed and collected by the State of Illinois. For State fiscal years in which these bonds are outstanding, the State shall transfer from the McCormick Place Account in the Build Illinois Fund to the Metropolitan Fair and Exposition Authority Improvement Bond Fund (a non-major governmental fund) an amount equal to 150% of the Authority's certified amount for that fiscal year divided by the number of months during that fiscal year in which bonds of the Authority are outstanding. The maximum amount in any fiscal year shall not exceed \$33.5 million or a lesser sum as is actually necessary and required to pay the debt service requirements for that fiscal year after giving effect to net operating revenues of the Authority available for that purpose as certified by Authority. During fiscal year 2005, debt service requirements were \$31.6 million. However, the amount paid to the Authority based on their annual certification was \$31.4 million, which is below the authorized amount of \$33.5 million.

The Authority is also authorized to issue an additional \$2.107 million of bonds (excluding refunding bonds) which were used to finance the McCormick Place expansion and certain other improvements to its facilities and Navy Pier. These bonds are special, limited obligations of

the Authority and are payable from and secured by a pledge of revenues derived from Authority taxes and State sales tax deposits. For State fiscal years when these bonds are outstanding, monthly deposits of Authority taxes to the McCormick Place Expansion Project Fund (a non-major governmental fund) are required to be made in an amount equal to 1/8 of the annual debt service as specified in the Authority's Annual Certification plus any prior months' deficiencies in transfers. To the extent that Authority taxes are not sufficient to satisfy the requirements of the Authority's Annual Certification, State sales taxes are deposited into the McCormick Place Expansion Fund. The maximum amount that can be deposited into the McCormick Place Expansion Project Fund from the State sales taxes shall not exceed \$108 million in fiscal year 2005, \$113 million in fiscal year 2006, \$119 million in fiscal year 2007, \$126 million in fiscal year 2008, \$132 million in fiscal year 2009, and graduating to \$275 million in fiscal year 2023 until fiscal year 2042. During fiscal year 2005, debt service requirements for these bonds were \$95.2 million. The amount paid to the Authority based on their annual certification was \$95.2 million. During fiscal year 2005, only deposits from the Authority's taxes were used to pay to the Authority for the debt service requirements; the State sales tax was not required.

#### ***J. Regional Transportation Authority (RTA)***

The RTA was authorized by the Regional Transportation Authority Act to issue bonds in the principal amount of \$100 million on or after January 1, 1990 and increasing \$100 million per year until January 1, 1994, for a total authorization of \$500 million used for Strategic Capital Improvement Projects (SCIP). Effective July 1, 1999, Public Act 91-37 authorized the RTA to issue additional bonds in the principal amount of \$260 million on or after January 1, 2000 and increasing \$260 million per year until January 1, 2004 for an additional authorization of \$1,300 million to be used for SCIP. Public Act 91-37 also authorized the issuance of refunding SCIP bonds. The proceeds of SCIP bonds were used to acquire, repair or replace public transportation facilities in the metropolitan region as approved by the Governor.

The bonds are general obligations of the RTA to which the full faith and credit of the RTA is pledged. However, for State fiscal years in which the SCIP bonds are outstanding, the State's assistance shall be transferred monthly from the General Fund to the Public Transportation Fund (a non-major governmental fund) for payment in amount equal to the lesser of monthly debt service on the SCIP bonds or one-twelfth of the amount of the State's assistance as provided in the authorization. The authorization currently provides for \$55 million each year with an additional \$93 million in fiscal year 2005 and \$100 million each fiscal year thereafter. During fiscal year 2005, the State provided \$100 million to the RTA, which is below the authorized amount of \$148 million. Although the amount of the State's assistance is measured by the debt service on the SCIP bonds, the assistance is not pledged for payment of, or security for, the SCIP bonds. The State's assistance is paid directly to the Authority and may be spent by the Authority at its discretion.

**K. Illinois Sports Facilities Authority  
(Authority)**

The Authority was authorized by the Illinois Sports Facilities Act to issue bonds and notes in the principal amount not to exceed 1) \$150 million in connection with facilities owned by the Authority, 2) \$399 million in connection with facilities owned by a governmental owner other than the Authority and 3) to refund, advance refund or refinance any of its bonds then outstanding.

The bonds are secured by payments from the Illinois Sports Facilities Fund (a non-major governmental fund) from collections of 1) the State's Hotel Operator's Occupation Tax in an amount equal to the applicable advance amount plus \$5 million and 2) the City of Chicago's share of the Local Government Distributive Fund (a non-major governmental fund) in the amount of \$5 million. This advance amount is required to be repaid by the Authority from collections of the Authority's Hotel Tax to the

State's General Fund by the end of the fiscal year. In the event of a deficiency in the Hotel Tax, amounts otherwise payable to the City of Chicago from the Local Government Distributive Fund should be used for the repayment.

Annually, the Authority is required to certify to the State Comptroller and the State Treasurer their requirements for the next fiscal year. This certification shall be the lesser of 1) the advance amount plus \$10 million and 2) the amount to pay principal and interest and other payments relating to its obligations issued or to be issued during the fiscal year plus the amount anticipated to pay obligations under provisions of any management agreement with respect to facilities owned by the Authority or any assistance agreement with respect to any facility for which financial assistance is provided under the Act plus an amount to pay other capital or operating expenses of the Authority. Under this formula, the maximum advance amount for fiscal year 2005 was \$26.131 million plus \$10 million for a total of \$36.131 million.

The Authority's annual certification for fiscal year 2005 was in the amount of \$33 million, which is below the maximum amount authorized. Payments related to the annual certification, which are subject to appropriation by the General Assembly, were paid to the Authority. The Authority repaid the advance amount by the end of the fiscal year.

In future years, the advance amount increases by 105.615% of the preceding advance amount through fiscal year 2032. Including the additional \$10 million, the maximum which could be certified each year is \$37.599 million in fiscal year 2006, \$39.149 million in fiscal year 2007, \$40.786 million in fiscal year 2008, \$42.515 million in fiscal year 2009 and graduating to \$124.252 million in fiscal year 2032. Of these amounts, only \$5 million per year is the State's share.

***L. Southwestern Illinois Development Authority (SWIDA) Revenue Bonds***

The SWIDA, which is a component unit of the State, has issued revenue bonds. The proceeds of these bonds were loaned to several companies for the acquisition of land and construction of various types of facilities. These companies are primarily liable for repayment of the bonds, which are secured by SWIDA loan agreements with the companies. These bonds bear interest at rates ranging from 4.375% to 9.25% and mature annually through 2021. The State has accepted a moral obligation to repay the bonds in the event the SWIDA and the companies are unable to meet the bonds' repayment commitments. As of June 30, 2005 the outstanding balance of bonds, which the State is morally obligated to repay, is \$60.0 million.

***M. Upper Illinois River Valley Development Authority (UIRVDA) Revenue Bonds***

The UIRVDA, which is a component unit of the State, has issued revenue bonds. The proceeds of which were loaned to various companies to provide permanent financing for the acquisition and construction of various types of facilities. These companies are primarily liable for repayment of the bonds, which are secured by an assignment and a pledge of revenues derived from a separate loan agreement between the UIRVDA and these companies. These bonds mature annually through 2030 and bear interest in varying rates between 5.90% and 8.85%. The State has accepted a moral obligation to repay the bonds in the event the UIRVDA and the companies are unable to meet the bonds' repayment commitments. At June 30, 2005 the outstanding balance, which the State is morally obligated to repay, is \$23.6 million.

***N. Illinois Housing Development Authority Loans***

The Illinois Housing Development Authority has entered into commitments aggregating \$101.7 million for the purchase of various home loans as of June 30, 2005.

**21****SEGMENT INFORMATION****Component Units**

Segments are identifiable activities reported as or within a component unit for which bonds or other debt is outstanding and a revenue stream has been pledged in support of that debt. In addition, to qualify as a segment, an activity must be subject to an external requirement to separately account for the revenues, expenses, gains and losses, assets and liabilities of the activity. All of the activities reported in the condensed financial information meet these requirements. The following paragraphs describe the various component units' segments.

***Illinois State University (ISU)***

ISU has issued revenue bonds with the net revenues pledged to pay the bond interest and principal. The Auxiliary Facilities System segment operates student housing, student activities and parking.

***Northern Illinois University (NIU)***

NIU has issued revenue bonds with the net revenues pledged to pay the bond interest and principal. The Auxiliary Facilities System segment is comprised of university owned housing units, student union, recreation and athletic facilities and similar auxiliary service units, including parking.

***Southern Illinois University (SIU)***

SIU has issued revenue bonds with the net revenues from two segments pledged to pay the bond interest and principal. The Housing and Auxiliary Facilities System segment is comprised of university owned housing units, student centers, recreation and athletic facilities and similar auxiliary enterprise units. The Medical Facilities System segment is comprised of clinical facilities used to provide patient care at the School of Medicine in Springfield.

***University of Illinois (U of I)***

U of I has issued revenue bonds with the net revenues from three segments pledged to pay the bond interest and principal. The Auxiliary Facilities System segment is comprised of university owned housing units, student unions, recreation and athletic facilities and similar auxiliary service units, including parking. The Health Services Facilities System segment is comprised of the U of I Hospital and associated clinical facilities providing patient care. The Willard Airport Facility segment is comprised of land, hangars, a terminal building, parking lots, runways and related apron areas.

***Non-Major Component Units***

Chicago State University (CSU) has issued revenue bonds with the net revenues pledged to pay the bond interest and principal. The Auxiliary Facilities System segment includes all operations of the University Center Union Building. Its revenues are principally University Center fees, rental and use fees, leased food services, bookstore commissions and parking fees.

The following are the condensed financial statements at June 30, 2005 for the segments described above:

Table 21-1 (amounts expressed in thousands)

	<b>Illinois State University</b>	<b>Northern Illinois University</b>
	<b>Auxiliary Facilities System</b>	<b>Auxiliary Facilities System</b>
<b>Condensed Statement of Net Assets:</b>		
<b>Assets</b>		
Current assets	\$ 37,761	\$ 25,860
Noncurrent assets:		
Capital assets, net of accumulated depreciation	84,978	98,302
Other noncurrent assets	19,601	2,217
<b>Total assets</b>	<b>142,340</b>	<b>126,379</b>
<b>Liabilities</b>		
Current liabilities	11,939	9,894
Noncurrent liabilities	49,752	112,168
<b>Total liabilities</b>	<b>61,691</b>	<b>122,062</b>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	34,175	(13,866)
Restricted-other expendable purposes	2,853	--
Unrestricted	43,621	18,183
<b>Total net assets</b>	<b>\$ 80,649</b>	<b>\$ 4,317</b>
<b>Condensed Statement of Revenues, Expenses and Changes in Net Assets:</b>		
Operating revenues	\$ 57,753	\$ 63,315
Operating expenses	(42,741)	(49,799)
Depreciation expense	(3,347)	(4,921)
Operating income (loss)	11,665	8,595
Nonoperating revenues (expenses)	(1,118)	(5,560)
Capital and endowment additions	--	--
<b>Increase (decrease) in net assets</b>	<b>10,547</b>	<b>3,035</b>
Net assets (deficit), July 1, 2004	70,102	1,282
<b>Net assets (deficit), June 30, 2005</b>	<b>\$ 80,649</b>	<b>\$ 4,317</b>
<b>Condensed Statement of Cash Flows:</b>		
Net cash flows provided (used) by operating activities	\$ 15,719	\$ 15,685
Net cash flows provided by noncapital financing activities	203	--
Net cash flows provided (used) by capital and related financing activities	(13,610)	(14,596)
Net cash flows provided (used) by investing activities	2,422	1,186
Net increase (decrease) in cash and cash equivalents	4,734	2,275
Cash and cash equivalents, July 1, 2004	7,013	10,878
<b>Cash and cash equivalents, June 30, 2005</b>	<b>\$ 11,747</b>	<b>\$ 13,153</b>

Table 21-1 (continued)

Southern Illinois University		University of Illinois			Non-Major Component Unit
Housing and Auxiliary Facilities System	Medical Facilities System	Auxiliary Facilities System	Health Services Facilities System	Willard Airport Facility	
\$ 60,276	\$ 5,043	\$ 221,934	\$ 129,719	\$ 1,853	\$ 5,294
104,097	12,956	519,553	171,075	32,056	16,162
12,771	1,599	39,241	3,120	284	--
<u>177,144</u>	<u>19,598</u>	<u>780,728</u>	<u>303,914</u>	<u>34,193</u>	<u>21,456</u>
15,677	916	57,971	53,621	1,135	1,213
163,710	16,743	625,397	94,527	743	22,227
<u>179,387</u>	<u>17,659</u>	<u>683,368</u>	<u>148,148</u>	<u>1,878</u>	<u>23,440</u>
(35,144)	(2,114)	7,699	94,217	31,107	(6,654)
25,910	2,700	23,014	2,454	505	--
6,990	1,352	66,647	59,095	703	4,670
<u>\$ (2,244)</u>	<u>\$ 1,938</u>	<u>\$ 97,360</u>	<u>\$ 155,766</u>	<u>\$ 32,315</u>	<u>\$ (1,984)</u>
\$ 72,590	\$ 26,028	\$ 211,024	\$ 510,638	\$ 2,188	\$ 6,224
(68,712)	(29,489)	(192,287)	(479,172)	(2,621)	(4,621)
(5,756)	(664)	(14,250)	(17,829)	(1,648)	(478)
<u>(1,878)</u>	<u>(4,125)</u>	<u>4,487</u>	<u>13,637</u>	<u>(2,081)</u>	<u>1,125</u>
1,072	5,809	(7,137)	(3,550)	556	(265)
--	--	--	--	2,445	--
(806)	1,684	(2,650)	10,087	920	860
(1,438)	254	100,010	145,679	31,395	(2,844)
<u>\$ (2,244)</u>	<u>\$ 1,938</u>	<u>\$ 97,360</u>	<u>\$ 155,766</u>	<u>32,315</u>	<u>\$ (1,984)</u>
\$ 10,471	\$ 2,737	\$ 36,433	\$ 30,696	\$ (267)	\$ 2,396
157	--	3,188	--	448	--
8,378	(1,259)	706	(16,781)	(338)	(1,939)
<u>(20,839)</u>	<u>94</u>	<u>(36,485)</u>	<u>1,004</u>	<u>18</u>	<u>34</u>
(1,833)	1,572	3,842	14,919	(139)	491
25,508	695	74,461	25,162	1,146	4,709
<u>\$ 23,675</u>	<u>\$ 2,267</u>	<u>\$ 78,303</u>	<u>\$ 40,081</u>	<u>\$ 1,007</u>	<u>\$ 5,200</u>

## 22

## SUBSEQUENT EVENTS

**General Obligation, Special Obligation, Revenue Bonds, Notes, General Obligation Certificates and Certificates of Participation:**

Subsequent to June 30, 2005, the following general obligation, special obligation, revenue bonds, notes, general obligation certificates and certificates of participation have been issued:

Table 22-1 (amounts expressed in millions)

Series	Date of Issue	Amount of Issue	Interest Rates	Annual Maturity To
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General obligation bonds:				
September, Series 2005	9/29/2005	\$ 300.0	3.25% to 5.0%	2030
January, Series 2006	1/18/2006	\$ 325.0	5.0% to 5.5%	2031
Special obligation bonds:				
March, Series 2006 (Build Illinois)	3/30/2006	\$ 65.0	4.0% to 5.0%	2026
General obligation certificates:				
November, Series 2005	11/22/2005	\$1,000.0	4.5%	2006
<b>Business-type Activities:</b>				
Designated Account Purchase Program:				
Taxable Student Loan Revenue Bond				
Senior Series 2005 VIII-1	7/19/2005	\$ 70.0	Variable	2045
Senior Series 2005 VIII-2	7/19/2005	\$ 70.0	Variable	2045
Senior Series 2005 VIII-3	7/19/2005	\$ 80.0	Variable	2045
Senior Series 2005 VIII-4	12/8/2005	\$ 50.0	Variable	2045
Senior Series 2005 VIII-5	12/8/2005	\$ 60.0	Variable	2045
Senior Series 2005 VIII-6	12/8/2005	\$ 70.0	Variable	2045
Senior Series 2005 VIII-7	12/8/2005	\$ 80.0	Variable	2045
Senior Series 2005 VIII-8	12/8/2005	\$ 80.0	Variable	2045
Subordinate Series 2005 IX-1	7/19/2005	\$ 20.0	Variable	2045
Subordinate Series 2005 IX-2	12/8/2005	\$ 20.0	Variable	2045
<b>Component Units:</b>				
Bonds payable:				
Illinois Finance Authority:				
Series 2006A (Bond Bank)	1/10/2006	\$ 11.5	3.3% to 4.85%	2031
Series 2006A (Medical District Commission)	1/31/2006	\$ 7.5	4.125% to 4.7%	2031
Series 2006B (Medical District Commission)	1/31/2006	\$ 32.5	5.14% to 5.33%	2031
Illinois Housing Development Authority:				
Homeowner Mortgage Revenue Bonds				
Series 2006A-1	1/26/2006	\$ 19.5	3.3% to 4.25%	2017
Series 2006A-2	1/26/2006	\$ 65.1	4.85% to 5.0%	2036
Series 2006B	1/26/2006	\$ 15.0	4.94% to 5.31%	2036
Multi-Family Housing Bonds				
Series 2005A (Indian Trail Apartments)	9/14/2005	\$ 9.0	5.09%	2035
Series 2005B (Indian Trail Apartments)	9/14/2005	\$ 0.8	4.81%	2018
Series 2005 (Pontiac Towers)	9/30/2005	\$ 4.5	Variable	2035
Series 2005A (Palmer Square Apartments)	10/17/2005	\$ 9.5	5.48%	2023
Series 2005 (Amberton Apartments)	12/15/2005	\$ 47.0	Variable	2040
Series 2005 (Galesburg Towers)	12/16/2005	\$ 4.7	Variable	2035
Series 2006 (Lifelink Developments)	3/16/2006	\$ 50.0	4.125% to 4.85%	2041
Housing Bonds				
Series 2005C (Victory Centre of Bartlett SLF)	8/18/2005	\$ 10.7	4.375% to 5.0%	2042
Series 2005D (Liberty Arms Senior Apartments)	10/12/2005	\$ 6.6	4.875%	2047
Series 2005E	11/1/2005	\$ 24.8	3.65% to 4.8%	2036
Series 2005F	11/1/2005	\$ 19.6	4.09% to 5.84%	2029
Southern Illinois University				
Series 2005 (Medical Facilities System)	11/16/2005	\$ 21.3	3.25% to 5.0%	2026
Series 2006A (Housing and Auxiliary Facilities)	5/24/2006	\$ 69.7	4.0% to 5.25%	2036
University of Illinois				
Series 2005B (Auxiliary Facilities System)	8/10/2005	\$ 67.3	Variable	2035
Series 2006A (UIC South Campus)	2/2/2006	\$ 53.7	Variable	2022
Eastern Illinois University				
Series 2005 (Auxiliary Facilities System)	7/1/2005	\$ 19.3	3.0% to 5.0%	2026
Illinois State University				
Series 2006 (Auxiliary Facilities System)	3/21/2006	\$ 45.6	3.35% to 4.4%	2031
Western Illinois University				
Series 2006 (Auxiliary Facilities System)	3/9/2006	\$ 15.3	3.5% to 4.5%	2027
Illinois State Toll Highway Authority				
Series 2006 A-1 (Toll Highway Senior Priority)	6/7/2006	\$ 500.0	5.0%	2026
Series 2006 A-2 (Toll Highway Senior Priority)	6/7/2006	\$ 500.0	5.0%	2031
Notes payable:				
Illinois Housing Development Authority:				
Multi-Family Housing Note				
Series 2005A (Liberty Arms Apartments)	10/1/2005	\$ 2.1	Variable	2007
Certificates of Participation:				
Western Illinois University				
Series 2005 (Capital Improvement Projects)	12/7/2005	\$ 10.3	3.3% to 4.5%	2025
Northeastern Illinois University				
Series 2006 (Capital Improvement Projects)	3/8/2006	\$ 15.1	3.5% to 4.75%	2025
University of Illinois				
Series 2006A (Academic Facilities Projects)	6/6/2006	\$ 81.9	4.5% to 5.0%	2026

**REQUIRED SUPPLEMENTARY INFORMATION**

State of Illinois

**Budgetary Comparison Schedule  
Major Governmental Funds**

For the Year Ended June 30, 2005 (Expressed in Thousands)

	General Funds				Road Fund			
	Original Budget	Final Budget	Actual	Variance Over (Under)	Original Budget	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>								
Income taxes	\$ 8,298,000	\$ 8,298,000	\$ 9,117,127	\$ 819,127	\$ -	\$ -	\$ -	\$ -
Sales taxes	6,523,000	6,523,000	6,594,766	71,766	-	-	-	-
Motor fuel taxes	-	-	-	-	-	-	-	-
Public utility taxes	1,102,000	1,102,000	1,056,331	(45,669)	-	-	-	-
Federal government	4,276,000	4,276,000	4,177,765	(98,235)	947,300	947,300	868,092	(79,208)
Other	3,142,000	3,142,000	2,589,269	(552,731)	875,200	875,200	851,085	(24,115)
Less:								
Refunds	-	22,601	14,404	(8,197)	-	2,812	2,506	(306)
<b>Total revenues</b>	<b>23,341,000</b>	<b>23,318,399</b>	<b>23,520,854</b>	<b>202,455</b>	<b>1,822,500</b>	<b>1,819,688</b>	<b>1,716,671</b>	<b>(103,017)</b>
<b>EXPENDITURES:</b>								
Current:								
Health and social services	11,085,501	11,077,897	9,977,722	(1,100,175)	-	-	-	-
Education	9,003,959	9,056,604	8,953,128	(103,476)	-	-	-	-
General government	1,532,631	1,566,242	1,535,998	(30,244)	256,727	250,330	245,006	(5,324)
Transportation	54,953	57,532	51,577	(5,955)	1,246,875	1,297,317	1,246,122	(51,195)
Public protection and justice	1,709,268	1,745,885	1,715,305	(30,580)	97,501	97,310	97,310	-
Employment and economic development	138,067	135,666	132,313	(3,353)	1,900	1,900	1,900	-
Environment and business regulation	118,873	122,434	117,737	(4,697)	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Capital outlays	45,856	42,240	33,602	(8,638)	22,121	22,121	18,242	(3,879)
<b>Total expenditures</b>	<b>23,689,108</b>	<b>23,804,500</b>	<b>22,517,382</b>	<b>(1,287,118)</b>	<b>1,625,124</b>	<b>1,668,978</b>	<b>1,608,580</b>	<b>(60,398)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(348,108)</b>	<b>(486,101)</b>	<b>1,003,472</b>	<b>1,489,573</b>	<b>197,376</b>	<b>150,710</b>	<b>108,091</b>	<b>(42,619)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>								
Proceeds from general obligation								
certificates issued	-	765,000	765,000	-	-	-	-	-
Transfers-in	5,069,000	6,151,369	6,151,369	-	339,900	336,902	336,902	-
Transfers-out	(4,980,000)	(7,983,009)	(7,983,009)	-	(336,300)	(272,841)	(272,841)	-
<b>Total other sources (uses) of financial resources</b>	<b>89,000</b>	<b>(1,066,640)</b>	<b>(1,066,640)</b>	<b>-</b>	<b>3,600</b>	<b>64,061</b>	<b>64,061</b>	<b>-</b>
<b>Budgetary funds-nonbudgeted accounts</b>	<b>(572)</b>	<b>(572)</b>	<b>(572)</b>	<b>-</b>				<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>(259,680)</b>	<b>(1,553,313)</b>	<b>(63,740)</b>	<b>1,489,573</b>	<b>200,976</b>	<b>214,771</b>	<b>172,152</b>	<b>(42,619)</b>
Budgetary fund balances, July 1, 2004	(410,295)	(410,295)	(410,295)	-	91,811	91,811	91,811	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2005</b>	<b>\$ (669,975)</b>	<b>\$ (1,963,608)</b>	<b>\$ (474,035)</b>	<b>\$ 1,489,573</b>	<b>\$ 292,787</b>	<b>\$ 306,582</b>	<b>\$ 263,963</b>	<b>\$ (42,619)</b>

Motor Fuel Tax Fund				State Construction Account			
Original Budget	Final Budget	Actual	Variance Over (Under)	Original Budget	Final Budget	Actual	Variance Over (Under)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,376,400	1,376,400	1,362,654	(13,746)	-	-	-	-
-	-	35	35	-	-	-	-
-	-	1,157	1,157	516,800	516,800	538,015	21,215
14,300	16,152	14,722	(1,430)	-	-	-	-
1,362,100	1,360,248	1,349,124	(11,124)	516,800	516,800	538,015	21,215
-	-	-	-	-	-	-	-
65,212	65,549	59,490	(6,059)	-	-	-	-
672,516	672,756	649,206	(23,550)	729,964	729,964	729,945	(19)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
50	50	39	(11)	-	-	-	-
737,778	738,355	708,735	(29,620)	729,964	729,964	729,945	(19)
624,322	621,893	640,389	18,496	(213,164)	(213,164)	(191,930)	21,234
-	-	-	-	-	-	-	-
(637,500)	(632,979)	(632,979)	-	235,600	233,422	233,422	-
(637,500)	(632,979)	(632,979)	-	(52)	(52)	(52)	-
(637,500)	(632,979)	(632,979)	-	235,548	233,370	233,370	-
-	-	-	-	-	-	-	-
(13,178)	(11,086)	7,410	18,496	22,384	20,206	41,440	21,234
54,279	54,279	54,279	-	252,193	252,193	252,193	-
\$ 41,101	\$ 43,193	\$ 61,689	\$ 18,496	\$ 274,577	\$ 272,399	\$ 293,633	\$ 21,234

**Notes to Budgetary Comparison Schedule – Budget and Actual**  
**– Major Governmental Funds**  
For the Year Ended June 30, 2005

A. Budgetary Basis of Accounting

The State Constitution requires the Governor to prepare and submit to the General Assembly an Executive Budget for the ensuing fiscal year. The budget covers most funds held by the State, but excludes all locally held funds and various treasury held funds which are not subject to appropriation pursuant to State law. The General Assembly enacts the budget through passage of specific line-item appropriations (i.e., personal services, contractual services, equipment, etc.), the sum of which must not exceed estimated revenues pursuant to the State Constitution. The Governor has the power to approve, reduce or veto each appropriation passed by the General Assembly. Transfers-in and transfers-out contained in the Executive Budget are not a part of the General Assembly's appropriation process. The actual amounts are determined either by State law or by discretionary action available to the Governor. The Statewide Accounting Management System controls expenditures by line item as established in approved appropriation bills and ensures that appropriated expenditure amounts are not exceeded.

The level of legal control is at the line-item appropriation level as reported in a publication titled *Illinois Detailed Annual Report of Revenues and Expenditures* (i.e., Office of the Comptroller, Department of Human Services, Department of Corrections, etc). A separate document is necessary due to the State's large amount of appropriated line-items. Prior to fiscal year 2005, administrative transfers between transferable appropriation line items within the same treasury held fund generally could not exceed 2% of the aggregate amount appropriated to those lines for an agency from that fund. Examples of appropriation line items with a 2% transfer limit are Contractual Services, Travel, Commodities, Printing and Equipment. Legislative action is required for more substantial transfers. During fiscal year 2005, transfers between appropriation lines were allowed up to a 4% transfer limit. Unexpended appropriations at June 30 are available for subsequent expenditure to the extent that encumbrances have been incurred at June 30, provided the expenditure is presented for payment during the succeeding two month "lapse period." An exception to the lapse period requirements are expenditures described in Section 25 of the State Finance Act (30 ILCS 105/25). These Section 25 expenditures, mostly related to the reimbursement of hospitals, physicians, and pharmacists for Medicaid patients, are allowed to be paid in the following fiscal year. Certain appropriations referred to as "reappropriations" represent the continuation of a prior year's program that requires additional time for completion.

The original budgeted revenues represent estimates while original budgeted expenditures represent original and continuing appropriations enacted into law by appropriation bills. Generally accepted accounting principles (GAAP) require the final legal budget be reflected in the final budget column, therefore, updated revenue estimates have been reported. Final expenditure budgets represent original and continuing appropriations modified by supplemental and amendatory appropriations. The State's basis of budgeting is essentially on the cash basis, modified for expenditures during the lapse period (beginning and end of year) as described in the preceding paragraph.

The State Budget Law (15 ILCS 20) requires the budget for certain funds, called budgeted funds which include the General Revenue, Common School, and Educational Assistance subaccounts of the General Fund, the Road Fund, and the Motor Fuel Tax Fund, to be prepared:

“ . . . on a basis of revenue and expenditure measurement concepts that are in concert with generally accepted accounting principles for governments . . .

. . . The revenue estimates used in the State budget for the budgeted funds shall include the estimated beginning fund balance, plus revenues estimated to be received during the budgeted year, plus the estimated receipts due the State as of June 30 of the budgeted year that are expected to be collected during the lapse period following the budgeted year, minus the receipts collected during the first 2 months of the budgeted year that became due to the State in the year before the budgeted year. Revenues shall also include estimated federal reimbursements associated with the recognition of Section 25 of the State Finance Act liabilities. For any budgeted fund for which current year revenues are anticipated to exceed expenditures, the surplus shall be considered to be a resource available for expenditure in the budgeted fiscal year.

Expenditure estimates for the budgeted funds included in the State budget shall include the costs to be incurred by the State for the budgeted year, to be paid in the next fiscal year, excluding costs paid in the budgeted year which were carried over from the prior year, where the payment is authorized by Section 25 of the State Finance Act. For any budgeted fund for which expenditures are expected to exceed revenues in the current fiscal year, the deficit shall be considered as a use of funds in the budgeted fiscal year.

Revenues and expenditures shall also include transfers between funds that are based on revenues received or costs incurred during the budget year.”

The State has not presented revenue and expenditure estimates in accordance with these provisions.

The State’s General Fund has a perspective difference for financial reporting as the General Fund reported for financial reporting purposes includes amounts which are reported as a part of the State’s Special State Funds as classified for budgetary purposes.

The Budgetary Comparison Schedule – Major Governmental Funds presents the original legally adopted budget, as well as comparisons of the final legally adopted budget with actual data on a budgetary basis for the State’s major governmental funds: the General Fund, the Road Fund, the Motor Fuel Tax Fund and the School Construction Account.

The supplementary portion of this report includes a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for all funds of the State with annual budgets as classified for budgetary purposes. Those schedules only include the final appropriated budget.

**B. Budgetary-GAAP Reporting Reconciliation**

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of differences between budgetary and GAAP presentations for the year ended June 30, 2005 is presented below for the major governmental funds (amounts expressed in thousands):

Table 1-1 (amounts expressed in thousands)

	<b>MAJOR GOVERNMENTAL FUNDS</b>			
	<b>General Fund</b>			<b>State</b>
	<b>General Fund</b>	<b>Road Fund</b>	<b>Motor Fuel Tax Fund</b>	<b>Construction Account</b>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources (budgetary basis)	\$ (63,740)	\$ 172,152	\$ 7,410	\$ 41,440
Reclassifications:				
Budgetary Special State Funds reported as part of the General Fund for GAAP reporting	(251,704)	--	--	--
Adjustments:				
To adjust revenues, related receivables and deferred revenue	1,053,752	103,414	3,679	(40,117)
To adjust expenditures and related liabilities	(1,213,241)	27,893	(2,710)	(42,044)
To adjust for lapse period expenditures which were not recorded as liabilities	(90,686)	10,022	(67)	--
Excess (deficiency) of revenues over (under) expenditures/expenses and other sources (uses) of financial resources into financial resources (GAAP basis) - budgetary classifications	(565,619)	313,481	8,312	(40,721)
To record excess (deficiency) of revenues over (under) expenditures/expenses and other sources (uses) of financial resources for nonbudgeted accounts	(969)	--	--	--
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources (GAAP basis)	<b>\$ (566,588)</b>	<b>\$ 313,481</b>	<b>\$ 8,312</b>	<b>\$ (40,721)</b>

**Required Supplementary Information**  
**Pension Trust Funds – Schedule of Funding Progress**  
(Unaudited)

The following schedule of funding progress (dollar amounts in thousands) for the State of Illinois' retirement systems is provided for fiscal years ended June 30, 2003, 2004 and 2005.

	(a)	(b)	(c)	(d)	(e)	(f)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability ("AAL") Projected Unit Credit	Unfunded AAL ("UAAL") (b-a)	Funded Ratio (a/b)	Covered Payroll	UAAL as a Percentage of Covered Payroll (c/e)
General Assembly						
6/30/2003	\$ 49,676	\$ 196,510	\$ 146,834	25.3%	\$ 12,638	1161.8%
6/30/2004	\$ 83,208	\$ 207,593	\$ 124,385	40.1%	\$ 12,993	957.3%
6/30/2005	\$ 83,273	\$ 212,906	\$ 129,633	39.1%	\$ 12,851	1008.7%
Judges'						
6/30/2003	\$ 330,054	\$ 1,076,232	\$ 746,178	30.7%	\$ 123,900	602.2%
6/30/2004	\$ 534,580	\$ 1,156,093	\$ 621,513	46.2%	\$ 127,200	488.6%
6/30/2005	\$ 564,999	\$ 1,236,512	\$ 671,513	45.7%	\$ 128,700	521.8%
State Employees'						
6/30/2003	\$ 7,502,111	\$ 17,593,980	\$ 10,091,869	42.6%	\$ 3,639,334	277.3%
6/30/2004	\$ 9,990,187	\$ 18,442,665	\$ 8,452,478	54.2%	\$ 3,439,251	245.8%
6/30/2005	\$ 10,494,148	\$ 19,304,647	\$ 8,810,499	54.4%	\$ 3,475,528	253.5%
Teachers'						
6/30/2003	\$ 23,124,823	\$ 46,933,432	\$ 23,808,609	49.3%	\$ 7,059,032	337.3%
6/30/2004	\$ 31,544,729	\$ 50,947,451	\$ 19,402,722	61.9%	\$ 7,280,795	266.5%
6/30/2005	\$ 34,085,218	\$ 56,075,029	\$ 21,989,811	60.8%	\$ 7,550,510	291.2%
State Universities						
6/30/2003	\$ 9,714,547	\$ 18,025,032	\$ 8,310,485	53.9%	\$ 2,763,428	300.7%
6/30/2004	\$ 12,586,305	\$ 19,078,583	\$ 6,492,278	66.0%	\$ 2,814,071	230.7%
6/30/2005	\$ 13,350,278	\$ 20,349,922	\$ 6,999,644	65.6%	\$ 2,939,185	238.1%

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## **GENERAL FUND**

The General Fund is maintained to account for resources obtained and used for those services traditionally provided by State government which are not required to be accounted for in another fund.

### **SIGNIFICANT GENERAL FUND ACCOUNT DESCRIPTIONS**

General Revenue Account--to account for resources obtained and used which are not required to be accounted for in another fund or account.

Education Assistance Account--to provide funding for elementary and secondary education programs and for higher education programs.

Common School Account--to provide funding for elementary and secondary education agencies including General State Aid, School District Consolidation Incentives and operational funding of Educational Services Regions.

University of Illinois Hospital Services Account--to provide medical services at the University of Illinois Hospital.

County Hospital Services Account--to provide for medical services at Cook County hospitals.

Long-Term Care Provider Account--to provide for medical services at long-term health care centers.

State of Illinois

Combining Schedule of Accounts  
General Fund

June 30, 2005 (Expressed in Thousands)

	General Revenue Account	Education Assistance Account	Common School Account	Medicaid Provider Assessment Program	Eliminations	Total
<b>ASSETS</b>						
Cash equity with State Treasurer	\$ 1,143,773	\$ 270,523	\$ 68,179	\$ 40,453		\$ 1,522,928
Cash and cash equivalents	2,295					2,295
Receivables, net:						
Taxes	847,091	28,343	107,850	5,439		988,723
Intergovernmental	1,333,130			365,282		1,698,412
Other	172,191		73	2,724		174,988
Due from other funds	54,724	8,600	22		\$ (2,817)	60,529
Due from component units	369			25,772		26,141
Inventories	30,027					30,027
Loans and notes receivable, net	12,976					12,976
<b>Total assets</b>	<b>\$ 3,596,576</b>	<b>\$ 307,466</b>	<b>\$ 176,124</b>	<b>\$ 439,670</b>	<b>\$ (2,817)</b>	<b>\$ 4,517,019</b>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ 3,981,726		\$ 51,563	\$ 89,111		\$ 4,122,400
Intergovernmental payables	1,475,943		6	287,969		1,763,918
Due to other funds	496,418		36,762	2,827	\$ (2,817)	533,190
Due to component units	17,960			55,098		73,058
Unavailable revenue	821,415	\$ 8,159	7,477	174,662		1,011,713
Deferred revenue	76,107					76,107
Matured portion of long-term liabilities	1,024					1,024
<b>Total liabilities</b>	<b>6,870,593</b>	<b>8,159</b>	<b>95,808</b>	<b>609,667</b>	<b>(2,817)</b>	<b>7,581,410</b>
<b>FUND BALANCES (DEFICITS)</b>						
Reserved for:						
Encumbrances	7,839					7,839
Long-term portion of loans and notes receivable	12,509					12,509
Inventories	30,027					30,027
Unreserved:						
Designated for reappropriated accounts						
Undesignated	(3,324,392)	299,307	80,316	(169,997)		(3,114,766)
<b>Total fund balances (deficits)</b>	<b>(3,274,017)</b>	<b>299,307</b>	<b>80,316</b>	<b>(169,997)</b>		<b>(3,064,391)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,596,576</b>	<b>\$ 307,466</b>	<b>\$ 176,124</b>	<b>\$ 439,670</b>	<b>\$ (2,817)</b>	<b>\$ 4,517,019</b>

State of Illinois

Combining Schedule of Revenues, Expenditures  
and Changes in Fund Balances

General Fund

For the Year Ended June 30, 2005 (Expressed in Thousands)

	General Revenue Account	Education Assistance Account	Common School Account	Medicaid Provider Assessment Program	Eliminations	Total
<b>REVENUES</b>						
Income taxes	\$ 8,891,836	\$ 685,125				\$ 9,576,961
Sales taxes	4,970,774		\$ 1,658,234			6,629,008
Public utility taxes	972,071		104,561			1,076,632
Other taxes	1,972,193		316,044	\$ 221,779		2,510,016
Federal government	5,178,976			1,323,655		6,502,631
Licenses and fees	283,924		644	395		284,963
Interest and other investment income	81,032		636	948		82,616
Other	519,327	14		1,115,819		1,635,160
<b>Total revenues</b>	<b>22,870,133</b>	<b>685,139</b>	<b>2,080,119</b>	<b>2,662,596</b>		<b>28,297,987</b>
<b>EXPENDITURES</b>						
Current:						
Health and social services	12,616,368			2,582,063		15,198,431
Education	4,539,640	1,079,333	3,380,450			8,999,423
General government	1,648,491					1,648,491
Employment and economic development	124,590					124,590
Transportation	38,535					38,535
Public protection and justice	1,742,538					1,742,538
Environment and business regulations	113,762					113,762
Debt service:						
Principal	6,491					6,491
Interest	1,388					1,388
Capital outlays	18,055					18,055
<b>Total expenditures</b>	<b>20,849,858</b>	<b>1,079,333</b>	<b>3,380,450</b>	<b>2,582,063</b>		<b>27,891,704</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>2,020,275</b>	<b>(394,194)</b>	<b>(1,300,331)</b>	<b>80,533</b>		<b>406,283</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>						
Transfers-in	2,427,837	543,461	1,326,350	44,700	\$ (747,607)	3,594,741
Transfers-out	(5,272,205)			(45,194)	747,607	(4,569,792)
Capital lease financing	2,180					2,180
<b>Net other sources (uses) of financial resources</b>	<b>(2,842,188)</b>	<b>543,461</b>	<b>1,326,350</b>	<b>(494)</b>	<b>-- --</b>	<b>(972,871)</b>
<b>Net change in fund balances</b>	<b>(821,913)</b>	<b>149,267</b>	<b>26,019</b>	<b>80,039</b>	<b>-- --</b>	<b>(566,588)</b>
Fund balances (deficits), July 1, 2004	(2,449,743)	150,040	54,297	(250,036)		(2,495,442)
Increase (decrease) for changes in inventories	(2,361)					(2,361)
<b>FUND BALANCES (DEFICITS), JUNE 30, 2005</b>	<b>\$ (3,274,017)</b>	<b>\$ 299,307</b>	<b>\$ 80,316</b>	<b>\$ (169,997)</b>	<b>\$ -- --</b>	<b>\$ (3,064,391)</b>

State of Illinois

Combining Schedule of Accounts - General Fund

Medicaid Provider Assessment Program

June 30, 2005 (Expressed in Thousands)

	University of Illinois Hospital Services Account	County Hospital Services Account	Long-Term Care Provider Account	Other Medicaid Provider Assessment Accounts	Total
<b>ASSETS</b>					
Cash equity with State Treasurer	\$ 767	\$ 7,712	\$ 24,715	\$ 7,259	\$ 40,453
Receivables, net:					
Taxes			5,314	125	5,439
Intergovernmental	28,751	266,422	67,364	2,745	365,282
Other	2,613	39	40	32	2,724
Due from component units	25,772				25,772
<b>Total assets</b>	<b>\$ 57,903</b>	<b>\$ 274,173</b>	<b>\$ 97,433</b>	<b>\$ 10,161</b>	<b>\$ 439,670</b>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities			\$ 83,627	5,484	\$ 89,111
Intergovernmental payables		\$ 274,173	13,796		287,969
Due to other funds	\$ 2,805		10	12	2,827
Due to component units	55,098				55,098
Unavailable revenue	15,645	154,071	4,479	\$ 467	174,662
<b>Total liabilities</b>	<b>73,548</b>	<b>428,244</b>	<b>101,912</b>	<b>5,963</b>	<b>609,667</b>
<b>FUND BALANCES (DEFICITS)</b>					
Unreserved	(15,645)	(154,071)	(4,479)	4,198	(169,997)
<b>Total fund balances (deficits)</b>	<b>(15,645)</b>	<b>(154,071)</b>	<b>(4,479)</b>	<b>4,198</b>	<b>(169,997)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 57,903</b>	<b>\$ 274,173</b>	<b>\$ 97,433</b>	<b>\$ 10,161</b>	<b>\$ 439,670</b>

State of Illinois

Combining Schedule of Revenues, Expenditures  
and Changes in Fund Balances - General Fund  
Medicaid Provider Assessment Program

For the Year Ended June 30, 2005 (Expressed in Thousands)

	University of Illinois Hospital Services Account	County Hospital Services Account	Long-Term Care Provider Account	Other Medicaid Provider Assessment Accounts	Total
<b>REVENUES</b>					
Other taxes			\$ 201,342	\$ 20,437	\$ 221,779
Federal government	\$ 117,702	\$ 914,340	271,584	20,029	1,323,655
Licenses and fees				395	395
Interest and other investment income		353	449	146	948
Other	78,681	957,401	79,737		1,115,819
<b>Total revenues</b>	<b>196,383</b>	<b>1,872,094</b>	<b>553,112</b>	<b>41,007</b>	<b>2,662,596</b>
<b>EXPENDITURES</b>					
Current:					
Health and social services	214,769	1,796,871	535,797	34,626	2,582,063
<b>Total expenditures</b>	<b>214,769</b>	<b>1,796,871</b>	<b>535,797</b>	<b>34,626</b>	<b>2,582,063</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(18,386)</b>	<b>75,223</b>	<b>17,315</b>	<b>6,381</b>	<b>80,533</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>					
Transfers-in	44,700				44,700
Transfers-out	(40,773)			(4,421)	(45,194)
<b>Net other sources (uses) of financial resources</b>	<b>3,927</b>			<b>(4,421)</b>	<b>(494)</b>
<b>Net change in fund balances</b>	<b>(14,459)</b>	<b>75,223</b>	<b>17,315</b>	<b>1,960</b>	<b>80,039</b>
Fund balances (deficits), July 1, 2004	(1,186)	(229,294)	(21,794)	2,238	(250,036)
<b>FUND BALANCES (DEFICITS), JUNE 30, 2005</b>	<b>\$ (15,645)</b>	<b>\$ (154,071)</b>	<b>\$ (4,479)</b>	<b>\$ 4,198</b>	<b>\$ (169,997)</b>

State of Illinois

Combining Balance Sheet -  
Non-major Governmental Funds

June 30, 2005 (Expressed in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total Non-major Governmental Funds
<b>ASSETS</b>					
Cash equity with State Treasurer	\$ 1,922,329	\$ 649,202	\$ 247,012	\$ 1,620	\$ 2,820,163
Cash and cash equivalents	15,448	41,130	22,710	127	79,415
Investments	10,634	125,615		1,174	137,423
Receivables, net:					
Taxes	245,360				245,360
Intergovernmental	655,922		2,254		658,176
Other	259,400	2,048		6	261,454
Due from other funds	392,579	16,849	6,396		415,824
Due from component units	196	795			991
Inventories	18,281				18,281
Loans and notes receivable, net	65,778	20,462			86,240
Other assets	9,677				9,677
<b>Total assets</b>	<b>\$ 3,595,604</b>	<b>\$ 856,101</b>	<b>\$ 278,372</b>	<b>\$ 2,927</b>	<b>\$ 4,733,004</b>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 305,145		\$ 150,774		\$ 455,919
Intergovernmental payables	1,325,118		83,679		1,408,797
Due to other funds	181,278		1,099	\$ 178	182,555
Due to component units	16,108				16,108
Unavailable revenue	357,675				357,675
Deferred revenues	252,016		9,835		261,851
Matured portion of long-term liabilities	695				695
<b>Total liabilities</b>	<b>2,438,035</b>		<b>245,387</b>	<b>178</b>	<b>2,683,600</b>
<b>FUND BALANCES</b>					
Reserved for:					
Encumbrances	10,433		26		10,459
Long-term portion of:					
Other receivables	2,783				2,783
Loans and notes receivable	57,723	\$ 19,361			77,084
Other assets	9,491				9,491
Inventories	18,281				18,281
Other	1,952			2,331	4,283
Unreserved:					
Designated for reappropriated accounts	21,380		61,747		83,127
Undesignated	1,035,526	836,740	(28,788)	418	1,843,896
<b>Total fund balances</b>	<b>1,157,569</b>	<b>856,101</b>	<b>32,985</b>	<b>2,749</b>	<b>2,049,404</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,595,604</b>	<b>\$ 856,101</b>	<b>\$ 278,372</b>	<b>\$ 2,927</b>	<b>\$ 4,733,004</b>

State of Illinois

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

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total Non-major Governmental Funds
<b>REVENUES</b>					
Income taxes	\$ 805,750				\$ 805,750
Sales taxes	2,517,962				2,517,962
Motor fuel taxes	74,672				74,672
Public utility taxes	446,451				446,451
Other taxes	979,790				979,790
Federal government	6,095,107		\$ 27,177		6,122,284
Licenses and fees	522,439	\$ 190			522,629
Interest and other investment income	18,638	30,416		\$ 70	49,124
Other	662,913	50	23,197		686,160
<b>Total revenues</b>	<b>12,123,722</b>	<b>30,656</b>	<b>50,374</b>	<b>70</b>	<b>12,204,822</b>
<b>EXPENDITURES</b>					
Current:					
Health and social services	3,726,627			19	3,726,646
Education	2,205,422		521,420		2,726,842
General government	202,859	4	26,653		229,516
Employment and economic development	722,961	13	91,575		814,549
Transportation	517,652		93,700		611,352
Public protection and justice	332,934		521		333,455
Environment and business regulation	595,784		64,357		660,141
Debt service:					
Principal	1,202	767,039	76		768,317
Interest	87	1,082,135	9		1,082,231
Capital outlays	33,127		451,578		484,705
Intergovernmental	4,178,818				4,178,818
<b>Total expenditures</b>	<b>12,517,473</b>	<b>1,849,191</b>	<b>1,249,889</b>	<b>19</b>	<b>15,616,572</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(393,751)</b>	<b>(1,818,535)</b>	<b>(1,199,515)</b>	<b>51</b>	<b>(3,411,750)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>					
General and special obligation bonds issued			1,075,000		1,075,000
Premiums on general and special obligation bonds issued			73,513		73,513
Transfers-in	2,255,644	3,533,324	57,033		5,846,001
Transfers-out	(2,139,692)	(1,671,228)	(58,208)	(184)	(3,869,312)
Capital lease financing	1,019				1,019
<b>Net other sources (uses) of financial resources</b>	<b>116,971</b>	<b>1,862,096</b>	<b>1,147,338</b>	<b>(184)</b>	<b>3,126,221</b>
<b>Net change in fund balances</b>	<b>(276,780)</b>	<b>43,561</b>	<b>(52,177)</b>	<b>(133)</b>	<b>(285,529)</b>
Fund balances, July 1, 2004	1,434,946	812,540	85,162	2,882	2,335,530
Increase (decrease) for changes in inventories	(597)				(597)
<b>FUND BALANCES, JUNE 30, 2005</b>	<b>\$ 1,157,569</b>	<b>\$ 856,101</b>	<b>\$ 32,985</b>	<b>\$ 2,749</b>	<b>\$ 2,049,404</b>

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## SPECIAL REVENUE FUNDS

The Special Revenue Funds are maintained to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

### SIGNIFICANT NON-MAJOR GOVERNMENTAL SPECIAL REVENUE FUNDS DESCRIPTIONS

#### **Treasurer**

Unclaimed Property Trust Fund--to account for monies received from payments pursuant to the Disposition of Unclaimed Property Act which are used to return unclaimed property to owners.

Tobacco Settlement Recovery Fund--to account for monies received annually as a part of the Master Settlement Agreement in the State of Illinois vs. Philip Morris.

#### **Department of Commerce and Economic Opportunity**

Fund for Illinois' Future--to account for grants and expenditures for planning, engineering, acquisition, construction, reconstruction, development, improvement and extension of public infrastructure in the State of Illinois.

Job Training Partnership Fund--to aid the disadvantaged and dislocated workers in the development of skills to fulfill the need of local firms at no cost or reduced cost to those firms.

Build Illinois Capital Revolving Loan Fund--to finance intermediary agreements, administration, technical assistance agreements, loans, grants and investments through the Build Illinois Act.

Public Infrastructure Construction Loan Revolving Fund--to provide loans and grants to local governments to assist in financing the cost of acquisition, construction, reconstruction, replacement, repair, or improvement of public infrastructure.

#### **Department of Natural Resources**

Wildlife and Fish Fund--to manage revenues from licenses, permits, fees, fines and other income from hunting and fishing activities to be used to maintain, acquire and preserve land for wildlife and fishing activities.

Open Space Lands Acquisition and Development Fund--to receive deposits from monies collected under the Real Estate Transfer Tax Act to be transferred, appropriated and used only for the purposes authorized by the Open Space Lands Acquisition and Development Act.

#### **Department of Human Services**

Vocational Rehabilitation Fund--to account for federal monies or grants from private or public sources for vocational rehabilitation.

DHS Special Purposes Trust Fund--to receive and disburse federal grants, gifts and legacies not elsewhere designated by statute to be deposited and disbursed.

Early Intervention Services Revolving Fund--to provide coordinated, comprehensive, inter-disciplinary services to enforce the growth and development of children from birth through 36 months of age who have disabilities and/or developmental delays.

USDA Women, Infants and Children Fund--to administer the federal Supplemental Food Program for Women, Infants and Children.

Food Stamp and Commodity Fund--to account for food stamps and commodities received from the federal government.

#### **Department of Public Aid**

Supplemental Low Income Energy Assistance Fund--to provide assistance to low-income households in paying heating and cooling costs.

Child Support Administration Fund--to receive and record fees related to the administration of the Child Support Enforcement Program.

Low Income Home Energy Assistance Block Grant Fund--to provide assistance to low-income households in paying heating and cooling costs.

#### **Department of Revenue**

State Gaming Fund--to receive and record fees obtained from owners' license applications for riverboat gambling operations.

State and Local Sales Tax Reform Fund--to record proceeds from the 1% use tax on food and drugs and 20% of the proceeds from the 6.25% sales tax.

County and Mass Transit District Fund--to record 4% of the proceeds from a 6.25% Retailers' and Service Occupation tax.

Local Government Tax Fund--to account for 15% share of various sales taxes that will be distributed to cities and counties.

Local Government Distributive Fund--to receive 1/12<sup>th</sup> of the State's income tax collections to distribute to various municipalities and counties within the State.

Personal Property Tax Replacement Fund--to allocate and disburse to each taxing district within the State the net revenue received from the personal property replacement income tax.

Build Illinois Fund--to receive a percentage of sales, hotel and privilege taxes to be used for monthly allocation to various state agencies for the purpose of promoting tourism related activities.

#### **Department of Transportation**

Federal/Local Airport Fund--to receive and manage federal funds for airport construction.

State Rail Freight Loan Repayment Fund--to receive and record repayments of loans of State funds made by the Illinois Department of Transportation to railroads, units of local government, rail users, owners, and lessees of railroad right of way to rehabilitate, improve or construct rail facilities.

Public Transportation Fund--to receive monthly transfers from the General Revenue Account in the General Fund representing statutory shares under various sales tax acts and distribute to the Regional Transportation Authority pursuant to a statutory formula.

#### **Department of Children and Family Services**

DCFS Childrens' Services Fund--to account for revenues and expenditures related to the federal Title IV-E foster care and adoption service program.

#### **Department of Employment Security**

Title III Social Security and Employment Service Fund--to account for monies received from the federal government for the specific purpose of administering the Unemployment Compensation Act.

#### **Department of Financial and Professional Regulation**

State Pensions Fund--to account for receipts from the sale of abandoned property. Expenditures are primarily to the various State retirement systems for the reduction of the accrued actuarial unfunded liability.

#### **Department of Public Health**

Public Health Services Fund--to account for funds received from the federal government, primarily under letters of credit, for various federal project awards.

#### **Workers' Compensation Commission**

Workers' Compensation Commission Operations Fund--to receive and record surcharges on premiums assessed to employers workers' compensation premiums to be spent for operations of the Workers' Compensation Commission.

Rate Adjustment Fund--to provide annual adjustments to compensation payments awarded for death benefits and permanent total disability. This fund is financed through assessments on self-insured employers and insurance carriers based on their past payments of disability compensation.

**State Board of Education**

Drivers Education Fund--to account for monies used to reimburse school districts for each pupil completing a driver education course that meets the minimum requirements of the Driver Education Act.

SBE Federal Department of Agriculture Fund--to account for the federal share of nutrition programs which provide nutritious meals for children and aging adults.

SBE Federal Department of Education Fund--to receive and disburse federal monies to provide financial assistance for educational programs funded by the U.S. Department of Education.

**Capital Development Board**

School Infrastructure Fund--to receive and record one-half of monies obtained from a telecommunication tax in accordance with the Telecommunications Excise Tax Act as amended. Monies in the Fund may be expended for the purpose of discharging the principal and interest on bond indebtedness for construction of school improvements, making payments to the School Technology Revolving Loan Fund and grants for school construction projects.

**Environmental Protection Agency**

Illinois Clean Water Fund--to account for fees received from water quality certifications required by the Federal Clean Water Act and from National Pollutant Discharge Elimination System permits as regulated by the Federal Water Pollution Control Act and for use in the regulation of the Acts.

**Metropolitan Fair and Exposition Authority**

McCormick Place Expansion Project Fund--to receive and record monies obtained from transfers from the Metropolitan Pier and Exposition Authority Trust Fund and the sales tax deposits.

**State Board of Elections**

Help Illinois Vote Fund--to account for funds received from the implementation of the Federal Help America Vote Act of 2002 for use in the performance of activities and programs authorized or mandated by the Federal Help America Vote Act of 2002.

**Emergency Management Agency**

Federal Civil Preparedness Administrative Fund--to account for Federal grants received by the State for terrorism preparedness and training programs.

**Office of the State Fire Marshall**

Fire Prevention Fund--to account for assessments on insurance companies offering fire insurance and fees from boiler and pressure vessel certifications to be used for fire safety and education programs.

**Student Assistance Commission**

Federal Student Loan Fund--to account for the Federal Family Education Loan Program which funds the repayment of guaranteed loans that have gone into default to lenders.

State of Illinois

Combining Balance Sheet  
 Non-major Special Revenue Funds

June 30, 2005 (Expressed in Thousands)

	Treasurer	Commerce and Economic Opportunity	Natural Resources	Human Services	Public Aid	Revenue
<b>ASSETS</b>						
Cash equity with State Treasurer	\$ 80,600	\$ 77,058	\$ 81,177	\$ 34,910	\$ 62,252	\$ 575,111
Cash and cash equivalents			39	2,149		
Investments		737				
Receivables, net:						
Taxes					5,271	205,291
Intergovernmental	9,186	28,477	3,000	49,937	13,463	
Other	137,235	51	119	12,166	10,610	262
Due from other funds	124	8		67	1	241,003
Due from component units						
Inventories			1,779			
Loans and notes receivable, net		21,458				
Other assets		9,423		186		
<b>Total assets</b>	<b>\$ 227,145</b>	<b>\$ 137,212</b>	<b>\$ 86,114</b>	<b>\$ 99,415</b>	<b>\$ 91,597</b>	<b>\$ 1,021,667</b>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ 13,507	\$ 4,462	\$ 2,970	\$ 43,824	\$ 22,822	\$ 19,353
Intergovernmental payables	923	12,292	44,375	2,407	13,068	879,028
Due to other funds	34	8,665	780	6,918	5,574	75,697
Due to component units	25	847	323	1,254		18
Unavailable revenue	137,000	23,754	3,019	7,150	46	17,722
Deferred revenue		2,808		17,673	51	
Matured portion of long-term liabilities						
<b>Total liabilities</b>	<b>151,489</b>	<b>52,828</b>	<b>51,467</b>	<b>79,226</b>	<b>41,561</b>	<b>991,818</b>
<b>FUND BALANCES (DEFICITS)</b>						
Reserved for:						
Encumbrances	17	408		50	177	5
Long-term portion of:						
Intergovernmental receivables						
Other receivables						
Loans and notes receivable		20,101				
Other assets		9,423				
Inventories			1,779			
Other purposes						
Unreserved:						
Designated for reappropriated accounts	897		371			
Undesignated	74,742	54,452	32,497	20,139	49,859	29,844
<b>Total fund balances (deficits)</b>	<b>75,656</b>	<b>84,384</b>	<b>34,647</b>	<b>20,189</b>	<b>50,036</b>	<b>29,849</b>
<b>Total liabilities and fund balances</b>	<b>\$ 227,145</b>	<b>\$ 137,212</b>	<b>\$ 86,114</b>	<b>\$ 99,415</b>	<b>\$ 91,597</b>	<b>\$ 1,021,667</b>

Transportation	Other Departments	Workers' Compensation Commission	State Board of Education	Other Agencies, Boards and Authorities	Student Assistance Commission		Total
					Federal Student Loan Fund	Other	
\$ 12,064	\$ 60,663	\$ 16,468	\$ 2,242	\$ 192,495	\$ 46,313	\$ 680,976	\$ 1,922,329
	88					13,172	15,448
						9,897	10,634
				5,161		29,637	245,360
26,897	169,331		201,873	24,042	28,234	101,482	655,922
21	258	36,795	109	17,654	119	44,001	259,400
44,749	13,632		1,746	1,660	6,982	82,607	392,579
	4		136			56	196
	7,889		1,869			6,744	18,281
28,425						15,895	65,778
						68	9,677
\$ 112,156	\$ 251,865	\$ 53,263	\$ 207,975	\$ 241,012	\$ 81,648	\$ 984,535	\$ 3,595,604
\$ 9,368	\$ 59,461	\$ 566	\$ 2,971	\$ 15,898	\$ 9,384	\$ 100,559	\$ 305,145
62,078	14,210	32	204,516	9,602	14,907	67,680	1,325,118
124	9,801	16,082	1,014	3,438	2,735	50,416	181,278
	2,894		456	1,245		9,046	16,108
1,301	73,522	26,450	9,569	10,414		47,728	357,675
4,080				125,573	54,622	47,209	252,016
			695				695
76,951	159,888	43,130	219,221	166,170	81,648	322,638	2,438,035
	810			1,204		7,762	10,433
						2,783	2,783
26,565						11,057	57,723
						68	9,491
	7,889		1,869			6,744	18,281
						1,952	1,952
3,112						17,000	21,380
5,528	83,278	10,133	(13,115)	73,638		614,531	1,035,526
35,205	91,977	10,133	(11,246)	74,842		661,897	1,157,569
\$ 112,156	\$ 251,865	\$ 53,263	\$ 207,975	\$ 241,012	\$ 81,648	\$ 984,535	\$ 3,595,604

State of Illinois

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances

Non-major Special Revenue Funds

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Treasurer	Commerce and Economic Opportunity	Natural Resources	Human Services	Public Aid	Revenue
<b>REVENUES</b>						
Income taxes						\$ 805,750
Sales taxes						2,371,766
Motor fuel taxes						
Public utility taxes					\$ 80,626	203,698
Other taxes			\$ 37,961			752,710
Federal government	\$ 185,153	\$ 123,002	7,435	\$ 1,894,398	201,306	
Licenses and fees		42	27,885	3,123		878
Interest and other investment income	1,009	3,987	508	146		1,714
Other	389,512	139	4,694	9,073	20,588	
<b>Total revenues</b>	<b>575,674</b>	<b>127,170</b>	<b>78,483</b>	<b>1,906,740</b>	<b>302,520</b>	<b>4,136,516</b>
<b>EXPENDITURES</b>						
Current:						
Health and social services	396,326			1,944,486	343,525	
Education	2					
General government	675					34
Employment and economic development	1,840	152,412				31,441
Transportation						
Public protection and justice						
Environment and business regulations	1,102	299	90,737			
Debt service:						
Principal			36			
Interest			1			
Capital outlays	1,445	5	557	391	480	14
Intergovernmental						4,133,574
<b>Total expenditures</b>	<b>401,390</b>	<b>152,716</b>	<b>91,331</b>	<b>1,944,877</b>	<b>344,005</b>	<b>4,165,063</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>174,284</b>	<b>(25,546)</b>	<b>(12,848)</b>	<b>(38,137)</b>	<b>(41,485)</b>	<b>(28,547)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>						
Transfers-in	25,809	1,800		61,192	31,008	1,204,173
Transfers-out	(172,745)	(6,995)	(4,298)	(3,909)	(2,802)	(1,227,560)
Capital lease financing			51			
<b>Net other sources (uses) of financial resources</b>	<b>(146,936)</b>	<b>(5,195)</b>	<b>(4,247)</b>	<b>57,283</b>	<b>28,206</b>	<b>(23,387)</b>
<b>Net change in fund balances</b>	<b>27,348</b>	<b>(30,741)</b>	<b>(17,095)</b>	<b>19,146</b>	<b>(13,279)</b>	<b>(51,934)</b>
Fund balances (deficits), July 1, 2004	48,308	115,125	51,707	1,043	63,315	81,783
Increase (decrease) for changes in inventories			35			
<b>FUND BALANCES (DEFICITS), JUNE 30, 2005</b>	<b>\$ 75,656</b>	<b>\$ 84,384</b>	<b>\$ 34,647</b>	<b>\$ 20,189</b>	<b>\$ 50,036</b>	<b>\$ 29,849</b>

Transportation	Other Departments	Workers' Compensation Commission	State Board of Education	Other Agencies, Boards and Authorities	Student Assistance Commission		Other	Total
					Federal Student Loan Fund			
				\$ 127,053		\$ 19,143	\$ 805,750	
						74,672	2,517,962	
				92,800		69,327	74,672	446,451
				79,295		109,824		979,790
\$ 126,891	\$ 763,664		\$ 1,832,085	65,227	\$ 121,162	774,784		6,095,107
	234	\$ 33,336	11,607	21,821		423,513		522,439
947	581	5		1,962	1,146	6,633		18,638
10,542	3,933	11,317	5,954	95	1,386	205,680		662,913
138,380	768,412	44,658	1,849,646	388,253	123,694	1,683,576		12,123,722
	583,157			322		458,811		3,726,627
	186,834		1,832,490	3,004	123,694	59,398		2,205,422
	10,294			1,826		190,030		202,859
	195,836			95,220		246,212		722,961
414,116				317		103,219		517,652
	16,901			65,459		250,574		332,934
		25,065		6,732		471,849		595,784
	1			3		1,162		1,202
						86		87
	1,999		90	7,289		20,857		33,127
				5,816		39,428		4,178,818
414,116	995,022	25,065	1,832,580	185,988	123,694	1,841,626		12,517,473
(275,736)	(226,610)	19,593	17,066	202,265	-- --	(158,050)		(393,751)
273,921	183,463			62,041		412,237		2,255,644
(4,128)	(13,004)	(209)	(4,702)	(249,831)		(449,509)		(2,139,692)
				7		961		1,019
269,793	170,459	(209)	(4,702)	(187,783)		(36,311)		116,971
(5,943)	(56,151)	19,384	12,364	14,482	-- --	(194,361)		(276,780)
41,148	150,513	(9,251)	(23,442)	60,360		854,337		1,434,946
	(2,385)		(168)			1,921		(597)
\$ 35,205	\$ 91,977	\$ 10,133	\$ (11,246)	\$ 74,842	\$ -- --	\$ 661,897		\$ 1,157,569

State of Illinois

Combining Balance Sheet - Non-major Special Revenue Funds

Treasurer

June 30, 2005 (Expressed in Thousands)

	Unclaimed Property Trust Fund	Tobacco Settlement Recovery Fund	Total
<b>ASSETS</b>			
Cash equity with State Treasurer	\$ 49,749	\$ 30,851	\$ 80,600
Receivables, net:			
Intergovernmental		9,186	9,186
Other		137,235	137,235
Due from other funds	65	59	124
<b>Total assets</b>	<u>\$ 49,814</u>	<u>\$ 177,331</u>	<u>\$ 227,145</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 80	\$ 13,427	\$ 13,507
Intergovernmental payables		923	923
Due to other funds		34	34
Due to component units		25	25
Unavailable revenue		137,000	137,000
<b>Total liabilities</b>	<u>80</u>	<u>151,409</u>	<u>151,489</u>
<b>FUND BALANCES</b>			
Reserved for encumbrances		17	17
Unreserved:			
Designated for reappropriated accounts		897	897
Undesignated	49,734	25,008	74,742
<b>Total fund balances</b>	<u>49,734</u>	<u>25,922</u>	<u>75,656</u>
<b>Total liabilities and fund balances</b>	<u>\$ 49,814</u>	<u>\$ 177,331</u>	<u>\$ 227,145</u>

State of Illinois

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances - Non-major Special Revenue Funds

Treasurer

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Unclaimed Property Trust Fund	Tobacco Settlement Recovery Fund	Total
<b>REVENUES</b>			
Federal government		\$ 185,153	\$ 185,153
Interest and other investment income		1,009	1,009
Other	\$ 115,381	274,131	389,512
<b>Total revenues</b>	<b>115,381</b>	<b>460,293</b>	<b>575,674</b>
<b>EXPENDITURES</b>			
Current:			
Health and social services		396,326	396,326
Education		2	2
General government		675	675
Employment and economic development		1,840	1,840
Environment and business regulations		1,102	1,102
Capital outlays		1,445	1,445
<b>Total expenditures</b>		<b>401,390</b>	<b>401,390</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>115,381</b>	<b>58,903</b>	<b>174,284</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>			
Transfers-in	709	25,100	25,809
Transfers-out	(88,755)	(83,990)	(172,745)
<b>Net other sources (uses) of financial resources</b>	<b>(88,046)</b>	<b>(58,890)</b>	<b>(146,936)</b>
<b>Net change in fund balances</b>	<b>27,335</b>	<b>13</b>	<b>27,348</b>
Fund balances, July 1, 2004	22,399	25,909	48,308
<b>FUND BALANCES, JUNE 30, 2005</b>	<b>\$ 49,734</b>	<b>\$ 25,922</b>	<b>\$ 75,656</b>

State of Illinois

Combining Balance Sheet - Non-major Special Revenue Funds

Commerce and Economic Opportunity

June 30, 2005 (Expressed in Thousands)

	Fund For Illinois' Future	Job Training Partnership Fund	Build Illinois Capital Revolving Loan Fund	Public Infrastructure Construction Loan Revolving Fund	Total
<b>ASSETS</b>					
Cash equity with State Treasurer	\$ 57,424	\$ 243	\$ 18,313	\$ 1,078	\$ 77,058
Investments			737		737
Receivables, net:					
Intergovernmental		28,477			28,477
Other			48	3	51
Due from other funds		8			8
Loans and notes receivable, net			4,284	17,174	21,458
Other assets			9,423		9,423
<b>Total assets</b>	<b>\$ 57,424</b>	<b>\$ 28,728</b>	<b>\$ 32,805</b>	<b>\$ 18,255</b>	<b>\$ 137,212</b>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities		\$ 4,315	\$ 130	\$ 17	\$ 4,462
Intergovernmental payables		12,289	2	1	12,292
Due to other funds		8,644	14	7	8,665
Due to component units	\$ 175	672			847
Unavailable revenue		23,754			23,754
Deferred revenue		2,808			2,808
<b>Total liabilities</b>	<b>175</b>	<b>52,482</b>	<b>146</b>	<b>25</b>	<b>52,828</b>
<b>FUND BALANCES (DEFICITS)</b>					
Reserved for:					
Encumbrances		407	1		408
Long-term portion of:					
Loans and notes receivable			3,543	16,558	20,101
Other assets			9,423		9,423
Unreserved	57,249	(24,161)	19,692	1,672	54,452
<b>Total fund balances (deficits)</b>	<b>57,249</b>	<b>(23,754)</b>	<b>32,659</b>	<b>18,230</b>	<b>84,384</b>
<b>Total liabilities and fund balances</b>	<b>\$ 57,424</b>	<b>\$ 28,728</b>	<b>\$ 32,805</b>	<b>\$ 18,255</b>	<b>\$ 137,212</b>

State of Illinois

**Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances - Non-major Special Revenue Funds  
Commerce and Economic Opportunity**

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Fund For Illinois' Future	Job Training Partnership Fund	Build Illinois Capital Revolving Loan Fund	Public Infrastructure Construction Loan Revolving Fund	Total
<b>REVENUES</b>					
Federal government		\$ 123,002			\$ 123,002
Licenses and fees		42			42
Interest and other investment income		4	\$ 3,737	\$ 246	3,987
Other	\$ 11	113	15		139
<b>Total revenues</b>	<b>11</b>	<b>123,161</b>	<b>3,752</b>	<b>246</b>	<b>127,170</b>
<b>EXPENDITURES</b>					
Current:					
Employment and economic development	246	144,781	6,545	840	152,412
Environment and business regulations	299				299
Capital outlays		5			5
<b>Total expenditures</b>	<b>545</b>	<b>144,786</b>	<b>6,545</b>	<b>840</b>	<b>152,716</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(534)</b>	<b>(21,625)</b>	<b>(2,793)</b>	<b>(594)</b>	<b>(25,546)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>					
Transfers-in			1,800		1,800
Transfers-out		(4,194)	(875)	(1,926)	(6,995)
<b>Net other sources (uses) of financial resources</b>		<b>(4,194)</b>	<b>925</b>	<b>(1,926)</b>	<b>(5,195)</b>
<b>Net change in fund balances</b>	<b>(534)</b>	<b>(25,819)</b>	<b>(1,868)</b>	<b>(2,520)</b>	<b>(30,741)</b>
Fund balances, July 1, 2004	57,783	2,065	34,527	20,750	115,125
<b>FUND BALANCES (DEFICITS), JUNE 30, 2005</b>	<b>\$ 57,249</b>	<b>\$ (23,754)</b>	<b>\$ 32,659</b>	<b>\$ 18,230</b>	<b>\$ 84,384</b>

State of Illinois

Combining Balance Sheet - Non-major Special Revenue Funds

Natural Resources

June 30, 2005 (Expressed in Thousands)

	Wildlife and Fish Fund	Open Space Lands Acquisition and Development Fund	Total
<b>ASSETS</b>			
Cash equity with State Treasurer	\$ 28,769	\$ 52,408	\$ 81,177
Cash and cash equivalents	39		39
Receivables, net:			
Intergovernmental	3,000		3,000
Other	119		119
Inventories	1,779		1,779
<b>Total assets</b>	<u>\$ 33,706</u>	<u>\$ 52,408</u>	<u>\$ 86,114</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 2,919	\$ 51	\$ 2,970
Intergovernmental payables	8	44,367	44,375
Due to other funds	780		780
Due to component units	323		323
Unavailable revenue	3,019		3,019
<b>Total liabilities</b>	<u>7,049</u>	<u>44,418</u>	<u>51,467</u>
<b>FUND BALANCES</b>			
Reserved for inventories	1,779		1,779
Unreserved:			
Designated for reappropriated accounts	371		371
Undesignated	24,507	7,990	32,497
<b>Total fund balances</b>	<u>26,657</u>	<u>7,990</u>	<u>34,647</u>
<b>Total liabilities and fund balances</b>	<u>\$ 33,706</u>	<u>\$ 52,408</u>	<u>\$ 86,114</u>

State of Illinois

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances - Non-major Special Revenue Funds  
Natural Resources

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Wildlife and Fish Fund	Open Space Lands Acquisition and Development Fund	Total
<b>REVENUES</b>			
Other taxes		\$ 37,961	\$ 37,961
Federal government	\$ 7,435		7,435
Licenses and fees	27,885		27,885
Interest and other investment income	508		508
Other	4,694		4,694
<b>Total revenues</b>	<b>40,522</b>	<b>37,961</b>	<b>78,483</b>
<b>EXPENDITURES</b>			
Current:			
Environment and business regulations	31,713	59,024	90,737
Debt service:			
Principal	36		36
Interest	1		1
Capital outlays	505	52	557
<b>Total expenditures</b>	<b>32,255</b>	<b>59,076</b>	<b>91,331</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>8,267</b>	<b>(21,115)</b>	<b>(12,848)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>			
Transfers-out		(4,298)	(4,298)
Capital lease financing	51		51
<b>Net other sources (uses) of financial resources</b>	<b>51</b>	<b>(4,298)</b>	<b>(4,247)</b>
<b>Net change in fund balances</b>	<b>8,318</b>	<b>(25,413)</b>	<b>(17,095)</b>
Fund balances, July 1, 2004	18,304	33,403	51,707
Increase (decrease) for changes in inventories	35		35
<b>FUND BALANCES, JUNE 30, 2005</b>	<b>\$ 26,657</b>	<b>\$ 7,990</b>	<b>\$ 34,647</b>

State of Illinois

Combining Balance Sheet - Non-major Special Revenue Funds

Human Services

June 30, 2005 (Expressed in Thousands)

	Vocational Rehabilitation Fund	DHS Special Purposes Trust Fund	Early Intervention Services Revolving Fund	USDA Women, Infants and Children Fund	Food Stamp and Commodity Fund	Total
<b>ASSETS</b>						
Cash equity with State Treasurer	\$ 9,762	\$ 21,893	\$ 329	\$ 2,926		\$ 34,910
Cash and cash equivalents				2,149		2,149
Receivables, net:						
Intergovernmental	14,555	6,492	28,890			49,937
Other	452	1	502	11,211		12,166
Due from other funds		51	16			67
Other assets					\$ 186	186
<b>Total assets</b>	<b>\$ 24,769</b>	<b>\$ 28,437</b>	<b>\$ 29,737</b>	<b>\$ 16,286</b>	<b>\$ 186</b>	<b>\$ 99,415</b>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ 8,086	\$ 13,320	\$ 13,705	\$ 8,713		\$ 43,824
Intergovernmental payables	454	200	60	1,693		2,407
Due to other funds	5,588	810	65	455		6,918
Due to component units	130	1,047	70	7		1,254
Unavailable revenue	23	344	6,783			7,150
Deferred revenue	1,673	9,090	1,306	5,418	\$ 186	17,673
<b>Total liabilities</b>	<b>15,954</b>	<b>24,811</b>	<b>21,989</b>	<b>16,286</b>	<b>186</b>	<b>79,226</b>
<b>FUND BALANCES</b>						
Reserved for encumbrances	5	3		42		50
Unreserved	8,810	3,623	7,748	(42)		20,139
<b>Total fund balances</b>	<b>8,815</b>	<b>3,626</b>	<b>7,748</b>	<b>--</b>		<b>20,189</b>
<b>Total liabilities and fund balances</b>	<b>\$ 24,769</b>	<b>\$ 28,437</b>	<b>\$ 29,737</b>	<b>\$ 16,286</b>	<b>\$ 186</b>	<b>\$ 99,415</b>

State of Illinois

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances - Non-major Special Revenue Funds

Human Services

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Vocational Rehabilitation Fund	DHS Special Purposes Trust Fund	Early Intervention Services Revolving Fund	USDA Women, Infants and Children Fund	Food Stamp and Commodity Fund	Total
<b>REVENUES</b>						
Federal government	\$ 102,350	\$ 165,921	\$ 70,199	\$ 189,417	\$ 1,366,511	\$ 1,894,398
Licenses and fees			3,123			3,123
Interest and other investment income			135	11		146
Other	4,649	4,362	62			9,073
<b>Total revenues</b>	<b>106,999</b>	<b>170,283</b>	<b>73,519</b>	<b>189,428</b>	<b>1,366,511</b>	<b>1,906,740</b>
<b>EXPENDITURES</b>						
Current:						
Health and social services	105,987	164,940	117,620	189,428	1,366,511	1,944,486
Capital outlays	325	66				391
<b>Total expenditures</b>	<b>106,312</b>	<b>165,006</b>	<b>117,620</b>	<b>189,428</b>	<b>1,366,511</b>	<b>1,944,877</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>687</b>	<b>5,277</b>	<b>(44,101)</b>	<b>-- --</b>	<b>-- --</b>	<b>(38,137)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>						
Transfers-in			61,192			61,192
Transfers-out		(22)	(3,887)			(3,909)
<b>Net other sources (uses) of financial resources</b>		<b>(22)</b>	<b>57,305</b>			<b>57,283</b>
<b>Net change in fund balances</b>	<b>687</b>	<b>5,255</b>	<b>13,204</b>	<b>-- --</b>	<b>-- --</b>	<b>19,146</b>
Fund balances (deficits), July 1, 2004	8,128	(1,629)	(5,456)			1,043
<b>FUND BALANCES, JUNE 30, 2005</b>	<b>\$ 8,815</b>	<b>\$ 3,626</b>	<b>\$ 7,748</b>	<b>\$ -- --</b>	<b>\$ -- --</b>	<b>\$ 20,189</b>

State of Illinois

Combining Balance Sheet - Non-major Special Revenue Funds

Public Aid

June 30, 2005 (Expressed in Thousands)

	Supplemental Low Income Energy Assistance Fund	Child Support Administration Fund	Low Income Home Energy Assistance Block Grant Fund	Total
<b>ASSETS</b>				
Cash equity with State Treasurer	\$ 27,023	\$ 35,078	\$ 151	\$ 62,252
Receivables, net:				
Taxes	5,271			5,271
Intergovernmental		7,924	5,539	13,463
Other		10,610		10,610
Due from other funds		1		1
<b>Total assets</b>	<b>\$ 32,294</b>	<b>\$ 53,613</b>	<b>\$ 5,690</b>	<b>\$ 91,597</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 12,376	\$ 5,741	\$ 4,705	\$ 22,822
Intergovernmental payables	1,088	11,047	933	13,068
Due to other funds	24	5,549	1	5,574
Unavailable revenue		46		46
Deferred revenue			51	51
<b>Total liabilities</b>	<b>13,488</b>	<b>22,383</b>	<b>5,690</b>	<b>41,561</b>
<b>FUND BALANCES</b>				
Reserved for encumbrances		177		177
Unreserved	18,629	31,230		49,859
<b>Total fund balances</b>	<b>18,806</b>	<b>31,230</b>		<b>50,036</b>
<b>Total liabilities and fund balances</b>	<b>\$ 32,294</b>	<b>\$ 53,613</b>	<b>\$ 5,690</b>	<b>\$ 91,597</b>

State of Illinois

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances - Non-major Special Revenue Funds

Public Aid

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Supplemental Low Income Energy Assistance Fund	Child Support Administration Fund	Low Income Home Energy Assistance Block Grant Fund	Total
<b>REVENUES</b>				
Public utility taxes	\$ 80,626			\$ 80,626
Federal government		\$ 94,531	\$ 106,775	201,306
Other		20,588		20,588
<b>Total revenues</b>	<b>80,626</b>	<b>115,119</b>	<b>106,775</b>	<b>302,520</b>
<b>EXPENDITURES</b>				
Current:				
Health and social services	83,228	153,568	106,729	343,525
Capital outlays	15	465		480
<b>Total expenditures</b>	<b>83,243</b>	<b>154,033</b>	<b>106,729</b>	<b>344,005</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(2,617)</b>	<b>(38,914)</b>	<b>46</b>	<b>(41,485)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>				
Transfers-in		31,008		31,008
Transfers-out		(2,756)	(46)	(2,802)
<b>Net other sources (uses) of financial resources</b>		<b>28,252</b>	<b>(46)</b>	<b>28,206</b>
<b>Net change in fund balances</b>	<b>(2,617)</b>	<b>(10,662)</b>	<b>-- --</b>	<b>(13,279)</b>
Fund balances, July 1, 2004	21,423	41,892		63,315
<b>FUND BALANCES, JUNE 30, 2005</b>	<b>\$ 18,806</b>	<b>\$ 31,230</b>	<b>\$ -- --</b>	<b>\$ 50,036</b>

State of Illinois

Combining Balance Sheet - Non-major Special Revenue Funds  
Revenue

June 30, 2005 (Expressed in Thousands)

	State Gaming Fund	State and Local Sales Tax Reform Fund	County and Mass Transit District Fund	Local Government Tax Fund	Local Government Distributive Fund	Personal Property Tax Replacement Fund
<b>ASSETS</b>						
Cash equity with State Treasurer	\$ 22,339	\$ 37,705	\$ 45,829	\$ 219,072	\$ 47	\$ 241,140
Receivables, net:						
Taxes	3,845	14,409	18,245	92,361		41,893
Other						210
Due from other funds					114,879	116,674
<b>Total assets</b>	<b>\$ 26,184</b>	<b>\$ 52,114</b>	<b>\$ 64,074</b>	<b>\$ 311,433</b>	<b>\$ 114,926</b>	<b>\$ 399,917</b>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ 307					\$ 7,616
Intergovernmental payables	11,045	\$ 10,111	\$ 40,086	\$ 311,433	\$ 114,301	392,052
Due to other funds	10,981	40,445	23,529		625	117
Due to component units	18					
Unavailable revenue		1,558	459	4,305		9,877
<b>Total liabilities</b>	<b>22,351</b>	<b>52,114</b>	<b>64,074</b>	<b>315,738</b>	<b>114,926</b>	<b>409,662</b>
<b>FUND BALANCES (DEFICITS)</b>						
Reserved for encumbrances					5	
Unreserved	3,833			(4,305)	(5)	(9,745)
<b>Total fund balances (deficits)</b>	<b>3,833</b>			<b>(4,305)</b>	<b>--</b>	<b>(9,745)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 26,184</b>	<b>\$ 52,114</b>	<b>\$ 64,074</b>	<b>\$ 311,433</b>	<b>\$ 114,926</b>	<b>\$ 399,917</b>

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**Build Illinois**

<b>Fund</b>	<b>Total</b>
\$ 8,979	\$ 575,111
34,538	205,291
52	262
9,450	241,003
<u>\$ 53,019</u>	<u>\$ 1,021,667</u>
\$ 11,430	\$ 19,353
	879,028
	75,697
	18
1,523	17,722
12,953	991,818
40,066	5
40,066	29,844
<u>\$ 53,019</u>	<u>\$ 1,021,667</u>

State of Illinois

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances - Non-major Special Revenue Funds

Revenue

For the Year Ended June 30, 2005 (Expressed in Thousands)

	State Gaming Fund	State and Local Sales Tax Reform Fund	County and Mass Transit District Fund	Local Government Tax Fund	Local Government Distributive Fund	Personal Property Tax Replacement Fund
<b>REVENUES</b>						
Income taxes						\$ 805,750
Sales taxes		\$ 200,682	\$ 312,074	\$ 1,468,082		
Public utility taxes						203,698
Other taxes	\$ 665,893					
Licenses and fees	878					
Interest and other investment income						1,311
<b>Total revenues</b>	<b>666,771</b>	<b>200,682</b>	<b>312,074</b>	<b>1,468,082</b>		<b>1,010,759</b>
<b>EXPENDITURES</b>						
Current:						
General government	6	1			\$ 27	
Employment and economic development						
Capital outlays						14
Intergovernmental	118,108	40,135	312,074	1,468,546	1,011,565	1,183,146
<b>Total expenditures</b>	<b>118,114</b>	<b>40,136</b>	<b>312,074</b>	<b>1,468,546</b>	<b>1,011,592</b>	<b>1,183,160</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>548,657</b>	<b>160,546</b>	<b>-- --</b>	<b>(464)</b>	<b>(1,011,592)</b>	<b>(172,401)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>						
Transfers-in					1,016,592	116,674
Transfers-out	(548,012)	(160,546)			(5,000)	(50)
<b>Net other sources (uses) of financial resources</b>	<b>(548,012)</b>	<b>(160,546)</b>			<b>1,011,592</b>	<b>116,624</b>
<b>Net change in fund balances</b>	<b>645</b>	<b>-- --</b>	<b>-- --</b>	<b>(464)</b>	<b>-- --</b>	<b>(55,777)</b>
Fund balances (deficits), July 1, 2004	3,188			(3,841)		46,032
<b>FUND BALANCES (DEFICITS), JUNE 30, 2005</b>	<b>\$ 3,833</b>	<b>\$ -- --</b>	<b>\$ -- --</b>	<b>\$ (4,305)</b>	<b>\$ -- --</b>	<b>\$ (9,745)</b>

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<b>Build Illinois</b>	
<b>Fund</b>	<b>Total</b>

	\$ 805,750
\$ 390,928	2,371,766
	203,698
86,817	752,710
	878
403	1,714
478,148	4,136,516

	34
31,441	31,441
	14
	4,133,574
31,441	4,165,063

446,707	(28,547)
70,907	1,204,173
(513,952)	(1,227,560)

(443,045)	(23,387)
3,662	(51,934)

36,404	81,783
\$ 40,066	\$ 29,849

State of Illinois

Combining Balance Sheet - Non-major Special Revenue Funds

Transportation

June 30, 2005 (Expressed in Thousands)

	Federal/Local Airport Fund	State Rail Freight Loan Repayment Fund	Public Transportation Fund	Total
<b>ASSETS</b>				
Cash equity with State Treasurer	\$ 3,888	\$ 8,176		\$ 12,064
Receivables, net:				
Intergovernmental	26,897			26,897
Other		21		21
Due from other funds	999		\$ 43,750	44,749
Loans and notes receivable, net		28,425		28,425
<b>Total assets</b>	<b>\$ 31,784</b>	<b>\$ 36,622</b>	<b>\$ 43,750</b>	<b>\$ 112,156</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 9,252	\$ 116		\$ 9,368
Intergovernmental payables	18,328		\$ 43,750	62,078
Due to other funds	124			124
Unavailable revenue	1,301			1,301
Deferred revenue	4,080			4,080
<b>Total liabilities</b>	<b>33,085</b>	<b>116</b>	<b>43,750</b>	<b>76,951</b>
<b>FUND BALANCES (DEFICITS)</b>				
Reserved for:				
Long-term portion of loans and notes receivable		26,565		26,565
Unreserved:				
Designated for reappropriated accounts		3,112		3,112
Undesignated	(1,301)	6,829		5,528
<b>Total fund balances (deficits)</b>	<b>(1,301)</b>	<b>36,506</b>		<b>35,205</b>
<b>Total liabilities and fund balances</b>	<b>\$ 31,784</b>	<b>\$ 36,622</b>	<b>\$ 43,750</b>	<b>\$ 112,156</b>

State of Illinois

**Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances - Non-major Special Revenue Funds  
Transportation**

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Federal/Local Airport Fund	State Rail Freight Loan Repayment Fund	Public Transportation Fund	Total
<b>REVENUES</b>				
Federal government	\$ 126,891			\$ 126,891
Interest and other investment income		\$ 947		947
Other	10,542			10,542
<b>Total revenues</b>	<b>137,433</b>	<b>947</b>		<b>138,380</b>
<b>EXPENDITURES</b>				
Current:				
Transportation	138,103	2,092	\$ 273,921	414,116
<b>Total expenditures</b>	<b>138,103</b>	<b>2,092</b>	<b>273,921</b>	<b>414,116</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(670)</b>	<b>(1,145)</b>	<b>(273,921)</b>	<b>(275,736)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>				
Transfers-in			273,921	273,921
Transfers-out	(74)	(4,054)		(4,128)
<b>Net other sources (uses) of financial resources</b>	<b>(74)</b>	<b>(4,054)</b>	<b>273,921</b>	<b>269,793</b>
<b>Net change in fund balances</b>	<b>(744)</b>	<b>(5,199)</b>	<b>-- --</b>	<b>(5,943)</b>
Fund balances (deficits), July 1, 2004	(557)	41,705		41,148
<b>FUND BALANCES (DEFICITS), JUNE 30, 2005</b>	<b>\$ (1,301)</b>	<b>\$ 36,506</b>	<b>\$ -- --</b>	<b>\$ 35,205</b>

State of Illinois

Combining Balance Sheet - Non-major Special Revenue Funds

Other Departments Funds

June 30, 2005 (Expressed in Thousands)

	Children and Family Services	Employment Security	Financial and Professional Regulation	Public Health	Total
	DCFS Childrens' Services Fund	Title III Social Security and Employment Service Fund	State Pensions Fund	Public Health Services Fund	
<b>ASSETS</b>					
Cash equity with State Treasurer	\$ 16,390	\$ 20,900	\$ 19,700	\$ 3,673	\$ 60,663
Cash and cash equivalents	83	5			88
Receivables, net:					
Intergovernmental	136,518	13,484		19,329	169,331
Other		71		187	258
Due from other funds		10,302		3,330	13,632
Due from component units				4	4
Inventories		1,695		6,194	7,889
<b>Total assets</b>	<b>\$ 152,991</b>	<b>\$ 46,457</b>	<b>\$ 19,700</b>	<b>\$ 32,717</b>	<b>\$ 251,865</b>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 41,333	\$ 8,464	\$ 94	\$ 9,570	\$ 59,461
Intergovernmental payables	813	275	4	13,118	14,210
Due to other funds	1,450	7,937	6	408	9,801
Due to component units	462	39		2,393	2,894
Unavailable revenue	68,782	196		4,544	73,522
<b>Total liabilities</b>	<b>112,840</b>	<b>16,911</b>	<b>104</b>	<b>30,033</b>	<b>159,888</b>
<b>FUND BALANCES</b>					
Reserved for:					
Encumbrances	809		1		810
Inventories		1,695		6,194	7,889
Unreserved	39,342	27,851	19,595	(3,510)	83,278
<b>Total fund balances</b>	<b>40,151</b>	<b>29,546</b>	<b>19,596</b>	<b>2,684</b>	<b>91,977</b>
<b>Total liabilities and fund balances</b>	<b>\$ 152,991</b>	<b>\$ 46,457</b>	<b>\$ 19,700</b>	<b>\$ 32,717</b>	<b>\$ 251,865</b>

State of Illinois

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances - Non-major Special Revenue Funds  
Other Departments Funds

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Children and Family Services	Employment Security	Financial and Professional Regulation	Public Health	
	DCFS Childrens' Services Fund	Title III Social Security and Employment Service Fund	State Pensions Fund	Public Health Services Fund	Total
<b>REVENUES</b>					
Federal government	\$ 456,192	\$ 178,581		\$ 128,891	\$ 763,664
Licenses and fees		234			234
Interest and other investment income		581			581
Other	1,945	1,055		933	3,933
<b>Total revenues</b>	<b>458,137</b>	<b>180,451</b>		<b>129,824</b>	<b>768,412</b>
<b>EXPENDITURES</b>					
Current:					
Health and social services	456,150			127,007	583,157
Education			\$ 186,834		186,834
General government			10,294		10,294
Employment and economic development		195,836			195,836
Public protection and justice			16,901		16,901
Debt service:					
Principal			1		1
Capital outlays		1,013	26	960	1,999
<b>Total expenditures</b>	<b>456,150</b>	<b>196,849</b>	<b>214,056</b>	<b>127,967</b>	<b>995,022</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>1,987</b>	<b>(16,398)</b>	<b>(214,056)</b>	<b>1,857</b>	<b>(226,610)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>					
Transfers-in		14,896	168,567		183,463
Transfers-out	(13,004)				(13,004)
<b>Net other sources (uses) of financial resources</b>	<b>(13,004)</b>	<b>14,896</b>	<b>168,567</b>		<b>170,459</b>
<b>Net change in fund balances</b>	<b>(11,017)</b>	<b>(1,502)</b>	<b>(45,489)</b>	<b>1,857</b>	<b>(56,151)</b>
Fund balances, July 1, 2004	51,168	31,252	65,085	3,008	150,513
Increase (decrease) for changes in inventories		(204)		(2,181)	(2,385)
<b>FUND BALANCES, JUNE 30, 2005</b>	<b>\$ 40,151</b>	<b>\$ 29,546</b>	<b>\$ 19,596</b>	<b>\$ 2,684</b>	<b>\$ 91,977</b>

State of Illinois

Combining Balance Sheet - Non-major Special Revenue Funds

Workers' Compensation Commission

June 30, 2005 (Expressed in Thousands)

	Workers' Compensation Commission Operations Fund	Rate Adjustment Fund	Total
<b>ASSETS</b>			
Cash equity with State Treasurer	\$ 16,460	\$ 8	\$ 16,468
Other receivables, net	36,794	1	36,795
<b>Total assets</b>	<b>\$ 53,254</b>	<b>\$ 9</b>	<b>\$ 53,263</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 508	\$ 58	\$ 566
Intergovernmental payables	32		32
Due to other funds	206	15,876	16,082
Unavailable revenue	26,450		26,450
<b>Total liabilities</b>	<b>27,196</b>	<b>15,934</b>	<b>43,130</b>
<b>FUND BALANCES (DEFICITS)</b>			
Unreserved	26,058	(15,925)	10,133
<b>Total fund balances (deficits)</b>	<b>26,058</b>	<b>(15,925)</b>	<b>10,133</b>
<b>Total liabilities and fund balances</b>	<b>\$ 53,254</b>	<b>\$ 9</b>	<b>\$ 53,263</b>

State of Illinois

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances - Non-major Special Revenue Funds

Workers' Compensation Commission

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Workers' Compensation Commission Operations Fund	Rate Adjustment Fund	Total
<b>REVENUES</b>			
Licenses and fees	\$ 33,336		\$ 33,336
Interest and other investment income		\$ 5	5
Other	2,025	9,292	11,317
<b>Total revenues</b>	<u>35,361</u>	<u>9,297</u>	<u>44,658</u>
<b>EXPENDITURES</b>			
Current:			
Environment and business regulations	14,879	10,186	25,065
<b>Total expenditures</b>	<u>14,879</u>	<u>10,186</u>	<u>25,065</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>20,482</u>	<u>(889)</u>	<u>19,593</u>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>			
Transfers-out	(2)	(207)	(209)
<b>Net other sources (uses) of financial resources</b>	<u>(2)</u>	<u>(207)</u>	<u>(209)</u>
<b>Net change in fund balances</b>	<u>20,480</u>	<u>(1,096)</u>	<u>19,384</u>
Fund balances (deficits), July 1, 2004	5,578	(14,829)	(9,251)
<b>FUND BALANCES (DEFICITS), JUNE 30, 2005</b>	<u>\$ 26,058</u>	<u>\$ (15,925)</u>	<u>\$ 10,133</u>

State of Illinois

Combining Balance Sheet - Non-major Special Revenue Funds

State Board of Education

June 30, 2005 (Expressed in Thousands)

	Drivers Education Fund	SBE Federal Department of Agriculture Fund	SBE Federal Department of Education Fund	Total
<b>ASSETS</b>				
Cash equity with State Treasurer		\$ 544	\$ 1,698	\$ 2,242
Receivables, net:				
Intergovernmental	\$ 579	36,546	164,748	201,873
Other	16	93		109
Due from other funds	1,175	43	528	1,746
Due from component units			136	136
Inventories		1,869		1,869
<b>Total assets</b>	<b>\$ 1,770</b>	<b>\$ 39,095</b>	<b>\$ 167,110</b>	<b>\$ 207,975</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities		\$ 268	\$ 2,703	\$ 2,971
Intergovernmental payables	\$ 15,750	32,756	156,010	204,516
Due to other funds		334	680	1,014
Due to component units		93	363	456
Unavailable revenue		3,267	6,302	9,569
Matured portion of long-term liabilities			695	695
<b>Total liabilities</b>	<b>15,750</b>	<b>36,718</b>	<b>166,753</b>	<b>219,221</b>
<b>FUND BALANCES (DEFICITS)</b>				
Reserved for inventories		1,869		1,869
Unreserved	(13,980)	508	357	(13,115)
<b>Total fund balances (deficits)</b>	<b>(13,980)</b>	<b>2,377</b>	<b>357</b>	<b>(11,246)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,770</b>	<b>\$ 39,095</b>	<b>\$ 167,110</b>	<b>\$ 207,975</b>

State of Illinois

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances - Non-major Special Revenue Funds

State Board of Education

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Drivers Education Fund	SBE Federal Department of Agriculture Fund	SBE Federal Department of Education Fund	Total
<b>REVENUES</b>				
Federal government		\$ 477,076	\$ 1,355,009	\$ 1,832,085
Licenses and fees	\$ 11,607			11,607
Other	5,931	23		5,954
<b>Total revenues</b>	<b>17,538</b>	<b>477,099</b>	<b>1,355,009</b>	<b>1,849,646</b>
<b>EXPENDITURES</b>				
Current:				
Education	15,780	472,749	1,343,961	1,832,490
Capital outlays		20	70	90
<b>Total expenditures</b>	<b>15,780</b>	<b>472,769</b>	<b>1,344,031</b>	<b>1,832,580</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>1,758</b>	<b>4,330</b>	<b>10,978</b>	<b>17,066</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>				
Transfers-out	(4,702)			(4,702)
<b>Net other sources (uses) of financial resources</b>	<b>(4,702)</b>			<b>(4,702)</b>
<b>Net change in fund balances</b>	<b>(2,944)</b>	<b>4,330</b>	<b>10,978</b>	<b>12,364</b>
Fund balances (deficits), July 1, 2004	(11,036)	(1,785)	(10,621)	(23,442)
Increase (decrease) for changes in inventories		(168)		(168)
<b>FUND BALANCES (DEFICITS), JUNE 30, 2005</b>	<b>\$ (13,980)</b>	<b>\$ 2,377</b>	<b>\$ 357</b>	<b>\$ (11,246)</b>

State of Illinois

Combining Balance Sheet - Non-major Special Revenue Funds

Other Agencies, Boards and Authorities Funds

June 30, 2005 (Expressed in Thousands)

	Capital Development Board	Environmental Protection Agency	Metropolitan Fair and Exposition Authority	State Board of Elections	Emergency Management Agency	Office of the State Fire Marshal		
	School Infrastructure Fund	Illinois Clean Water Fund	McCormick Place Expansion Project Fund	Help Illinois Vote Fund	Federal Civil Preparedness Administrative Fund	Fire Prevention Fund		Total
<b>ASSETS</b>								
Cash equity with State Treasurer	\$ 21,361	\$ 7,591	\$ 6,354	\$ 127,455	\$ 477	\$ 29,257	\$	\$ 192,495
Receivables, net:								
Taxes	1,285		3,857			19		5,161
Intergovernmental					24,042			24,042
Other		16,826		315		513		17,654
Due from other funds		890		452	318			1,660
<b>Total assets</b>	<b>\$ 22,646</b>	<b>\$ 25,307</b>	<b>\$ 10,211</b>	<b>\$ 128,222</b>	<b>\$ 24,837</b>	<b>\$ 29,789</b>	<b>\$</b>	<b>\$ 241,012</b>
<b>LIABILITIES</b>								
Accounts payable and accrued liabilities	\$ 3,267	\$ 55		\$ 17	\$ 11,726	\$ 833	\$	\$ 15,898
Intergovernmental payables				183	7,772	1,647		9,602
Due to other funds		42		1	3,080	315		3,438
Due to component units		1			1,120	124		1,245
Unavailable revenue	1,062	6,495			2,857			10,414
Deferred revenue				125,533	40			125,573
<b>Total liabilities</b>	<b>4,329</b>	<b>6,593</b>		<b>125,734</b>	<b>26,595</b>	<b>2,919</b>		<b>166,170</b>
<b>FUND BALANCES (DEFICITS)</b>								
Reserved for encumbrances		139		1	1,047	17		1,204
Unreserved	18,317	18,575	\$ 10,211	2,487	(2,805)	26,853		73,638
<b>Total fund balances (deficits)</b>	<b>18,317</b>	<b>18,714</b>	<b>10,211</b>	<b>2,488</b>	<b>(1,758)</b>	<b>26,870</b>		<b>74,842</b>
<b>Total liabilities and fund balances</b>	<b>\$ 22,646</b>	<b>\$ 25,307</b>	<b>\$ 10,211</b>	<b>\$ 128,222</b>	<b>\$ 24,837</b>	<b>\$ 29,789</b>	<b>\$</b>	<b>\$ 241,012</b>

State of Illinois

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances - Non-major Special Revenue Funds  
Other Agencies, Boards and Authorities Funds

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Capital Development Board	Environmental Protection Agency	Metropolitan Fair and Exposition Authority	State Board of Elections	Emergency Management Agency	Office of the State Fire Marshal		Total
	School Infrastructure Fund	Illinois Clean Water Fund	McCormick Place Expansion Project Fund	Help Illinois Vote Fund	Federal Civil Preparedness Administrative Fund	Fire Prevention Fund		
<b>REVENUES</b>								
Sales taxes			\$ 127,053					\$ 127,053
Public utility taxes	\$ 92,800							92,800
Other taxes	60,000					\$ 19,295		79,295
Federal government				\$ 7,492	\$ 57,735			65,227
Licenses and fees		\$ 18,857				2,964		21,821
Interest and other investment income		337		1,625				1,962
Other		25				70		95
<b>Total revenues</b>	<b>152,800</b>	<b>19,219</b>	<b>127,053</b>	<b>9,117</b>	<b>57,735</b>	<b>22,329</b>		<b>388,253</b>
<b>EXPENDITURES</b>								
Current:								
Health and social services					322			322
Education	1,259					1,745		3,004
General government	674			1,014		138		1,826
Employment and economic development			95,220					95,220
Transportation					317			317
Public protection and justice					51,903	13,556		65,459
Environmental and business regulation		6,732						6,732
Debt service:								
Principal					3			3
Capital outlays				235	6,955	99		7,289
Intergovernmental				5,816				5,816
<b>Total expenditures</b>	<b>1,933</b>	<b>6,732</b>	<b>95,220</b>	<b>7,065</b>	<b>59,500</b>	<b>15,538</b>		<b>185,988</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>150,867</b>	<b>12,487</b>	<b>31,833</b>	<b>2,052</b>	<b>(1,765)</b>	<b>6,791</b>		<b>202,265</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>								
Transfers-in	62,041							62,041
Transfers-out	(215,320)	(12,506)	(21,622)			(383)		(249,831)
Capital lease financing					7			7
<b>Net other sources (uses) of financial resources</b>	<b>(153,279)</b>	<b>(12,506)</b>	<b>(21,622)</b>		<b>7</b>	<b>(383)</b>		<b>(187,783)</b>
<b>Net change in fund balances</b>	<b>(2,412)</b>	<b>(19)</b>	<b>10,211</b>	<b>2,052</b>	<b>(1,758)</b>	<b>6,408</b>		<b>14,482</b>
Fund balances, July 1, 2004	20,729	18,733		436		20,462		60,360
<b>FUND BALANCES (DEFICITS), JUNE 30, 2005</b>	<b>\$ 18,317</b>	<b>\$ 18,714</b>	<b>\$ 10,211</b>	<b>\$ 2,488</b>	<b>\$ (1,758)</b>	<b>\$ 26,870</b>		<b>\$ 74,842</b>

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## DEBT SERVICE FUNDS

The Debt Service Funds are maintained to account for resources obtained and accumulated to pay interest and principal on general long-term obligations.

### SIGNIFICANT NON-MAJOR GOVERNMENTAL DEBT SERVICE FUNDS DESCRIPTIONS

#### **Treasurer**

General Obligation Bond Retirement and Interest Fund--to account for payments of principal and interest related to general obligation bonds. These bonds provide financing for the protection of the environment within the State; the acquisition, construction, reconstruction, extension, and improvement of highways; the acquisition, construction, reconstruction, and improvement of capital projects; the construction of facilities leased back to the State; and the development of mass transportation and aviation systems within the State.

#### **Department of Central Management Services**

ESCO COP Debt Service Fund--to account for payments of principal and interest related to ESCO Certificates of Participation. Funding consists of transfers from funds which use the facilities purchased with the ESCO Certificates of Participation proceeds and investment income.

#### **Governor's Office of Management and Budget**

Illinois Civic Center Bond Retirement and Interest Fund--to account for the payment of principal and interest upon bonds issued to finance the construction of local civic centers. Funding consists of transfers from the Metropolitan Exposition Auditorium and Office Building Fund and investment income.

Build Illinois Bond Retirement and Interest Fund--to account for the payment of principal and interest upon bonds issued to finance improvements related to existing or planned scientific research, manufacturing or industrial development or expansion in Illinois. Funding consists of transfers from the Build Illinois Fund and investment income.

#### **Student Assistance Commission**

ISAC COP Debt Service Fund--to account for payments of principal and interest related to Student Assistance Commission Certificates of Participation. Funding consists of transfers from funds which use the facilities purchased with the Student Assistance Commission Certificates of Participation proceeds and investment income.

State of Illinois

Combining Balance Sheet  
Non-major Debt Service Funds

June 30, 2005 (Expressed in Thousands)

	Treasurer General Obligation Bond Retirement and Interest Fund	Central Management Services ESCO COP Debt Service Fund	Governor's Office of Management and Budget	Student Assistance Commission ISAC COP Debt Service Fund	Other	Total
<b>ASSETS</b>						
Cash equity with State Treasurer	\$ 639,496		\$ 9,706			\$ 649,202
Cash and cash equivalents		\$ 447	38,229		\$ 2,454	41,130
Investments		4,082	121,533			125,615
Other receivables, net	1,395		648		5	2,048
Due from other funds	16,744	105				16,849
Due from component units		795				795
Loans and notes receivable, net	20,462					20,462
<b>Total assets</b>	<b>\$ 678,097</b>	<b>\$ 5,429</b>	<b>\$ 170,116</b>	<b>\$ -- --</b>	<b>\$ 2,459</b>	<b>\$ 856,101</b>
<b>FUND BALANCES</b>						
Reserved for long-term portion of loans and notes receivable	\$ 19,361					\$ 19,361
Unreserved	658,736	5,429	170,116		2,459	836,740
<b>Total fund balances</b>	<b>678,097</b>	<b>5,429</b>	<b>170,116</b>		<b>2,459</b>	<b>856,101</b>
<b>Total liabilities and fund balances</b>	<b>\$ 678,097</b>	<b>\$ 5,429</b>	<b>\$ 170,116</b>	<b>\$ -- --</b>	<b>\$ 2,459</b>	<b>\$ 856,101</b>

State of Illinois

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances

Non-major Debt Service Funds

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Treasurer General Obligation Bond Retirement and Interest Fund	Central Management Services  ESCO COP Debt Service Fund	Governor's Office of Management and Budget	Student Assistance Commission  ISAC COP Debt Service Fund	Other	Total
<b>REVENUES</b>						
Licenses and fees	\$ 190					\$ 190
Interest and other investment income	21,173	\$ 326	\$ 8,904		\$ 13	30,416
Other	50					50
<b>Total revenues</b>	<b>21,413</b>	<b>326</b>	<b>8,904</b>		<b>13</b>	<b>30,656</b>
<b>EXPENDITURES</b>						
Current:						
General government		4				4
Employment and economic development			13			13
Debt service:						
Principal	652,359	1,955	108,655	\$ 1,255	2,815	767,039
Interest	951,788	400	125,920	689	3,338	1,082,135
<b>Total expenditures</b>	<b>1,604,147</b>	<b>2,359</b>	<b>234,588</b>	<b>1,944</b>	<b>6,153</b>	<b>1,849,191</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(1,582,734)</b>	<b>(2,033)</b>	<b>(225,684)</b>	<b>(1,944)</b>	<b>(6,140)</b>	<b>(1,818,535)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>						
Transfers-in	3,243,905	1,189	280,092	1,944	6,194	3,533,324
Transfers-out	(1,619,544)		(47,647)		(4,037)	(1,671,228)
<b>Net other sources (uses) of financial resources</b>	<b>1,624,361</b>	<b>1,189</b>	<b>232,445</b>	<b>1,944</b>	<b>2,157</b>	<b>1,862,096</b>
<b>Net change in fund balances</b>	<b>41,627</b>	<b>(844)</b>	<b>6,761</b>	<b>-- --</b>	<b>(3,983)</b>	<b>43,561</b>
Fund balances, July 1, 2004	636,470	6,273	163,355		6,442	812,540
<b>FUND BALANCES, JUNE 30, 2005</b>	<b>\$ 678,097</b>	<b>\$ 5,429</b>	<b>\$ 170,116</b>	<b>\$ -- --</b>	<b>\$ 2,459</b>	<b>\$ 856,101</b>

State of Illinois

Combining Balance Sheet - Non-major Debt Service Funds

Governor's Office of Management and Budget

June 30, 2005 (Expressed in Thousands)

	Illinois Civic Center Bond Retirement and Interest Fund	Build Illinois Bond Retirement and Interest Fund	Total
<b>ASSETS</b>			
Cash equity with State Treasurer	\$ 7,396	\$ 2,310	\$ 9,706
Cash and cash equivalents	14,755	23,474	38,229
Investments		121,533	121,533
Other receivables, net	17	631	648
<b>Total assets</b>	<b>\$ 22,168</b>	<b>\$ 147,948</b>	<b>\$ 170,116</b>
<b>FUND BALANCES</b>			
Unreserved	\$ 22,168	\$ 147,948	\$ 170,116
<b>Total fund balances</b>	<b>22,168</b>	<b>147,948</b>	<b>170,116</b>
<b>Total fund balances</b>	<b>\$ 22,168</b>	<b>\$ 147,948</b>	<b>\$ 170,116</b>

State of Illinois

**Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances - Non-major Debt Service Funds**  
**Governor's Office of Management and Budget**

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Illinois Civic Center Bond Retirement and Interest Fund	Build Illinois Bond Retirement and Interest Fund	Total
<b>REVENUES</b>			
Interest and other investment income	\$ 285	\$ 8,619	\$ 8,904
<b>Total revenues</b>	<u>285</u>	<u>8,619</u>	<u>8,904</u>
<b>EXPENDITURES</b>			
Current:			
Employment and economic development	13		13
Debt service:			
Principal	6,455	102,200	108,655
Interest	7,383	118,537	125,920
<b>Total expenditures</b>	<u>13,851</u>	<u>220,737</u>	<u>234,588</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(13,566)</u>	<u>(212,118)</u>	<u>(225,684)</u>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>			
Transfers-in	14,008	266,084	280,092
Transfers-out		(47,647)	(47,647)
<b>Net other sources (uses) of financial resources</b>	<u>14,008</u>	<u>218,437</u>	<u>232,445</u>
<b>Net change in fund balances</b>	<u>442</u>	<u>6,319</u>	<u>6,761</u>
Fund balances, July 1, 2004	21,726	141,629	163,355
<b>FUND BALANCES, JUNE 30, 2005</b>	<u>\$ 22,168</u>	<u>\$ 147,948</u>	<u>\$ 170,116</u>

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## CAPITAL PROJECTS FUNDS

The Capital Projects Funds are maintained to account for the acquisition and/or construction of major capital facilities.

### SIGNIFICANT NON-MAJOR GOVERNMENTAL CAPITAL PROJECTS FUNDS DESCRIPTIONS

#### **Department of Commerce and Economic Opportunity**

Build Illinois Bond Fund--to account for the proceeds from bond issues of the Build Illinois Bond Program to finance improvements related to scientific research, manufacturing and industrial development or expansion.

#### **Department of Natural Resources**

Conservation 2000 Projects Fund--to account for the proceeds from bond issues to finance natural resources programs.

#### **Department of Transportation**

Transportation Bond Series A Fund--to account for the proceeds from bond issues to finance State highway acquisition, construction, reconstruction, extension and improvements.

Transportation Bond Series B Fund--to account for the proceeds from bond issues used to finance mass transportation and aviation infrastructure including, but not limited to, the acquisition of mass transportation equipment, including rail and bus, and other equipment for counties under the Regional Transportation Authority.

#### **Capital Development Board**

Capital Development Fund--to account for the proceeds from bond issues to finance capital development projects within the State.

School Construction Fund--to account for the proceeds from bond issues to finance school construction building projects.

CDB Contributory Trust Fund--to account for local, state, and federal funding for the construction and remodeling of buildings and the purchase of land and equipment in connection with the various contributing educational institutions, State departments and agencies as authorized by law.

State of Illinois

Combining Balance Sheet  
 Non-major Capital Projects Funds

June 30, 2005 (Expressed in Thousands)

	Commerce and Economic Opportunity	Natural Resources					
	Build Illinois Bond Fund	Conservation 2000 Projects Fund	Transportation	Capital Development Board	Other	Total	
<b>ASSETS</b>							
Cash equity with State Treasurer	\$ 163,785	\$ 6,699	\$ 53,483	\$ 16,667	\$ 6,378	\$ 247,012	
Cash and cash equivalents	665		12,857	9,181	7	22,710	
Intergovernmental receivables, net				2,254		2,254	
Due from other funds				6,396		6,396	
<b>Total assets</b>	<b>\$ 164,450</b>	<b>\$ 6,699</b>	<b>\$ 66,340</b>	<b>\$ 34,498</b>	<b>\$ 6,385</b>	<b>\$ 278,372</b>	
<b>LIABILITIES</b>							
Accounts payable and accrued liabilities	\$ 12,417	\$ 4,298	\$ 38,590	\$ 95,469		\$ 150,774	
Intergovernmental payables			20,093	63,586		83,679	
Due to other funds	1		999	99		1,099	
Deferred revenue				9,835		9,835	
<b>Total liabilities</b>	<b>12,418</b>	<b>4,298</b>	<b>59,682</b>	<b>168,989</b>		<b>245,387</b>	
<b>FUND BALANCES (DEFICITS)</b>							
Reserved for encumbrances				26		26	
Unreserved:							
Designated for reappropriated accounts	31,488		30,259			61,747	
Undesignated	120,544	2,401	(23,601)	(134,517)	\$ 6,385	(28,788)	
<b>Total fund balances (deficits)</b>	<b>152,032</b>	<b>2,401</b>	<b>6,658</b>	<b>(134,491)</b>	<b>6,385</b>	<b>32,985</b>	
<b>Total liabilities and fund balances</b>	<b>\$ 164,450</b>	<b>\$ 6,699</b>	<b>\$ 66,340</b>	<b>\$ 34,498</b>	<b>\$ 6,385</b>	<b>\$ 278,372</b>	

State of Illinois

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances

Non-major Capital Projects Funds

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Commerce and Economic Opportunity Build Illinois Bond Fund	Natural Resources Conservation 2000 Projects Fund	Transportation	Capital Development Board	Other	Total
<b>REVENUES</b>						
Federal government				\$ 27,177		\$ 27,177
Other				23,197		23,197
<b>Total revenues</b>				<b>50,374</b>		<b>50,374</b>
<b>EXPENDITURES</b>						
Current:						
Education	\$ 15,726			505,694		521,420
General government	4,547			22,106		26,653
Employment and economic development	75,015			14,960	\$ 1,600	91,575
Transportation			\$ 92,542		1,158	93,700
Public protection and justice	437				84	521
Environment and business regulations	10,897	\$ 6,075		47,354	31	64,357
Debt service:						
Principal				76		76
Interest				9		9
Capital outlays	5,709	375	335,093	110,401		451,578
<b>Total expenditures</b>	<b>112,331</b>	<b>6,450</b>	<b>427,635</b>	<b>700,600</b>	<b>2,873</b>	<b>1,249,889</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(112,331)</b>	<b>(6,450)</b>	<b>(427,635)</b>	<b>(650,226)</b>	<b>(2,873)</b>	<b>(1,199,515)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>						
General and special obligation bonds issued	200,000		409,000	461,000	5,000	1,075,000
Premiums on general and special obligation bonds issued	13,520		27,957	31,619	417	73,513
Transfers-in				55,875	1,158	57,033
Transfers-out	2,497		(55,875)		(4,830)	(58,208)
<b>Net other sources (uses) of financial resources</b>	<b>216,017</b>		<b>381,082</b>	<b>548,494</b>	<b>1,745</b>	<b>1,147,338</b>
<b>Net change in fund balances</b>	<b>103,686</b>	<b>(6,450)</b>	<b>(46,553)</b>	<b>(101,732)</b>	<b>(1,128)</b>	<b>(52,177)</b>
Fund balances (deficits), July 1, 2004	48,346	8,851	53,211	(32,759)	7,513	85,162
<b>FUND BALANCES (DEFICITS), JUNE 30, 2005</b>	<b>\$ 152,032</b>	<b>\$ 2,401</b>	<b>\$ 6,658</b>	<b>\$ (134,491)</b>	<b>\$ 6,385</b>	<b>\$ 32,985</b>

State of Illinois

Combining Balance Sheet - Non-major Capital Projects Funds

Transportation

June 30, 2005 (Expressed in Thousands)

	Transportation Bond Series A Fund	Transportation Bond Series B Fund	Total
<b>ASSETS</b>			
Cash equity with State Treasurer	\$ 52,418	\$ 1,065	\$ 53,483
Cash and cash equivalents	12,843	14	12,857
<b>Total assets</b>	<b>\$ 65,261</b>	<b>\$ 1,079</b>	<b>\$ 66,340</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 35,002	\$ 3,588	\$ 38,590
Intergovernmental payables		20,093	20,093
Due to other funds		999	999
<b>Total liabilities</b>	<b>35,002</b>	<b>24,680</b>	<b>59,682</b>
<b>FUND BALANCES (DEFICITS)</b>			
Unreserved:			
Designated for reappropriated accounts	30,259		30,259
Undesignated		(23,601)	(23,601)
<b>Total fund balances (deficits)</b>	<b>30,259</b>	<b>(23,601)</b>	<b>6,658</b>
<b>Total liabilities and fund balances</b>	<b>\$ 65,261</b>	<b>\$ 1,079</b>	<b>\$ 66,340</b>

State of Illinois

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances - Non-major Capital Projects Funds  
Transportation

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Transportation Bond Series A Fund	Transportation Bond Series B Fund	Total
<b>EXPENDITURES</b>			
Current:			
Transportation	\$ 6,226	\$ 86,316	\$ 92,542
Capital outlays	333,764	1,329	335,093
<b>Total expenditures</b>	<b>339,990</b>	<b>87,645</b>	<b>427,635</b>
<b>Excess (deficiency) of revenues     over (under) expenditures</b>	<b>(339,990)</b>	<b>(87,645)</b>	<b>(427,635)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>			
General obligation bonds issued	330,500	78,500	409,000
Premiums on general obligation bonds issued	22,456	5,501	27,957
Transfers-out	(35,006)	(20,869)	(55,875)
<b>Net other sources (uses) of     financial resources</b>	<b>317,950</b>	<b>63,132</b>	<b>381,082</b>
<b>Net change in fund balances</b>	<b>(22,040)</b>	<b>(24,513)</b>	<b>(46,553)</b>
Fund balances, July 1, 2004	52,299	912	53,211
<b>FUND BALANCES (DEFICITS), JUNE 30, 2005</b>	<b>\$ 30,259</b>	<b>\$ (23,601)</b>	<b>\$ 6,658</b>

State of Illinois

Combining Balance Sheet - Non-major Capital Projects Funds

Capital Development Board

June 30, 2005 (Expressed in Thousands)

	Capital Development Fund	School Construction Fund	CDB Contributory Trust Fund	Total
<b>ASSETS</b>				
Cash equity with State Treasurer	\$ 4,814		\$ 11,853	\$ 16,667
Cash and cash equivalents	8,860		321	9,181
Intergovernmental receivables, net			2,254	2,254
Due from other funds			6,396	6,396
<b>Total assets</b>	<b>\$ 13,674</b>	<b>\$ -- --</b>	<b>\$ 20,824</b>	<b>\$ 34,498</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 84,964		\$ 10,505	\$ 95,469
Intergovernmental payables		\$ 63,102	484	63,586
Due to other funds	99			99
Deferred revenue			9,835	9,835
<b>Total liabilities</b>	<b>85,063</b>	<b>63,102</b>	<b>20,824</b>	<b>168,989</b>
<b>FUND BALANCES (DEFICITS)</b>				
Reserved for encumbrances	26			26
Unreserved	(71,415)	(63,102)		(134,517)
<b>Total fund balances (deficits)</b>	<b>(71,389)</b>	<b>(63,102)</b>		<b>(134,491)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 13,674</b>	<b>\$ -- --</b>	<b>\$ 20,824</b>	<b>\$ 34,498</b>

State of Illinois

**Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances - Non-major Capital Projects Funds  
Capital Development Board**

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Capital Development Fund	School Construction Fund	CDB Contributory Trust Fund	Total
<b>REVENUES</b>				
Federal government			\$ 27,177	\$ 27,177
Other			23,197	23,197
<b>Total revenues</b>			<b>50,374</b>	<b>50,374</b>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 132,001	\$ 351,375	22,318	505,694
General government	22,106			22,106
Employment and economic development	14,960			14,960
Environment and business regulations	47,354			47,354
Debt service:				
Principal	76			76
Interest	9			9
Capital outlays	82,345		28,056	110,401
<b>Total expenditures</b>	<b>298,851</b>	<b>351,375</b>	<b>50,374</b>	<b>700,600</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(298,851)</b>	<b>(351,375)</b>	<b>-- --</b>	<b>(650,226)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>				
General and special obligation bonds issued	204,500	256,500		461,000
Premiums on general and special obligation bonds issued	13,850	17,769		31,619
Transfers-in	46,450	9,425		55,875
<b>Net other sources (uses) of financial resources</b>	<b>264,800</b>	<b>283,694</b>		<b>548,494</b>
<b>Net change in fund balances</b>	<b>(34,051)</b>	<b>(67,681)</b>	<b>-- --</b>	<b>(101,732)</b>
Fund balances (deficits), July 1, 2004	(37,338)	4,579		(32,759)
<b>FUND BALANCES (DEFICITS), JUNE 30, 2005</b>	<b>\$ (71,389)</b>	<b>\$ (63,102)</b>	<b>\$ -- --</b>	<b>\$ (134,491)</b>

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## ENTERPRISE FUNDS

Enterprise Funds are maintained to account for the operations where the intent of the State is to provide services to the general public in a manner similar to private business enterprises.

### SIGNIFICANT NON-MAJOR ENTERPRISE FUNDS DESCRIPTIONS

#### **Department of Central Management Services**

Local Government Health Insurance Reserve Fund--to provide health and dental insurance to participating local government entities. Premiums are collected from units of local government and the insurance plan is administered by private companies.

Teacher Health Insurance Security Fund--to provide health benefits for the Teachers' Retirement System recipient and dependent beneficiaries. Premiums are collected from retired and active teachers and the insurance plan is administered by private companies.

#### **Department of Revenue**

State Lottery Fund--to account for all receipts and expenses from the operation of the State Lottery. The net proceeds are transferred to the Common School Account in the General Fund.

#### **Student Assistance Commission**

Prepaid Tuition Fund--to account for the net assets held by the Illinois prepaid tuition program, *College Illinois!* The program provides Illinois families with an affordable tax-advantaged method to pay for college.

State of Illinois

Combining Statement of Net Assets

Non-major Enterprise Funds

June 30, 2005 (Expressed in Thousands)

	Central Management Services	Revenue		Student Assistance Commission	Other	Total
		State Lottery Fund	Prepaid Tuition Fund			
<b>ASSETS</b>						
Cash equity with State Treasurer	\$ 62,987	\$ 38,234	\$ 3,293	\$	\$ 80,201	\$ 184,715
Cash and cash equivalents	10,103	8,013	3,635		1,555	23,306
Investments		130			21,065	21,195
Receivables, net:						
Intergovernmental	103				2,528	2,631
Other	9,402	7,374	30		8,899	25,705
Due from other funds		37,473			2,191	39,664
Inventories		1,611				1,611
Prepaid expenses		116			175	291
<b>Total current assets</b>	<b>82,595</b>	<b>92,951</b>	<b>6,958</b>		<b>116,614</b>	<b>299,118</b>
Investments		1,103	640,974		3,135	645,212
Capital assets not being depreciated					190	190
Capital assets being depreciated, net		699			2,103	2,802
<b>Total noncurrent assets</b>		<b>1,802</b>	<b>640,974</b>		<b>5,428</b>	<b>648,204</b>
<b>Total assets</b>	<b>82,595</b>	<b>94,753</b>	<b>647,932</b>		<b>122,042</b>	<b>947,322</b>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	41,212	48,449	681		16,769	107,111
Intergovernmental payables		267			2	269
Due to other funds	15	2,752	26		7,739	10,532
Due to component units		1	12			13
Deferred revenues		2,970			9,631	12,601
Current portion of long-term obligations	2	158	22,045		10,834	33,039
<b>Total current liabilities</b>	<b>41,229</b>	<b>54,597</b>	<b>22,764</b>		<b>44,975</b>	<b>163,565</b>
Noncurrent portion of long-term obligations	90	2,170	655,638		4,769	662,667
<b>Total liabilities</b>	<b>41,319</b>	<b>56,767</b>	<b>678,402</b>		<b>49,744</b>	<b>826,232</b>
<b>NET ASSETS (DEFICIT)</b>						
Invested in capital assets, net of related debt		699			2,269	2,968
Net assets restricted for education		37,287				37,287
Unrestricted	41,276		(30,470)		70,029	80,835
<b>Total net assets (deficit)</b>	<b>\$ 41,276</b>	<b>\$ 37,986</b>	<b>\$ (30,470)</b>	<b>\$</b>	<b>\$ 72,298</b>	<b>\$ 121,090</b>

State of Illinois

Combining Statement of Revenues, Expenses and  
Changes in Net Assets - Non-major Enterprise Funds

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Revenue		Student Assistance Commission		Total
	Central Management Services	State Lottery Fund	Prepaid Tuition Fund	Other	
<b>OPERATING REVENUES</b>					
Charges for sales and services	\$ 355,757	\$ 1,814,347	\$ 2,435	\$ 139,359	\$ 2,311,898
Interest and other investment income			47,544	5	47,549
Other	2,018	4,075		390	6,483
<b>Total operating revenues</b>	<b>357,775</b>	<b>1,818,422</b>	<b>49,979</b>	<b>139,754</b>	<b>2,365,930</b>
<b>OPERATING EXPENSES</b>					
Cost of sales and services	5	130,580		29,556	160,141
Benefit payments and refunds	351,397			25,385	376,782
Prizes and claims		1,005,184			1,005,184
Interest				1	1
General and administrative	2,559	60,889	3,411	55,825	122,684
Depreciation		311		550	861
Other			37,737	10,342	48,079
<b>Total operating expenses</b>	<b>353,961</b>	<b>1,196,964</b>	<b>41,148</b>	<b>121,659</b>	<b>1,713,732</b>
<b>Operating income (loss)</b>	<b>3,814</b>	<b>621,458</b>	<b>8,831</b>	<b>18,095</b>	<b>652,198</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest and investment income	1,694	640		2,084	4,418
Interest expense				(8)	(8)
Other expenses		(18)		(16)	(34)
<b>Income (loss) before transfers</b>	<b>5,508</b>	<b>622,080</b>	<b>8,831</b>	<b>20,155</b>	<b>656,574</b>
Transfers-in					
Transfers-out	(2,000)	(619,371)		(8,450)	(629,821)
<b>Net income (loss)</b>	<b>3,508</b>	<b>2,709</b>	<b>8,831</b>	<b>11,705</b>	<b>26,753</b>
Net assets (deficit), July 1, 2004	37,768	35,277	(39,301)	60,593	94,337
<b>NET ASSETS (DEFICIT), JUNE 30, 2005</b>	<b>\$ 41,276</b>	<b>\$ 37,986</b>	<b>\$ (30,470)</b>	<b>\$ 72,298</b>	<b>\$ 121,090</b>

State of Illinois

Combining Statement of Cash Flows

Non-major Enterprise Funds

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Revenue		Student Assistance Commission		Total
	Central Management Services	State Lottery Fund	Prepaid Tuition Fund	Other	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from sales and services	\$ 354,459		\$ 2,435	\$ 136,224	\$ 493,118
Cash received from lottery sales (net of \$827,490 cash prizes paid by agents and \$91,790 commissions retained by agents)		\$ 897,846			897,846
Cash payments to suppliers for goods and services	(353,906)	(24)	(2,432)	(29,606)	(385,968)
Cash payments to employees for services	(1,565)	(93,348)	(648)	(58,518)	(154,079)
Cash payments for lottery prizes		(195,473)			(195,473)
Cash receipts from other operating activities	1,971	4,075	118,576	426	125,048
Cash payments for other operating activities			(14,253)	(28,383)	(42,636)
Net cash provided by operating activities	959	613,076	103,678	20,143	737,856
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers-out to other funds	(2,000)	(614,304)		(8,467)	(624,771)
Net cash (used) by noncapital financing activities	(2,000)	(614,304)		(8,467)	(624,771)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets		(158)		(266)	(424)
Principal paid on capital debt				(140)	(140)
Interest paid on capital debt				(21)	(21)
Other capital and financing activities				(8)	(8)
Net cash (used) by capital and related financing activities		(158)		(435)	(593)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investment securities			(207,376)	(28,937)	(236,313)
Proceeds from sale and maturities of investment securities			91,728	28,260	119,988
Interest and dividends on investments	1,593	640	11,981	2,065	16,279
Net cash provided (used) by investing activities	1,593	640	(103,667)	1,388	(100,046)
<b>Net increase (decrease) in cash and cash equivalents</b>	552	(746)	11	12,629	12,446
Cash and cash equivalents, July 1, 2004	72,538	46,993	6,917	69,127	195,575
<b>CASH AND CASH EQUIVALENTS, JUNE 30, 2005</b>	<b>\$ 73,090</b>	<b>\$ 46,247</b>	<b>\$ 6,928</b>	<b>\$ 81,756</b>	<b>\$ 208,021</b>
<b>Reconciliation of cash and cash equivalents to the statement of net assets:</b>					
Total cash and cash equivalents per statement of net assets	\$ 10,103	\$ 8,013	\$ 3,635	\$ 1,555	\$ 23,306
Add: cash equity with State Treasurer	62,987	38,234	3,293	80,201	184,715
<b>CASH AND CASH EQUIVALENTS, JUNE 30, 2005</b>	<b>\$ 73,090</b>	<b>\$ 46,247</b>	<b>\$ 6,928</b>	<b>\$ 81,756</b>	<b>\$ 208,021</b>

(continued)

State of Illinois

Combining Statement of Cash Flows

Non-major Enterprise Funds

For the Year Ended June 30, 2005 (Expressed in Thousands)

(continued)

	Revenue		Student Assistance Commission		Total
	Central Management Services	State Lottery Fund	Prepaid Tuition Fund	Other	
<b>Reconciliation of operating income (loss) to cash provided (used) by operating activities:</b>					
<b>OPERATING INCOME (LOSS)</b>	\$ 3,814	\$ 621,458	\$ 8,831	\$ 18,095	\$ 652,198
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation		311		550	861
Provision for uncollectible accounts		696			696
Amortization			35,581	(165)	35,416
Interest and investment income			(45,389)		(45,389)
Interest expense				1	1
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(259)	3,910		(710)	2,941
(Increase) decrease in intergovernmental receivables	25			(442)	(417)
(Increase) decrease in due from other funds		(142)		(7)	(149)
(Increase) decrease in inventory		1,714			1,714
(Increase) decrease in prepaid expenses		82		(58)	24
Increase (decrease) in accounts payable and accrued liabilities	(2,624)	2,188	314	1,489	1,367
Increase (decrease) in intergovernmental payables		(15,849)			(15,849)
Increase (decrease) in due to other funds	6	61		422	489
Increase (decrease) in due to component units			12		12
Increase (decrease) in deferred revenues		(1,228)		343	(885)
Increase (decrease) in other liabilities	(3)	(125)	104,329	625	104,826
Total adjustments	(2,855)	(8,382)	94,847	2,048	85,658
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	\$ 959	\$ 613,076	\$ 103,678	\$ 20,143	\$ 737,856
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>					
Loss on disposal of assets				(12)	(12)
Transfer of assets to/from other state funds		(9)		(4)	(13)
Increase (decrease) in fair value of investments			33,388	(152)	33,236
Total noncash investing, capital and financing activities	\$ --	\$ (9)	\$ 33,388	\$ (168)	\$ 33,211

State of Illinois

Combining Statement of Net Assets - Non-major Enterprise Funds

Central Management Services

June 30, 2005 (Expressed in Thousands)

	Local Government Health Insurance Reserve Fund	Teacher Health Insurance Security Fund	Total
<b>ASSETS</b>			
Cash equity with State Treasurer	\$ 7,658	\$ 55,329	\$ 62,987
Cash and cash equivalents	2,679	7,424	10,103
Receivables, net:			
Intergovernmental	103		103
Other	316	9,086	9,402
<b>Total assets</b>	<u>10,756</u>	<u>71,839</u>	<u>82,595</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	8,669	32,543	41,212
Due to other funds	15		15
Current portion of long-term obligations	1	1	2
<b>Total current liabilities</b>	<u>8,685</u>	<u>32,544</u>	<u>41,229</u>
Noncurrent portion of long-term obligations	36	54	90
<b>Total liabilities</b>	<u>8,721</u>	<u>32,598</u>	<u>41,319</u>
<b>NET ASSETS</b>			
Unrestricted	2,035	39,241	41,276
<b>Total net assets</b>	<u>\$ 2,035</u>	<u>\$ 39,241</u>	<u>\$ 41,276</u>

State of Illinois

Combining Statement of Revenues, Expenses and  
Changes in Net Assets - Non-major Enterprise Funds  
Central Management Services

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Local Government Health Insurance Reserve Fund	Teacher Health Insurance Security Fund	Total
<b>OPERATING REVENUES</b>			
Charges for sales and services	\$ 67,602	\$ 288,155	\$ 355,757
Other	528	1,490	2,018
<b>Total operating revenues</b>	<b>68,130</b>	<b>289,645</b>	<b>357,775</b>
<b>OPERATING EXPENSES</b>			
Cost of sales and services	5		5
Benefit payments and refunds	68,087	283,310	351,397
General and administrative	794	1,765	2,559
<b>Total operating expenses</b>	<b>68,886</b>	<b>285,075</b>	<b>353,961</b>
<b>Operating income (loss)</b>	<b>(756)</b>	<b>4,570</b>	<b>3,814</b>
<b>NONOPERATING REVENUES</b>			
Interest and investment income	274	1,420	1,694
<b>Income (loss) before transfers</b>	<b>(482)</b>	<b>5,990</b>	<b>5,508</b>
Transfers-out	(2,000)		(2,000)
<b>Net income (loss)</b>	<b>(2,482)</b>	<b>5,990</b>	<b>3,508</b>
Net assets, July 1, 2004	4,517	33,251	37,768
<b>NET ASSETS, JUNE 30, 2005</b>	<b>\$ 2,035</b>	<b>\$ 39,241</b>	<b>\$ 41,276</b>

State of Illinois

Combining Statement of Cash Flows - Non-major Enterprise Funds

Central Management Services

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Local Government Health Insurance Reserve Fund	Teacher Health Insurance Security Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from sales and services	\$ 67,598	\$ 286,861	\$ 354,459
Cash payments to suppliers for goods and services	(69,893)	(284,013)	(353,906)
Cash payments to employees for services	(673)	(892)	(1,565)
Cash receipts from other operating activities	441	1,530	1,971
Net cash provided (used) by operating activities	<u>(2,527)</u>	<u>3,486</u>	<u>959</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers-out to other funds	(2,000)		(2,000)
Net cash (used) by noncapital financing activities	<u>(2,000)</u>		<u>(2,000)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends on investments	263	1,330	1,593
Net cash provided by investing activities	<u>263</u>	<u>1,330</u>	<u>1,593</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(4,264)</b>	<b>4,816</b>	<b>552</b>
Cash and cash equivalents, July 1, 2004	14,601	57,937	72,538
<b>CASH AND CASH EQUIVALENTS, JUNE 30, 2005</b>	<b>\$ 10,337</b>	<b>\$ 62,753</b>	<b>\$ 73,090</b>
<b>Reconciliation of cash and cash equivalents to the statement of net assets:</b>			
Total cash and cash equivalents per statement of net assets	\$ 2,679	\$ 7,424	\$ 10,103
Add: cash equity with State Treasurer	7,658	55,329	62,987
<b>CASH AND CASH EQUIVALENTS, JUNE 30, 2005</b>	<b>\$ 10,337</b>	<b>\$ 62,753</b>	<b>\$ 73,090</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
<b>OPERATING INCOME (LOSS)</b>	<b>\$ (756)</b>	<b>\$ 4,570</b>	<b>\$ 3,814</b>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(109)	(150)	(259)
(Increase) decrease in intergovernmental receivables	25		25
Increase (decrease) in accounts payable and accrued liabilities	(1,692)	(932)	(2,624)
Increase (decrease) in due to other funds	8	(2)	6
Increase (decrease) in other liabilities	(3)		(3)
Total adjustments	<u>(1,771)</u>	<u>(1,084)</u>	<u>(2,855)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (2,527)</b>	<b>\$ 3,486</b>	<b>\$ 959</b>

## INTERNAL SERVICE FUNDS

Internal Service Funds are maintained to account for the operations of State agencies which render services to other State agencies or governmental units on a cost-reimbursement basis.

### SIGNIFICANT INTERNAL SERVICE FUNDS DESCRIPTIONS

#### **Department of Central Management Services**

State Garage Revolving Fund--to account for the operation and maintenance of State garages including the servicing and repair of all automotive equipment owned or controlled by the State. Revenues consist of charges to user agencies.

Statistical Services Revolving Fund--to account for the purchase, maintenance and operation of electronic data processing and information devices used by State agencies. Revenues consist of charges from the user agencies.

Communications Revolving Fund--to account for the expenses related to telecommunications services for State agencies. Revenues consist of charges from user agencies.

Facilities Management Fund--to account for rental, maintenance, and other expenses related to the use of buildings by State agencies. Revenues consist of charges from user agencies.

Health Insurance Reserve Fund--to account for the self-insurance medical and dental plan for State employees and qualified dependents. This fund records all contributions, appropriations, interest, dividends and expenses related to the plan.

#### **Department of Corrections**

Working Capital Revolving Fund--to account for the income and expenses associated with the production by factories, farms and service programs at several State correctional facilities.

State of Illinois

Combining Statement of Net Assets

Internal Service Funds

June 30, 2005 (Expressed in Thousands)

	Central Management Services	Corrections Working Capital Revolving Fund	Other	Total
<b>ASSETS</b>				
Cash equity with State Treasurer	\$ 107,050	\$ 3,955	\$ 9,229	\$ 120,234
Cash and cash equivalents	32,056			32,056
Receivables, net:				
Intergovernmental	507	238		745
Other	8,311	332	3	8,646
Due from other funds	232,611	5,108	974	238,693
Due from component units	11,639	27	991	12,657
Inventories	1,590	9,774	177	11,541
Prepaid expenses	900	17		917
<b>Total current assets</b>	<b>394,664</b>	<b>19,451</b>	<b>11,374</b>	<b>425,489</b>
Capital assets not being depreciated	36,693	40		36,733
Capital assets being depreciated, net	251,509	7,279		258,788
<b>Total noncurrent assets</b>	<b>288,202</b>	<b>7,319</b>		<b>295,521</b>
<b>Total assets</b>	<b>682,866</b>	<b>26,770</b>	<b>11,374</b>	<b>721,010</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	293,349	2,281	4,006	299,636
Intergovernmental payables	1,784			1,784
Due to other funds	5,788	226	706	6,720
Due to component units	506			506
Current portion of long-term liabilities	6,371	146	62	6,579
<b>Total current liabilities</b>	<b>307,798</b>	<b>2,653</b>	<b>4,774</b>	<b>315,225</b>
Noncurrent portion of long-term liabilities	56,344	1,012	608	57,964
<b>Total liabilities</b>	<b>364,142</b>	<b>3,665</b>	<b>5,382</b>	<b>373,189</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	235,782	7,307		243,089
Restricted for debt service	3,616			3,616
Unrestricted	79,326	15,798	5,992	101,116
<b>Total net assets</b>	<b>\$ 318,724</b>	<b>\$ 23,105</b>	<b>\$ 5,992</b>	<b>\$ 347,821</b>

State of Illinois

**Combining Statement of Revenues, Expenses and  
Changes in Net Assets - Internal Service Funds**

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Central Management Services	Corrections Working Capital Revolving Fund	Other	Total
<b>OPERATING REVENUES</b>				
Charges for sales and services	\$ 1,942,219	\$ 39,545	\$ 24,980	\$ 2,006,744
Other	16,103	344	1	16,448
<b>Total operating revenues</b>	<b>1,958,322</b>	<b>39,889</b>	<b>24,981</b>	<b>2,023,192</b>
<b>OPERATING EXPENSES</b>				
Cost of sales and services	346,635	33,180	21,943	401,758
Benefit payments and refunds	1,549,374			1,549,374
General and administrative	31,044	7,251	1,865	40,160
Depreciation	22,587	1,565		24,152
Other	9,133			9,133
<b>Total operating expenses</b>	<b>1,958,773</b>	<b>41,996</b>	<b>23,808</b>	<b>2,024,577</b>
<b>Operating income (loss)</b>	<b>(451)</b>	<b>(2,107)</b>	<b>1,173</b>	<b>(1,385)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest and investment income	1,657			1,657
Interest expense	(3,477)	(5)		(3,482)
Other revenues		394		394
Other expenses	(7,627)	(451)		(8,078)
<b>Income (loss) before contributions and transfers</b>	<b>(9,898)</b>	<b>(2,169)</b>	<b>1,173</b>	<b>(10,894)</b>
Contributions of capital assets, net	238,537			238,537
Transfers-in	13,727			13,727
Transfers-out	(57,103)	(15,878)	(2,870)	(75,851)
<b>Net income (loss)</b>	<b>185,263</b>	<b>(18,047)</b>	<b>(1,697)</b>	<b>165,519</b>
Net assets, July 1, 2004	133,461	41,152	7,689	182,302
<b>NET ASSETS, JUNE 30, 2005</b>	<b>\$ 318,724</b>	<b>\$ 23,105</b>	<b>\$ 5,992</b>	<b>\$ 347,821</b>

State of Illinois

**Combining Statement of Cash Flows  
Internal Service Funds**

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Corrections			Total
	Central Management Services	Working Capital Revolving Fund	Other	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from sales and services	\$ 249,499	\$ 11,058	\$ 1,145	\$ 261,702
Cash received from transactions with other funds	1,648,972	27,829	22,955	1,699,756
Cash payments to suppliers for goods and services	(1,789,038)	(23,269)	(15,642)	(1,827,949)
Cash payments to employees for services	(74,419)	(14,987)	(7,416)	(96,822)
Cash receipts from other operating activities	15,599		1	15,600
Cash payments for other operating activities		(2,944)		(2,944)
Net cash provided (used) by operating activities	<u>50,613</u>	<u>(2,313)</u>	<u>1,043</u>	<u>49,343</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers-in from other funds	14,060			14,060
Transfers-out to other funds	(38,144)	(15,878)	(2,210)	(56,232)
Net cash provided (used) by noncapital financing activities	<u>(24,084)</u>	<u>(15,878)</u>	<u>(2,210)</u>	<u>(42,172)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(3,773)	(1,484)		(5,257)
Principal paid on capital debt	(4,995)	(15)		(5,010)
Interest paid on capital debt	(2,310)	(5)		(2,315)
Net cash (used) by capital and related financing activities	<u>(11,078)</u>	<u>(1,504)</u>		<u>(12,582)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends on investments	1,583			1,583
Net cash provided by investing activities	<u>1,583</u>			<u>1,583</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	17,034	(19,695)	(1,167)	(3,828)
Cash and cash equivalents, July 1, 2004	122,072	23,650	10,396	156,118
<b>CASH AND CASH EQUIVALENTS, JUNE 30, 2005</b>	<u>\$ 139,106</u>	<u>\$ 3,955</u>	<u>\$ 9,229</u>	<u>\$ 152,290</u>
<b>Reconciliation of cash and cash equivalents to the statement of net assets:</b>				
Total cash and cash equivalents per statement of net assets	\$ 32,056			\$ 32,056
Add: cash equity with State Treasurer	107,050	\$ 3,955	\$ 9,229	120,234
Add: restricted cash equivalents				
<b>CASH AND CASH EQUIVALENTS, JUNE 30, 2005</b>	<u>\$ 139,106</u>	<u>\$ 3,955</u>	<u>\$ 9,229</u>	<u>\$ 152,290</u>

(continued)

State of Illinois

Combining Statement of Cash Flows  
Internal Service Funds

For the Year Ended June 30, 2005 (Expressed in Thousands)  
(continued)

	Central Management Services	Corrections		Total
		Working Capital Revolving Fund	Other	
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
<b>OPERATING INCOME (LOSS)</b>	\$ (451)	\$ (2,107)	\$ 1,173	\$ (1,385)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	22,587	1,565		24,152
Provision for uncollectible accounts				
<b>Changes in assets and liabilities:</b>				
(Increase) decrease in accounts receivable	(469)	42	(3)	(430)
(Increase) decrease in intergovernmental receivables	215	(221)		(6)
(Increase) decrease in due from other funds	(35,895)	(1,716)	(516)	(38,127)
(Increase) decrease in due from component units	(8,407)	(24)	(428)	(8,859)
(Increase) decrease in inventories	(425)	469	(85)	(41)
(Increase) decrease in prepaid expenses	8	2		10
Increase (decrease) in accounts payable and accrued liabilities	65,122	(267)	221	65,076
Increase (decrease) in intergovernmental payables	1,715			1,715
Increase (decrease) in due to other funds	1,068	(46)	45	1,067
Increase (decrease) in due to component units	497			497
Increase (decrease) in other liabilities	5,048	(10)	636	5,674
Total adjustments	51,064	(206)	(130)	50,728
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 50,613</b>	<b>\$ (2,313)</b>	<b>\$ 1,043</b>	<b>\$ 49,343</b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
Cost of installment purchases	\$ 11,922			\$ 11,922
Loss on disposal of capital assets	(7,627)	\$ (6)		(7,633)
Transfer of assets from (to) other state funds	263,410	(51)		263,359
Transfer of capital asset related debt from other state funds	(42,425)			(42,425)
Total noncash investing, capital and financing activities	\$ 225,280	\$ (57)	\$ --	\$ 225,223

State of Illinois

Combining Statement of Net Assets - Internal Service Funds

Central Management Services

June 30, 2005 (Expressed in Thousands)

	State Garage Revolving Fund	Statistical Services Revolving Fund	Communications Revolving Fund	Facilities Management Fund	Health Insurance Reserve Fund
<b>ASSETS</b>					
Cash equity with State Treasurer	\$ 1,843	\$ 24,184	\$ 42,835	\$ 15,820	\$ 22,368
Cash and cash equivalents				3,616	28,440
Receivables, net:					
Intergovernmental	25		482		
Other	8		59		8,244
Due from other funds	6,162	30,574	18,326	11,851	165,698
Due from component units	3	31	493		11,112
Inventories	1,548	42			
Prepaid expenses		900			
<b>Total current assets</b>	<b>9,589</b>	<b>55,731</b>	<b>62,195</b>	<b>31,287</b>	<b>235,862</b>
Capital assets not being depreciated				36,693	
Capital assets being depreciated, net	40	7,094	23,062	221,313	
<b>Total noncurrent assets</b>	<b>40</b>	<b>7,094</b>	<b>23,062</b>	<b>258,006</b>	
<b>Total assets</b>	<b>9,629</b>	<b>62,825</b>	<b>85,257</b>	<b>289,293</b>	<b>235,862</b>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	5,103	9,791	16,875	27,365	234,215
Intergovernmental payables	1	45	3	1,725	10
Due to other funds	373	375	3,007	658	1,375
Due to component units	11		2	493	
Current portion of long-term liabilities	105	1,912	1,995	2,324	35
<b>Total current liabilities</b>	<b>5,593</b>	<b>12,123</b>	<b>21,882</b>	<b>32,565</b>	<b>235,635</b>
Noncurrent portion of long-term liabilities	1,360	6,393	8,365	39,999	227
<b>Total liabilities</b>	<b>6,953</b>	<b>18,516</b>	<b>30,247</b>	<b>72,564</b>	<b>235,862</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	34	4,378	13,557	217,813	
Restricted for debt service				3,616	
Unrestricted	2,642	39,931	41,453	(4,700)	
<b>Total net assets</b>	<b>\$ 2,676</b>	<b>\$ 44,309</b>	<b>\$ 55,010</b>	<b>\$ 216,729</b>	<b>\$ -- --</b>

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**Total**

\$ 107,050  
32,056

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8,311  
232,611

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1,590  
900

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364,142

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\$ 318,724

State of Illinois

**Combining Statement of Revenues, Expenses and  
Changes in Net Assets - Internal Service Funds  
Central Management Services**

For the Year Ended June 30, 2005 (Expressed in Thousands)

	State Garage Revolving Fund	Statistical Services Revolving Fund	Communications Revolving Fund	Facilities Management Fund	Health Insurance Reserve Fund
<b>OPERATING REVENUES</b>					
Charges for sales and services	\$ 34,050	\$ 89,497	\$ 111,811	\$ 140,255	\$ 1,566,606
Other	96				16,007
<b>Total operating revenues</b>	<b>34,146</b>	<b>89,497</b>	<b>111,811</b>	<b>140,255</b>	<b>1,582,613</b>
<b>OPERATING EXPENSES</b>					
Cost of sales and services	25,130	85,698	98,628	137,179	
Benefit payments and refunds					1,549,374
General and administrative	7,790	1,974	7,597	2,981	10,702
Depreciation	215	4,244	7,009	11,119	
Other	422		8,711		
<b>Total operating expenses</b>	<b>33,557</b>	<b>91,916</b>	<b>121,945</b>	<b>151,279</b>	<b>1,560,076</b>
<b>Operating income (loss)</b>	<b>589</b>	<b>(2,419)</b>	<b>(10,134)</b>	<b>(11,024)</b>	<b>22,537</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest and investment income				7	1,650
Interest expense	(6)	(73)	(86)	(3,312)	
Other expenses		(28)	(7,599)		
<b>Income (loss) before contributions and transfers</b>	<b>583</b>	<b>(2,520)</b>	<b>(17,819)</b>	<b>(14,329)</b>	<b>24,187</b>
Contributions of capital assets, net			11,844	226,693	
Transfers-in			9,181	4,546	
Transfers-out	(6,960)	(10,609)	(15,166)	(181)	(24,187)
<b>Net income (loss)</b>	<b>(6,377)</b>	<b>(13,129)</b>	<b>(11,960)</b>	<b>216,729</b>	
Net assets, July 1, 2004	9,053	57,438	66,970		
<b>NET ASSETS, JUNE 30, 2005</b>	<b>\$ 2,676</b>	<b>\$ 44,309</b>	<b>\$ 55,010</b>	<b>\$ 216,729</b>	<b>\$ --</b>

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**Total**

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\$ 1,942,219  
16,103  
1,958,322

346,635  
1,549,374  
31,044  
22,587  
9,133  
1,958,773

(451)

1,657  
(3,477)  
(7,627)

(9,898)

238,537  
13,727  
(57,103)

185,263

133,461

\$ 318,724

State of Illinois

Combining Statement of Cash Flows - Internal Service Funds

Central Management Services

For the Year Ended June 30, 2005 (Expressed in Thousands)

	State Garage Revolving Fund	Statistical Services Revolving Fund	Communications Revolving Fund	Facilities Management Fund	Health Insurance Reserve Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from sales and services	\$ 621	\$ 6,839	\$ 15,791	\$ 459	\$ 225,789
Cash received from transactions with other funds	31,926	72,583	100,299	127,978	1,316,186
Cash payments to suppliers for goods and services	(19,572)	(44,173)	(98,324)	(95,892)	(1,531,077)
Cash payments to employees for services	(13,098)	(32,747)	(12,135)	(13,278)	(3,161)
Cash receipts from other operating activities	96				15,503
Net cash provided (used) by operating activities	(27)	2,502	5,631	19,267	23,240
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers-in from other funds			9,514	4,546	
Transfers-out to other funds	(3)	(14)	(13,940)		(24,187)
Net cash provided (used) by noncapital financing activities	(3)	(14)	(4,426)	4,546	(24,187)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets		(1,995)	(1,771)	(7)	
Principal paid on bond maturities and equipment contracts	(417)	(1,816)	(530)	(2,232)	
Interest paid on bond maturities and equipment contracts	(6)	(73)	(86)	(2,145)	
Net cash (used) by capital and related financing activities	(423)	(3,884)	(2,387)	(4,384)	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest and dividends on investments				7	1,576
Net cash provided by investing activities				7	1,576
<b>Net increase (decrease) in cash and cash equivalents</b>	(453)	(1,396)	(1,182)	19,436	629
Cash and cash equivalents, July 1, 2004	2,296	25,580	44,017		50,179
<b>CASH AND CASH EQUIVALENTS, JUNE 30, 2005</b>	<b>\$ 1,843</b>	<b>\$ 24,184</b>	<b>\$ 42,835</b>	<b>\$ 19,436</b>	<b>\$ 50,808</b>
<b>Reconciliation of cash and cash equivalents to the statement of net assets:</b>					
Total cash and cash equivalents per statement of net assets				\$ 3,616	\$ 28,440
Add: cash equity with State Treasurer	\$ 1,843	\$ 24,184	\$ 42,835	15,820	22,368
Add: restricted cash equivalents					
<b>CASH AND CASH EQUIVALENTS, JUNE 30, 2005</b>	<b>\$ 1,843</b>	<b>\$ 24,184</b>	<b>\$ 42,835</b>	<b>\$ 19,436</b>	<b>\$ 50,808</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
<b>OPERATING INCOME (LOSS)</b>	<b>\$ 589</b>	<b>\$ (2,419)</b>	<b>\$ (10,134)</b>	<b>\$ (11,024)</b>	<b>\$ 22,537</b>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	215	4,244	7,009	11,119	
Provision for uncollectible accounts					
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(2)		28		(495)
(Increase) decrease in intergovernmental receivables	17		198		
(Increase) decrease in due from other funds	(1,534)	(10,347)	3,970	(11,851)	(16,133)
(Increase) decrease in due from component units	16	(9)	83		(8,497)
(Increase) decrease in inventories	(431)	6			
(Increase) decrease in prepaid expenses		8			
Increase (decrease) in accounts payable and accrued liabilities	1,462	8,516	3,343	26,198	25,603
Increase (decrease) in intergovernmental payables	(2)	(21)	3	1,725	10
Increase (decrease) in due to other funds	(219)	(491)	1,044	477	257
Increase (decrease) in due to component units	2		2	493	
Increase (decrease) in other liabilities	(140)	3,015	85	2,130	(42)
Total adjustments	(616)	4,921	15,765	30,291	703
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (27)</b>	<b>\$ 2,502</b>	<b>\$ 5,631</b>	<b>\$ 19,267</b>	<b>\$ 23,240</b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>					
Cost of installment purchases		\$ 2,000	\$ 9,922		
Loss on disposal of capital assets		(28)	(7,599)		
Transfer of assets from (to) other state funds	\$ (6,957)	(10,595)	11,844	\$ 269,118	
Transfer of capital asset related debt from other state funds				(42,425)	
Total noncash investing, capital and financing activities	\$ (6,957)	\$ (8,623)	\$ 14,167	\$ 226,693	\$ --

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**Total**

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\$ 249,499  
1,648,972  
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## **PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS**

The Pension (and Other Employee Benefit) Trust Funds are maintained to account for the resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans and other employee benefit plans.

### **PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS DESCRIPTIONS**

#### **Department of Central Management Services**

Deferred Compensation Plan--to account for the assets held in the State's Internal Revenue Code Section 457 Plan. All employees of the State are eligible to voluntarily elect to contribute a portion of their compensation to the Plan through payroll deductions.

#### **General Assembly Retirement System, Judges' Retirement System, State Employees' Retirement System, Teachers' Retirement System and State Universities Retirement System**

See Note 16 on page 102 for description of retirement systems.

State of Illinois

Combining Statement of Fiduciary Net Assets  
Pension (and Other Employee Benefit) Trust Funds

June 30, 2005 (Expressed in Thousands)

	Central Management Services					State Universities Retirement System	
	Deferred Compensation Plan	General Assembly Retirement System	Judges' Retirement System	State Employees' Retirement System	Teachers' Retirement System	Defined Benefit	Defined Contribution
<b>ASSETS</b>							
Cash equity with State Treasurer	\$ 4,408	\$ 2,220	\$ 11,789	\$ 204,525	\$ 3,121		
Cash and cash equivalents	2,644				1,191,992	\$ 693,592	
Investments:							
Equities	1,847,595				18,787,195	9,139,550	\$ 21,046
Fixed income	534,612				10,325,741	3,748,982	10,589
Real estate					3,525,457	43,232	27
Other					1,068,633		316,674
Equity in Illinois State Board of Investments		80,773	550,350	10,271,357			
Securities lending collateral					4,386,594	2,167,044	
Receivables, net:							
Members		1	266	4,450	98,722	14,016	964
Employers				18,828	30,947	583	
Investment income		6	33		249,964	414,252	
Other	635		68	11,223		1,858	880
Due from other funds			63	3			
Due from primary government funds		368	2,515	2,435	441	204	
Due from component units						1,429	
Prepaid expenses					2,445	19	
Capital assets not being depreciated				905	238	532	
Capital assets being depreciated, net		2	3	2,166	2,082	8,365	
<b>Total assets</b>	<b>2,389,894</b>	<b>83,370</b>	<b>565,087</b>	<b>10,515,892</b>	<b>39,673,572</b>	<b>16,233,658</b>	<b>350,180</b>
<b>LIABILITIES</b>							
Accounts payable and accrued liabilities	1,037	9	46	4,190	1,200,370	705,675	
Due to other funds		63	3				
Due to primary government funds	44		1	16,731	18		
Other liabilities					4,386,595	2,167,044	
Long term obligations:							
Due within one year				11	81	9,820	
Due subsequent to one year	108	25	38	812	1,290	841	
<b>Total liabilities</b>	<b>1,189</b>	<b>97</b>	<b>88</b>	<b>21,744</b>	<b>5,588,354</b>	<b>2,883,380</b>	
<b>NET ASSETS HELD IN TRUST FOR PENSION AND OTHER EMPLOYEE BENEFITS</b>	<b>\$ 2,388,705</b>	<b>\$ 83,273</b>	<b>\$ 564,999</b>	<b>\$ 10,494,148</b>	<b>\$ 34,085,218</b>	<b>\$ 13,350,278</b>	<b>\$ 350,180</b>

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**Total**

\$ 226,063  
1,888,228

29,795,386  
14,619,924  
3,568,716  
1,385,307

10,902,480  
6,553,638

118,419

50,358  
664,255  
14,664

66  
5,963  
1,429

2,464

1,675  
12,618

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69,811,653

1,911,327

66

16,794

6,553,639

9,912

3,114

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8,494,852

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\$ 61,316,801

State of Illinois

**Combining Statement of Changes in Fiduciary Net Assets  
Pension (and Other Employee Benefit) Trust Funds**

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Central Management Services						State Universities Retirement System	
	Deferred Compensation Plan	General Assembly Retirement System	Judges' Retirement System	State Employees' Retirement System	Teachers' Retirement System	Defined Benefit	Defined Contribution	
<b>ADDITIONS</b>								
Contributions:								
Employer State		\$ 4,675	\$ 32,043	\$ 427,435	\$ 83,434	\$ 38,005	\$ 4,848	
Members	\$ 142,431	1,451	13,268	209,334	761,790	251,939	33,646	
Other	4,533				68,200			
Total contributions	146,964	6,126	45,311	636,769	1,817,352	537,363	61,057	
Investment income:								
Interest and other investment income	88,454	2,058	13,613	254,791	951,962	254,768		
Net increase in fair value of investments	102,342	5,769	38,466	721,856	2,569,878	1,051,380	22,347	
Less investment expense	(1,071)	(184)	(1,230)	(23,068)	(191,801)	(26,530)		
Net investment income	189,725	7,643	50,849	953,579	3,330,039	1,279,618	22,347	
Other additions	731							
<b>Total additions</b>	<b>337,420</b>	<b>13,769</b>	<b>96,160</b>	<b>1,590,348</b>	<b>5,147,391</b>	<b>1,816,981</b>	<b>83,404</b>	
<b>DEDUCTIONS</b>								
Benefit payments and refunds	69,685	13,387	65,280	1,078,076	2,592,498	1,004,452	917	
Participants' withdrawals	57,160					35,776	7,381	
Interest expense						693		
Depreciation		1	1	242	279	1,771		
General and administration	1,171	316	460	8,069	14,125	10,316		
<b>Total deductions</b>	<b>128,016</b>	<b>13,704</b>	<b>65,741</b>	<b>1,086,387</b>	<b>2,606,902</b>	<b>1,053,008</b>	<b>8,298</b>	
<b>Net additions (deductions)</b>	<b>209,404</b>	<b>65</b>	<b>30,419</b>	<b>503,961</b>	<b>2,540,489</b>	<b>763,973</b>	<b>75,106</b>	
Net assets held in trust for pension and other employee benefits, July 1, 2004	2,179,301	83,208	534,580	9,990,187	31,544,729	12,586,305	275,074	
<b>NET ASSETS HELD IN TRUST FOR PENSION AND OTHER EMPLOYEE BENEFITS, JUNE 30, 2005</b>	<b>\$ 2,388,705</b>	<b>\$ 83,273</b>	<b>\$ 564,999</b>	<b>\$ 10,494,148</b>	<b>\$ 34,085,218</b>	<b>\$ 13,350,278</b>	<b>\$ 350,180</b>	

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**Total**

\$	590,440
	1,173,910
	1,413,859
	72,733
	<u>3,250,942</u>
	1,565,646
	4,512,038
	(243,884)
	<u>5,833,800</u>
	731
	<u>9,085,473</u>
	4,824,295
	100,317
	693
	2,294
	34,457
	<u>4,962,056</u>
	4,123,417
	57,193,384
	<u><u>\$ 61,316,801</u></u>

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## INVESTMENT TRUST FUNDS

Investment Trust Funds are maintained to account for the external portion of investment pools (the portion that belongs to legally separate entities that are not part of the sponsoring government's financial reporting entity).

### INVESTMENT TRUST FUNDS DESCRIPTIONS

#### **Treasurer**

Public Treasurers' External Investment Pool Fund--to enhance the investment opportunities available to custodians of public agency funds throughout the State of Illinois. The pool operates as an open-ended mutual fund.

College Savings Pool Fund--to account for assets held by the Bright Start College Savings Program, a qualified State tuition program under Section 529 of the Internal Revenue Code. The program provides an opportunity for investors to invest on a tax-favored basis toward the qualified higher education expenses of a designated beneficiary associated with attending an institution of higher education.

#### **Department of Revenue**

Deferred Prize Winners' Trust Fund--to hold the proceeds of investments that will be paid to Illinois State Lottery prize winners. Investment contracts are executed by the State Treasurer with the Director of the Department of Revenue's approval in a manner which ensures the timely payment to prize winners.

State of Illinois

Combining Statement of Fiduciary Net Assets  
Investment Trust Funds

June 30, 2005 (Expressed in Thousands)

	Treasurer		Revenue		Total
	Public Treasurers' External Investment Pool Fund	College Savings Pool Fund	Deferred Prize Winners' Trust Fund		
<b>ASSETS</b>					
Cash equity with State Treasurer			\$ 983	\$	983
Cash and cash equivalents	\$ 3,445,867	\$ 2,993			3,448,860
Investments:					
Equities		1,441,131			1,441,131
Fixed income			870,360		870,360
Public Treasurers' Investment Pool	311,609				311,609
Investment income receivables, net	856	4,432	3		5,291
<b>Total assets</b>	<b>3,758,332</b>	<b>1,448,556</b>	<b>871,346</b>		<b>6,078,234</b>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	161				161
Due to primary government funds	260		723		983
Other liabilities		2,050	263		2,313
<b>Total liabilities</b>	<b>421</b>	<b>2,050</b>	<b>986</b>		<b>3,457</b>
<b>NET ASSETS HELD IN TRUST FOR POOL PARTICIPANTS</b>	<b>\$ 3,757,911</b>	<b>\$ 1,446,506</b>	<b>\$ 870,360</b>	<b>\$</b>	<b>\$ 6,074,777</b>

State of Illinois

Combining Statement of Changes in Fiduciary Net Assets  
Investment Trust Funds

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Treasurer		Revenue		Total			
	Public Treasurers' External Investment		College Savings Pool	Deferred Prize Winners' Trust				
	Pool	Fund	Fund	Fund				
<b>ADDITIONS</b>								
Participant deposits	\$	6,260,390	\$	633,731	\$	36,601	\$	6,930,722
Investment income:								
Interest and other investment income		76,428		22,534		62,561		161,523
Net increase (decrease) in fair value of investments				31,499		(8,681)		22,818
Less investment expense		(3,342)						(3,342)
Net investment income		73,086		54,033		53,880		180,999
<b>Total additions</b>		<b>6,333,476</b>		<b>687,764</b>		<b>90,481</b>		<b>7,111,721</b>
<b>DEDUCTIONS</b>								
Participant withdrawals		6,056,534		297,551		223,981		6,578,066
Distribution to pool investors		72,472						72,472
General and administration				4,101		12		4,113
<b>Total deductions</b>		<b>6,129,006</b>		<b>301,652</b>		<b>223,993</b>		<b>6,654,651</b>
<b>Net additions (deductions)</b>		<b>204,470</b>		<b>386,112</b>		<b>(133,512)</b>		<b>457,070</b>
Net assets held in trust for pool participants, July 1, 2004		3,553,441		1,060,394		1,003,872		5,617,707
<b>NET ASSETS HELD IN TRUST FOR POOL PARTICIPANTS, JUNE 30, 2005</b>	<b>\$</b>	<b>3,757,911</b>	<b>\$</b>	<b>1,446,506</b>	<b>\$</b>	<b>870,360</b>	<b>\$</b>	<b>6,074,777</b>

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## AGENCY FUNDS

Agency funds are maintained to account for resources held by the State in a purely custodial capacity.

### SIGNIFICANT AGENCY FUNDS DESCRIPTIONS

#### **Department of Financial and Professional Regulation**

Security Deposit Fund--to hold securities on deposit by domestic and certain foreign domiciled insurance companies in the State for protection of all policyholders, policy obligations and creditors of the companies.

#### **Department of Public Aid**

Child Support Enforcement Trust Fund--to account for collections for child support payments on behalf of non-TANF child support clients to the appropriate non-TANF recipient.

#### **Department of Revenue**

Home Rule Municipal Retailers Occupation Tax Fund--to receive and record monies collected from a tax imposed upon all persons, in such municipality, in the business of selling tangible personal property.

Municipal Telecommunications Fund--to receive monies collected under the Simplified Municipal Telecommunications Act to be paid to the municipalities who imposed the tax under the Act.

RTA Sales Tax Fund--to receive and record deposits of the RTA Sales Tax.

State of Illinois

Combining Statement of Fiduciary Net Assets

Agency Funds

June 30, 2005 (Expressed in Thousands)

	Financial and Professional Regulation	Public Aid			
	Security Deposit Fund	Child Support Enforcement Trust Fund- Administrative	Revenue	Other	Total
<b>ASSETS</b>					
Cash equity with State Treasurer		\$ 8,383	\$ 146,513	\$ 95,296	\$ 250,192
Cash and cash equivalents	\$ 4,066	309		17,776	22,151
Investments	1,164,212			5,465	1,169,677
Receivables, net:					
Taxes			73,610	39,679	113,289
Intergovernmental				275	275
Other		142,515	133	1,419	144,067
Due from other funds			23,529	3,092	26,621
Due from component units				463	463
Other assets				18,026	18,026
<b>Total assets</b>	<b>\$ 1,168,278</b>	<b>\$ 151,207</b>	<b>\$ 243,785</b>	<b>\$ 181,491</b>	<b>\$ 1,744,761</b>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities		\$ 9,021	\$ 14,544	\$ 20,319	\$ 43,884
Intergovernmental payables			229,241	115,849	345,090
Due to component units				241	241
Other obligations, current	\$ 1,168,278	142,186		45,082	1,355,546
<b>Total liabilities</b>	<b>\$ 1,168,278</b>	<b>\$ 151,207</b>	<b>\$ 243,785</b>	<b>\$ 181,491</b>	<b>\$ 1,744,761</b>

State of Illinois

Combining Statement of Fiduciary Net Assets - Agency Funds  
Revenue

June 30, 2005 (Expressed in Thousands)

	Home Rule Municipal Retailers Occupation Tax Fund	Municipal Telecommunications Fund	RTA Sales Tax Trust Fund	Total
<b>ASSETS</b>				
Cash equity with State Treasurer	\$ 61,648	\$ 42,148	\$ 42,717	\$ 146,513
Receivables, net:				
Taxes	35,565	5,658	32,387	73,610
Other	74		59	133
Due from other funds			23,529	23,529
<b>Total assets</b>	<b>\$ 97,287</b>	<b>\$ 47,806</b>	<b>\$ 98,692</b>	<b>\$ 243,785</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 1,311	\$ 13,233		\$ 14,544
Intergovernmental payables	95,976	34,573	\$ 98,692	229,241
<b>Total liabilities</b>	<b>\$ 97,287</b>	<b>\$ 47,806</b>	<b>\$ 98,692</b>	<b>\$ 243,785</b>

State of Illinois

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Assets						
	Cash equity with State Treasurer	Cash and cash equivalents	Investments	Receivables, net			
Taxes				Intergovernmental	Other	Due from other funds	
<b>AGENCY/FUND</b>							
<b>Financial and Professional Regulation:</b>							
Security Deposit							
Balance July 1, 2004		\$ 1,515	\$ 1,146,632				
Additions		23,702	318,030				
Deductions		21,151	300,450				
Balance June 30, 2005		4,066	1,164,212				
<b>Public Aid:</b>							
Child Support Enforcement Trust							
Balance July 1, 2004	\$ 7,509	187				\$ 123,300	
Additions	137,167	309				142,515	
Deductions	136,293	187				123,300	
Balance June 30, 2005	8,383	309				142,515	
<b>Revenue:</b>							
Home Rule Municipal Retailers Occupation Tax							
Balance July 1, 2004	54,668			\$ 25,793		21	
Additions	569,174			35,565		74	
Deductions	562,194			25,793		21	
Balance June 30, 2005	61,648			35,565		74	
Municipal Telecommunications Fund							
Balance July 1, 2004	45,133			4,872			
Additions	269,124			5,658			
Deductions	272,109			4,872			
Balance June 30, 2005	42,148			5,658			
RTA Sales Tax Trust							
Balance July 1, 2004	39,655			28,643		15	\$ 22,625
Additions	665,298			32,387		59	23,529
Deductions	662,236			28,643		15	22,625
Balance June 30, 2005	42,717			32,387		59	23,529
<b>Other:</b>							
Balance July 1, 2004	101,482	16,301	2,766	34,947	\$ 381	813	6,062
Additions	1,805,282	1,000,314	12,828	39,679	808	2,749	3,092
Deductions	1,811,468	998,839	10,129	34,947	914	2,143	6,062
Balance June 30, 2005	95,296	17,776	5,465	39,679	275	1,419	3,092
<b>Total-All Agency Funds:</b>							
Balance July 1, 2004	248,447	18,003	1,149,398	94,255	381	124,149	28,687
Additions	3,446,045	1,024,325	330,858	113,289	808	145,397	26,621
Deductions	3,444,300	1,020,177	310,579	94,255	914	125,479	28,687
Balance June 30, 2005	\$ 250,192	\$ 22,151	\$ 1,169,677	\$ 113,289	\$ 275	\$ 144,067	\$ 26,621

**Liabilities**

Due from component units	Other assets	Total assets	Accounts payable and accrued liabilities	Intergovernmental payables	Due to component units	Depository and other liabilities	Total liabilities
		\$ 1,148,147				\$ 1,148,147	\$ 1,148,147
		341,732				341,732	341,732
		321,601				321,601	321,601
		<u>1,168,278</u>				<u>1,168,278</u>	<u>1,168,278</u>
		130,996	\$ 7,696			123,300	130,996
		279,991	9,021			142,186	151,207
		259,780	7,696			123,300	130,996
		<u>151,207</u>	<u>9,021</u>			<u>142,186</u>	<u>151,207</u>
		80,482	1,299	\$ 79,183			80,482
		604,813	1,311	95,976			97,287
		588,008	1,299	79,183			80,482
		<u>97,287</u>	<u>1,311</u>	<u>95,976</u>			<u>97,287</u>
		50,005	20,837	29,168			50,005
		274,782	13,233	34,573			47,806
		276,981	20,837	29,168			50,005
		<u>47,806</u>	<u>13,233</u>	<u>34,573</u>			<u>47,806</u>
		90,938		90,938			90,938
		721,273		98,692			98,692
		713,519		90,938			90,938
		<u>98,692</u>		<u>98,692</u>			<u>98,692</u>
\$ 109	\$ 16,961	179,822	17,617	116,086	\$ 268	45,851	179,822
463	5,152	2,870,367	982,016	861,428	7	357,282	2,200,733
109	4,087	2,868,698	979,314	861,665	34	358,051	2,199,064
<u>463</u>	<u>18,026</u>	<u>181,491</u>	<u>20,319</u>	<u>115,849</u>	<u>241</u>	<u>45,082</u>	<u>181,491</u>
109	16,961	1,680,390	47,449	315,375	268	1,317,298	1,680,390
463	5,152	5,092,958	1,005,581	1,090,669	7	841,200	2,937,457
109	4,087	5,028,587	1,009,146	1,060,954	34	802,952	2,873,086
<u>\$ 463</u>	<u>\$ 18,026</u>	<u>\$ 1,744,761</u>	<u>\$ 43,884</u>	<u>\$ 345,090</u>	<u>\$ 241</u>	<u>\$ 1,355,546</u>	<u>\$ 1,744,761</u>

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## COMPONENT UNITS

Component Units are legally separate organizations for which the elected officials of the primary government are financially accountable. Component Units also include certain other organizations because of the nature and significance of their relationship with the primary government.

### NON-MAJOR COMPONENT UNITS DESCRIPTIONS

Illinois Literacy Foundation--to account for supplemental funds raised from the private sector to promote the Illinois Literacy Foundation.

Illinois Grain Insurance Corporation--to account for monies held to compensate grain producers for losses from the failure of a grain dealer.

Illinois Conservation Foundation--to provide additional funding for the Illinois Department of Natural Resources' conservation programs that either are not receiving adequate State funding or else cannot be implemented because State funding is not available.

The Comprehensive Health Insurance Plan Board--to provide an alternate market for health insurance for eligible Illinois residents having a preexisting health condition.

East St. Louis Financial Advisory Authority--to provide a secure financial basis for and to furnish assistance to the City of East St. Louis.

Illinois Finance Authority--to provide economic development to the public and private institutions in Illinois that create and retain jobs and to improve the quality of life in Illinois by providing access to capital.

Illinois Medical District Commission--to combine the resources of diverse medical institutions to promote low cost medical care in the City of Chicago, accelerate scientific research, improve diagnostic methods and train health care professionals.

Quad Cities Regional Economic Development Authority--to provide funding for development in the Quad cities region.

Southwestern Illinois Development Authority--to promote and enhance economic development in St. Clair and Madison counties in southwestern Illinois.

Upper Illinois River Valley Development Authority--to promote and enhance economic development within the State's Upper Illinois River Valley.

Will-Kankakee Regional Development Authority--to promote and enhance economic development in the counties of Will and Kankakee.

IMSA Fund for Advancement of Education--to benefit, perform the function of and carry out certain charitable, educational, literary and scientific purposes of the Illinois Mathematics and Science Academy.

Board of Trustees of Chicago State University--to operate, manage, control and maintain Chicago State University. The Board was created on January 1, 1996 with the dissolution of the Board of Governors of State Colleges and Universities.

Board of Trustees of Eastern Illinois University--to operate, manage, control and maintain Eastern Illinois University. The Board was created on January 1, 1996 with the dissolution of the Board of Governors of State Colleges and Universities.

Board of Trustees of Governors State University--to operate, manage, control and maintain Governors State University. The Board was created on January 1, 1996 with the dissolution of the Board of Governors of State Colleges and Universities.

Board of Trustees of Northeastern Illinois University--to operate, manage, control and maintain Northeastern Illinois University. The Board was created on January 1, 1996 with the dissolution of the Board of Governors of State Colleges and Universities.

Board of Trustees of Western Illinois University--to operate, manage, control and maintain Western Illinois University. The Board was created on January 1, 1996 with the dissolution of the Board of Governors of State Colleges and Universities.

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State of Illinois

**Combining Statement of Net Assets**  
**Component Units - Other Authorities**

June 30, 2005 (Expressed in Thousands)

	Illinois Literacy Foundation	Illinois Grain Insurance Corporation	Illinois Conservation Foundation	Comprehensive Health Insurance Board	East St. Louis Financial Advisory Authority
<b>ASSETS</b>					
Cash and cash equivalents	\$ 34	\$ 1,230	\$ 984	\$ 74,829	\$ 216
Investments			2,889		5,582
Receivables, net:					
Intergovernmental			60	3,122	
Other		754	12	3,594	
Due from primary government		234		2	1
Inventories			21		
Prepaid expenses			8	3	
Unamortized bond issuance costs					
Loans and notes receivable, net					
Restricted assets:					
Cash equity with State Treasurer					
Cash and cash equivalents					
Investments					
Other receivables, net					
Loans and notes receivable, net					
Capital assets not being depreciated					
Capital assets being depreciated, net				66	
<b>Total assets</b>	<b>34</b>	<b>2,218</b>	<b>3,974</b>	<b>81,616</b>	<b>5,799</b>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities			50	1,083	
Intergovernmental payables					
Due to primary government				4	
Deferred revenue			40	14,787	
Long-term obligations:					
Due within one year				24,394	3
Due subsequent to one year				226	
<b>Total liabilities</b>			<b>90</b>	<b>40,494</b>	<b>3</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt				66	
Restricted for:					
Debt service					
Nonexpendable purposes			70		
Other purposes		2,218	2,476	41,056	
Unrestricted	34		1,338		5,796
<b>Total net assets</b>	<b>\$ 34</b>	<b>\$ 2,218</b>	<b>\$ 3,884</b>	<b>\$ 41,122</b>	<b>\$ 5,796</b>

Illinois Finance Authority	Illinois Medical District Commission	Quad Cities Regional Economic Development Authority	Southwestern Illinois Development Authority	Upper Illinois River Valley Development Authority	Will-Kankakee Regional Development Authority	IMSA Fund for Advancement of Education	Total
\$ 27,451	\$ 684	\$ 155	\$ 2,130	\$ 41	\$ 19	\$ 903	108,676
8,786	102			351		1,655	19,365
							3,182
752	299		26			249	5,686
	95					113	445
							21
82	15						108
1,165							1,165
16,758	8,057		2,064				26,879
18,665							18,665
4,295	8,400						12,695
8,506	2,307		191				11,004
1,531			4,381				5,912
60,972							60,972
	26,248		100				26,348
71	7,455		405				7,997
149,034	53,662	155	9,297	392	19	2,920	309,120
1,800	2,153		12			8	5,106
2							2
299						45	348
1,180	32		4,380			35	20,454
4,748	940	10	10				30,105
59,919	75	18	21				60,259
67,948	3,200	28	4,423			88	116,274
71	32,389		505				33,031
2,684							2,684
							70
25,656	2,408					1,881	75,695
52,675	15,665	127	4,369	392	19	951	81,366
\$ 81,086	\$ 50,462	\$ 127	\$ 4,874	\$ 392	\$ 19	\$ 2,832	\$ 192,846

*State of Illinois*

**Combining Statement of Activities  
Component Units - Other Authorities**

For the Year Ended June 30, 2005 (Expressed in Thousands)

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program revenues</u>		
		<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>
Illinois Literacy Foundation	\$ 298		\$ 297	
Illinois Grain Insurance Corporation	71	\$ 2,401	4	
Illinois Conservation Foundation	3,483	151	2,061	
Comprehensive Health Insurance Board	155,756	100,582	7,421	
East St. Louis Financial Advisory Authority	237			
Illinois Finance Authority	8,641	10,107		
Illinois Medical District Commission	3,844	2,271	146	\$ 235
Quad Cities Regional Economic Development Authority	36	61		
Southwestern Illinois Development Authority	370	168	425	
Upper Illinois River Valley Development Authority	213	278		
Will-Kankakee Regional Development Authority	24	23		
IMSA Fund for Advancement of Education	898		878	
Total	<u>\$ 173,871</u>	<u>\$ 116,042</u>	<u>\$ 11,232</u>	<u>\$ 235</u>

<b>General revenues</b>						
<b>Net (expense) revenue</b>	<b>State appropriations</b>	<b>Interest and investment income</b>	<b>Other</b>	<b>Change in net assets</b>	<b>Net assets, July 1, 2004, as restated</b>	<b>Net assets, June 30, 2005</b>
\$ (1)				\$ (1)	\$ 35	\$ 34
2,334		\$ 46		2,380	(162)	2,218
(1,271)		201	\$ 36	(1,034)	4,918	3,884
(47,753)		1,561	27,961	(18,231)	59,353	41,122
(237)	\$ 209	102		74	5,722	5,796
1,466	6,228	1,043		8,737	72,349	81,086
(1,192)	673	206	9	(304)	50,766	50,462
25		2		27	100	127
223		60		283	4,591	4,874
65		15		80	312	392
(1)				(1)	20	19
(20)		87	17	84	2,748	2,832
<u>\$ (46,362)</u>	<u>\$ 7,110</u>	<u>\$ 3,323</u>	<u>\$ 28,023</u>	<u>\$ (7,906)</u>	<u>\$ 200,752</u>	<u>\$ 192,846</u>

*State of Illinois*

**Combining Statement of Net Assets  
Component Units - Other Universities**

June 30, 2005 (Expressed in Thousands)

	Chicago State University	Eastern Illinois University	Governors State University	Northeastern Illinois University	Western Illinois University
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,568	\$ 10,496	\$ 9,252	\$ 6,262	\$ 46,400
Investments	110	4,763	819	10,710	7,243
Receivables, net:					
Intergovernmental			4,156	3,270	1,265
Other	10,464	7,375	904	2,434	3,545
Due from component units				7	6
Due from primary government	416	373	70	1,114	1,498
Inventories	66	1,640	29	90	2,149
Prepaid expenses	4,429	142		113	28
Unamortized bond issuance costs		488		565	519
Loans and notes receivable, net	794	5,842	3,199	2,346	1,970
Restricted assets:					
Cash and cash equivalents	640	18,006	2,119	5,044	358
Investments	2,078	47,531			17,245
Other receivables, net		1,331			
Other assets		445			
Other assets		241		25	
Capital assets not being depreciated	57,078	24,161	3,012	26,525	6,024
Capital assets being depreciated, net	46,380	131,267	52,116	74,395	123,285
<b>Total assets</b>	<b>126,023</b>	<b>254,101</b>	<b>75,676</b>	<b>132,900</b>	<b>211,535</b>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	7,882	12,278	3,868	5,605	21,375
Intergovernmental payables			3,060		220
Due to component units	40				4
Due to primary government	39	473	137	56	119
Deferred revenue	1,297	2,499	1,836	2,480	3,396
Short-term notes payable		1,512			
Long-term obligations:					
Due within one year	3,493	7,863	1,517	3,205	4,812
Due subsequent to one year	31,893	93,054	9,115	30,078	62,001
<b>Total liabilities</b>	<b>44,644</b>	<b>117,679</b>	<b>19,533</b>	<b>41,424</b>	<b>91,927</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	79,075	92,015	53,173	81,785	86,513
Restricted for:					
Capital projects	4,313	5,898			
Debt service	1,595	2,702		1,611	
Nonexpendable purposes	1,848	18,919	745	2,277	15,883
Other expendable purposes	1,447	20,582	1,158	7,062	3,924
Unrestricted	(6,899)	(3,694)	1,067	(1,259)	13,288
<b>Total net assets</b>	<b>\$ 81,379</b>	<b>\$ 136,422</b>	<b>\$ 56,143</b>	<b>\$ 91,476</b>	<b>\$ 119,608</b>

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**Total**

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\$ 75,978  
23,645

8,691  
24,722  
13

3,471  
3,974  
4,712  
1,572  
14,151

26,167  
66,854  
1,331  
445  
266  
116,800

427,443  
800,235

51,008  
3,280  
44  
824  
11,508  
1,512

20,890  
226,141  
315,207

392,561

10,211  
5,908  
39,672

34,173  
2,503

\$ 485,028

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State of Illinois

**Combining Statement of Activities**  
**Component Units - Other Universities**

For the Year Ended June 30, 2005 (Expressed in Thousands)

Functions/Programs	Expenses	Program revenues			Net (expense) revenue
		Charges for service	Operating grants and contributions	Capital grants and contributions	
Chicago State University	\$ 103,378	\$ 26,131	\$ 26,082	\$ 4,500	\$ (46,665)
Eastern Illinois University	179,278	90,379	16,482	1,305	(71,112)
Governors State University	63,822	25,215	6,971		(31,636)
Northeastern Illinois University	120,425	34,008	26,639		(59,778)
Western Illinois University	211,710	105,092	23,902		(82,716)
Total	<u>\$ 678,613</u>	<u>\$ 280,825</u>	<u>\$ 100,076</u>	<u>\$ 5,805</u>	<u>\$ (291,907)</u>

<b>General revenues</b>			<b>Contributions to permanent funds</b>	<b>Change in net assets</b>	<b>Net assets, July 1, 2004</b>	<b>Net assets, June 30, 2005</b>
<b>State appropriations</b>	<b>Interest and investment income</b>	<b>Other</b>				
\$ 63,896	\$ 128	\$ 81	\$ 409	\$ 17,849	\$ 63,530	\$ 81,379
76,919	3,750	2,471	2,496	14,524	121,898	136,422
33,445	185		27	2,021	54,122	56,143
59,081	385	543	453	684	90,792	91,476
84,760	2,001	2,625	1,042	7,712	111,896	119,608
<u>\$ 318,101</u>	<u>\$ 6,449</u>	<u>\$ 5,720</u>	<u>\$ 4,427</u>	<u>\$ 42,790</u>	<u>\$ 442,238</u>	<u>\$ 485,028</u>

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## Budgetary Schedules

The following budgetary schedules for the State have been prepared in accordance with the terminology and classifications of funds used by the State in the Statewide Accounting Management System (“SAMS”) budgetary purposes. SAMS establishes the following budgetary fund groups to account for the State’s budgetary activities:

**General** – funds established to account for those services traditionally provided by a state government which are not required to be accounted for in other funds;

**Highway** – funds established to receive and distribute assessments related to transportation, and to support the construction and maintenance of transportation facilities and activities of the State;

**Special State** – funds designated by statute as special funds in the State Treasury and not elsewhere classified;

**Bond Financed** – funds established to receive and administer the proceeds of various bond issues of the State;

**Debt Service** – funds established to finance and account for the payment of principal and interest generally associated with the general and special obligation bond issues of the State;

**Federal Trust** – funds established pursuant to grants and contracts or under statutory authority between State agencies and the federal government;

**Revolving** – funds established to finance and account for intra-governmental services; and

**State Trust** – funds established by statute or under statutory authority for nonfederal programs which are not deemed to be a traditional governmental activity or elsewhere classified.

As the attached schedules are presented on the budgetary basis and not the GAAP basis of accounting, all budgeted funds of the State, including those presented as required supplemental information, are presented. The schedules presented as required supplemental information classify certain major governmental funds differently for GAAP reporting purposes than the following budgetary presentation. Below is a summary of those differences:

GAAP Basis	Budgetary Basis Includes
General Fund	All General Funds Special State Funds: Budget Stabilization Fund University of Illinois Hospital Services Fund County Hospital Services Fund Care Provider Fund for Person with Developmental Disabilities Fund Long Term Care Fund Hospital Provider Fund Special Education Medicaid Matching Fund Health and Human Services Medicaid Trust Fund Drug Rebate Fund Medicaid Provider Relief Fund Income Tax Refund Fund and 19 funds included as other special state funds
Motor Fuel Tax Fund	Highway Funds: Motor Fuel Tax Fund - State Motor Fuel Tax Fund - Counties Motor Fuel Tax Fund - Municipalities Motor Fuel Tax Fund - Townships

**State of Illinois**

**Combined Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
All Budgeted Fund Groups**

For the Year Ended June 30, 2005 (Expressed in Thousands)

	General Funds			Highway Funds		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Income taxes	\$ 8,298,000	\$ 9,117,127	\$ 819,127			
Sales taxes	6,523,000	6,594,766	71,766			
Motor fuel taxes				\$ 1,376,400	\$ 1,362,654	\$ (13,746)
Public utility taxes	1,102,000	1,056,331	(45,669)			
Federal government	4,276,000	4,177,765	(98,235)	947,300	868,127	(79,173)
Other	3,142,000	2,589,269	(552,731)	1,392,000	1,390,257	(1,743)
Less:						
Refunds	22,601	14,404	(8,197)	18,964	17,228	(1,736)
<b>Total revenues</b>	<b>23,318,399</b>	<b>23,520,854</b>	<b>202,455</b>	<b>3,696,736</b>	<b>3,603,810</b>	<b>(92,926)</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services	11,077,897	9,977,722	(1,100,175)			
Education	9,056,604	8,953,128	(103,476)			
General government	1,566,242	1,535,998	(30,244)	315,879	304,496	(11,383)
Transportation	57,532	51,577	(5,955)	2,729,198	2,654,368	(74,830)
Public protection and justice	1,745,885	1,715,305	(30,580)	97,310	97,310	-
Employment and economic development	135,666	132,313	(3,353)	1,900	1,900	-
Environment and business regulation	122,434	117,737	(4,697)			
Debt service:						
Principal						
Interest						
Capital outlays	42,240	33,602	(8,638)	22,171	18,281	(3,890)
<b>Total expenditures</b>	<b>23,804,500</b>	<b>22,517,382</b>	<b>(1,287,118)</b>	<b>3,166,458</b>	<b>3,076,355</b>	<b>(90,103)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(486,101)</b>	<b>1,003,472</b>	<b>1,489,573</b>	<b>530,278</b>	<b>527,455</b>	<b>(2,823)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Proceeds from general and special obligation bond issues	765,000	765,000	-			
Operating transfers-in	6,151,369	6,151,369	-	1,235,290	1,235,290	-
Operating transfers-out	(7,983,009)	(7,983,009)	-	(1,546,090)	(1,546,090)	-
<b>Total other sources (uses) of financial resources</b>	<b>(1,066,640)</b>	<b>(1,066,640)</b>	<b>-</b>	<b>(310,800)</b>	<b>(310,800)</b>	<b>-</b>
<b>Budgetary funds-nonbudgeted accounts</b>	<b>(572)</b>	<b>(572)</b>	<b>-</b>			
<b>Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts</b>	<b>(1,553,313)</b>	<b>(63,740)</b>	<b>1,489,573</b>	<b>219,478</b>	<b>216,655</b>	<b>(2,823)</b>
Budgetary fund balances (deficits), July 1, 2004, as previously reported	(410,295)	(410,295)	-	411,796	411,796	-
Reclassifications between budgetary/nonbudgetary funds-net						
Budgetary fund balances (deficits), July 1, 2004, as reclassified	(410,295)	(410,295)	-	411,796	411,796	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2005</b>	<b>\$ (1,963,608)</b>	<b>\$ (474,035)</b>	<b>\$ 1,489,573</b>	<b>\$ 631,274</b>	<b>\$ 628,451</b>	<b>\$ (2,823)</b>

Special State Funds			Bond Financed Funds			Debt Service Funds		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 2,324,831	\$ 2,324,831	\$ -						
699,019	718,769	19,750						
74,433	71,941	(2,492)						
434,556	440,568	6,012						
3,582,513	3,605,936	23,423				\$ 150	\$ -	\$ (150)
6,994,369	6,552,177	(442,192)				10,879	141,420	130,541
1,421,533	1,409,061	(12,472)						
12,688,188	12,305,161	(383,027)				11,029	141,420	130,391
6,469,396	5,704,804	(764,592)						
361,630	257,048	(104,582)	\$ 20,526	\$ 20,071	\$ (455)			
4,690,121	4,313,678	(376,443)	307,712	306,780	(932)			
418,657	344,271	(74,386)	519,009	418,209	(100,800)			
260,646	155,984	(104,662)	68	68	-			
720,152	448,829	(271,323)	61,128	60,328	(800)			
1,038,642	634,543	(404,099)	18,496	18,091	(405)			
						2,464,288	2,433,804	(30,484)
						1,120,163	1,071,877	(48,286)
26,817	19,381	(7,436)	285,395	216,603	(68,792)			
13,986,061	11,878,538	(2,107,523)	1,212,334	1,040,150	(172,184)	3,584,451	3,505,681	(78,770)
(1,297,873)	426,623	1,724,496	(1,212,334)	(1,040,150)	172,184	(3,573,422)	(3,364,261)	209,161
19	19	-	1,856,500	1,143,098	(713,402)			
3,917,823	3,917,823	-	55,875	55,875	-	3,388,039	3,388,039	-
(4,611,203)	(4,611,203)	-	(55,875)	(55,875)	-			
(693,361)	(693,361)	-	1,856,500	1,143,098	(713,402)	3,388,039	3,388,039	-
(486)	(486)	-						
(1,991,720)	(267,224)	1,724,496	644,166	102,948	(541,218)	(185,383)	23,778	209,161
2,114,142	2,114,142	-	124,990	124,990	-	623,821	623,821	-
2,114,142	2,114,142	-	124,990	124,990	-	623,821	623,821	-
\$ 122,422	\$ 1,846,918	\$ 1,724,496	\$ 769,156	\$ 227,938	\$ (541,218)	\$ 438,438	\$ 647,599	\$ 209,161

(continued)

State of Illinois

**Combined Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
All Budgeted Fund Groups**

For the Year Ended June 30, 2005 (Expressed in Thousands)

(continued)

	Federal Trust Funds			Revolving Funds		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Income taxes						
Sales taxes						
Motor fuel taxes						
Public utility taxes						
Federal government	\$ 3,908,144	\$ 3,345,449	\$ (562,695)	\$ -	\$ 4,154	\$ 4,154
Other	192,688	216,146	23,458	250,671	279,992	29,616
Less:						
Refunds	2,590	207	(2,383)	7,913	1,378	(6,535)
<b>Total revenues</b>	<b>4,098,242</b>	<b>3,561,388</b>	<b>(536,854)</b>	<b>242,758</b>	<b>282,768</b>	<b>40,305</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services	1,410,978	1,006,227	(404,751)			
Education	2,481,978	1,982,516	(499,462)			
General government	14,306	10,128	(4,178)	534,754	401,667	(133,087)
Transportation	143,529	143,510	(19)	800	575	(225)
Public protection and justice	590,748	164,073	(426,675)	59,225	40,124	(19,101)
Employment and economic development	519,705	271,236	(248,469)			
Environment and business regulation	82,215	54,778	(27,437)			
Debt service:						
Principal						
Interest	10,000	2,000	(8,000)			
Capital outlays	23,413	3,550	(19,863)	5,353	2,218	(3,135)
<b>Total expenditures</b>	<b>5,276,872</b>	<b>3,638,018</b>	<b>(1,638,854)</b>	<b>600,132</b>	<b>444,584</b>	<b>(155,548)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(1,178,630)</b>	<b>(76,630)</b>	<b>1,102,000</b>	<b>(357,374)</b>	<b>(161,816)</b>	<b>195,853</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Proceeds from general and special obligation bond issues						
Operating transfers-in	17,754	17,754	-	148,007	148,007	-
Operating transfers-out	(49,973)	(49,973)	-	(50,992)	(50,992)	-
<b>Total other sources (uses) of financial resources</b>	<b>(32,219)</b>	<b>(32,219)</b>	<b>-</b>	<b>97,015</b>	<b>97,015</b>	<b>-</b>
<b>Budgetary funds-nonbudgeted accounts</b>	<b>(18,442)</b>	<b>(18,442)</b>	<b>-</b>			
<b>Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts</b>	<b>(1,229,291)</b>	<b>(127,291)</b>	<b>1,102,000</b>	<b>(260,359)</b>	<b>(64,801)</b>	<b>195,853</b>
Budgetary fund balances (deficits), July 1, 2004, as previously reported	(48,773)	(48,773)	-	84,822	84,822	-
Reclassifications between budgetary/nonbudgetary funds-net	154	154	-			
Budgetary fund balances (deficits), July 1, 2004, as reclassified	(48,619)	(48,619)	-	84,822	84,822	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2005</b>	<b>\$ (1,277,910)</b>	<b>\$ (175,910)</b>	<b>\$ 1,102,000</b>	<b>\$ (175,537)</b>	<b>\$ 20,021</b>	<b>\$ 195,853</b>

State Trust Funds

Final Budget	Actual	Variance Over (Under)
-----------------	--------	--------------------------

\$ 564,550	\$ 564,550	\$ -
30,763	30,763	-
271,470	271,470	-
71,733	92,993	21,260
2,581,714	2,571,463	(10,251)
198	96	(102)
3,520,032	3,531,143	11,111

175,057	158,826	(16,231)
421,232	299,185	(122,047)
2,925	1,628	(1,297)
43	20	(23)
18,898	11,482	(7,416)

995	19	(976)
619,150	471,160	(147,990)

2,900,882	3,059,983	159,101
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(378,797)	(378,797)	-
(378,797)	(378,797)	-

(2,575,626)	(2,575,626)	-
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(53,541)	105,560	159,101
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143,094	143,094	-
109,396	109,396	-

252,490	252,490	-
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\$ 198,949	\$ 358,050	\$ 159,101
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State of Illinois

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) General Funds

For the Year Ended June 30, 2005 (Expressed in Thousands)

	General Revenue			Special Account		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Income taxes	\$ 7,692,000	\$ 8,449,105	\$ 757,105			
Sales taxes	4,892,000	4,946,093	54,093	\$ 1,631,000	\$ 1,648,673	\$ 17,673
Public utility taxes	994,000	953,177	(40,823)			
Federal government	4,276,000	4,177,765	(98,235)			
Other	2,825,000	2,272,595	(552,405)			
Less:						
Refunds	22,601	14,404	(8,197)			
<b>Total revenues</b>	<b>20,656,399</b>	<b>20,784,331</b>	<b>127,932</b>	<b>1,631,000</b>	<b>1,648,673</b>	<b>17,673</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services	11,077,897	9,977,722	(1,100,175)			
Education	4,596,138	4,493,804	(102,334)			
General government	1,566,205	1,535,961	(30,244)			
Transportation	57,532	51,577	(5,955)			
Public protection and justice	1,745,885	1,715,305	(30,580)			
Employment and economic development	135,666	132,313	(3,353)			
Environment and business regulation	122,434	117,737	(4,697)			
Capital outlays	42,240	33,602	(8,638)			
<b>Total expenditures</b>	<b>19,343,997</b>	<b>18,058,021</b>	<b>(1,285,976)</b>			
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>1,312,402</b>	<b>2,726,310</b>	<b>1,413,908</b>	<b>1,631,000</b>	<b>1,648,673</b>	<b>17,673</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Proceeds from general and special obligation bond issues	765,000	765,000	-			
Operating transfers-in	2,643,329	2,643,329	-			
Operating transfers-out	(6,338,040)	(6,338,040)	-	(1,644,538)	(1,644,538)	-
<b>Total other sources (uses) of financial resources</b>	<b>(2,929,711)</b>	<b>(2,929,711)</b>	<b>-</b>	<b>(1,644,538)</b>	<b>(1,644,538)</b>	<b>-</b>
<b>Budgetary funds-nonbudgeted accounts</b>	<b>(572)</b>	<b>(572)</b>	<b>-</b>			
<b>Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts</b>	<b>(1,617,881)</b>	<b>(203,973)</b>	<b>1,413,908</b>	<b>(13,538)</b>	<b>4,135</b>	<b>17,673</b>
Budgetary fund balances (deficits), July 1, 2004	(568,975)	(568,975)	-	12,150	12,150	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2005</b>	<b>\$ (2,186,856)</b>	<b>\$ (772,948)</b>	<b>\$ 1,413,908</b>	<b>\$ (1,388)</b>	<b>\$ 16,285</b>	<b>\$ 17,673</b>

Education Assistance			Common School			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 606,000	\$ 668,022	\$ 62,022				\$ 8,298,000	\$ 9,117,127	\$ 819,127
			\$ 108,000	\$ 103,154	\$ (4,846)	6,523,000	6,594,766	71,766
						1,102,000	1,056,331	(45,669)
						4,276,000	4,177,765	(98,235)
-	14	14	317,000	316,660	(340)	3,142,000	2,589,269	(552,731)
						22,601	14,404	(8,197)
606,000	668,036	62,036	425,000	419,814	(5,186)	23,318,399	23,520,854	202,455
						11,077,897	9,977,722	(1,100,175)
1,079,252	1,079,036	(216)	3,381,214	3,380,288	(926)	9,056,604	8,953,128	(103,476)
37	37	-				1,566,242	1,535,998	(30,244)
						57,532	51,577	(5,955)
						1,745,885	1,715,305	(30,580)
						135,666	132,313	(3,353)
						122,434	117,737	(4,697)
						42,240	33,602	(8,638)
1,079,289	1,079,073	(216)	3,381,214	3,380,288	(926)	23,804,500	22,517,382	(1,287,118)
(473,289)	(411,037)	62,252	(2,956,214)	(2,960,474)	(4,260)	(486,101)	1,003,472	1,489,573
						765,000	765,000	-
542,014	542,014	-	2,966,026	2,966,026	-	6,151,369	6,151,369	-
(270)	(270)	-	(161)	(161)	-	(7,983,009)	(7,983,009)	-
541,744	541,744	-	2,965,865	2,965,865	-	(1,066,640)	(1,066,640)	-
						(572)	(572)	-
68,455	130,707	62,252	9,651	5,391	(4,260)	(1,553,313)	(63,740)	1,489,573
124,323	124,323	-	22,207	22,207	-	(410,295)	(410,295)	-
\$ 192,778	\$ 255,030	\$ 62,252	\$ 31,858	\$ 27,598	\$ (4,260)	\$ (1,963,608)	\$ (474,035)	\$ 1,489,573

State of Illinois

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Highway Funds

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Road			Motor Fuel Tax-State		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Motor fuel taxes				\$ 1,376,400	\$ 1,362,654	\$ (13,746)
Federal government	\$ 947,300	\$ 868,092	\$ (79,208)	-	35	35
Other	875,200	851,085	(24,115)	-	1,157	1,157
Less:						
Refunds	2,812	2,506	(306)	16,152	14,722	(1,430)
<b>Total revenues</b>	<b>1,819,688</b>	<b>1,716,671</b>	<b>(103,017)</b>	<b>1,360,248</b>	<b>1,349,124</b>	<b>(11,124)</b>
<b>EXPENDITURES:</b>						
Current:						
General government	250,330	245,006	(5,324)	65,549	59,490	(6,059)
Transportation	1,297,317	1,246,122	(51,195)	9,156	8,594	(562)
Public protection and justice	97,310	97,310	-			
Employment and economic development	1,900	1,900	-			
Capital outlays	22,121	18,242	(3,879)	50	39	(11)
<b>Total expenditures</b>	<b>1,668,978</b>	<b>1,608,580</b>	<b>(60,398)</b>	<b>74,755</b>	<b>68,123</b>	<b>(6,632)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>150,710</b>	<b>108,091</b>	<b>(42,619)</b>	<b>1,285,493</b>	<b>1,281,001</b>	<b>(4,492)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	336,902	336,902	-			
Operating transfers-out	(272,841)	(272,841)	-	(1,270,945)	(1,270,945)	-
<b>Total other sources (uses) of financial resources</b>	<b>64,061</b>	<b>64,061</b>	<b>-</b>	<b>(1,270,945)</b>	<b>(1,270,945)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>214,771</b>	<b>172,152</b>	<b>(42,619)</b>	<b>14,548</b>	<b>10,056</b>	<b>(4,492)</b>
Budgetary fund balances (deficits), July 1, 2004	91,811	91,811	-	101,719	101,719	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2005</b>	<b>\$ 306,582</b>	<b>\$ 263,963</b>	<b>\$ (42,619)</b>	<b>\$ 116,267</b>	<b>\$ 111,775</b>	<b>\$ (4,492)</b>

Grade Crossing Protection			Motor Fuel Tax-Counties			Motor Fuel Tax-Municipalities		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 29,161	\$ 29,095	\$ (66)	\$ 232,300	\$ 224,278	\$ (8,022)	\$ 325,800	\$ 314,541	\$ (11,259)
29,161	29,095	(66)	232,300	224,278	(8,022)	325,800	314,541	(11,259)
(29,161)	(29,095)	66	(232,300)	(224,278)	8,022	(325,800)	(314,541)	11,259
27,000	27,000	-	223,352	223,352	-	313,241	313,241	-
(2,252)	(2,252)	-						
24,748	24,748	-	223,352	223,352	-	313,241	313,241	-
(4,413)	(4,347)	66	(8,948)	(926)	8,022	(12,559)	(1,300)	11,259
13,513	13,513	-	(16,609)	(16,609)	-	(23,293)	(23,293)	-
\$ 9,100	\$ 9,166	\$ 66	\$ (25,557)	\$ (17,535)	\$ 8,022	\$ (35,852)	\$ (24,593)	\$ 11,259

(continued)

State of Illinois

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Highway Funds

For the Year Ended June 30, 2005 (Expressed in Thousands)

(continued)

	Motor Fuel Tax-Township			State Construction Account		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Motor fuel taxes						
Federal government						
Other				\$ 516,800	\$ 538,015	\$ 21,215
Less:						
Refunds						
<b>Total revenues</b>				<u>516,800</u>	<u>538,015</u>	<u>21,215</u>
<b>EXPENDITURES:</b>						
Current:						
General government						
Transportation	\$ 105,500	\$ 101,793	\$ (3,707)	729,964	729,945	(19)
Public protection and justice						
Employment and economic development						
Capital outlays						
<b>Total expenditures</b>	<u>105,500</u>	<u>101,793</u>	<u>(3,707)</u>	<u>729,964</u>	<u>729,945</u>	<u>(19)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(105,500)</u>	<u>(101,793)</u>	<u>3,707</u>	<u>(213,164)</u>	<u>(191,930)</u>	<u>21,234</u>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	101,373	101,373	-	233,422	233,422	-
Operating transfers-out				(52)	(52)	-
<b>Total other sources (uses) of financial resources</b>	<u>101,373</u>	<u>101,373</u>	<u>-</u>	<u>233,370</u>	<u>233,370</u>	<u>-</u>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<u>(4,127)</u>	<u>(420)</u>	<u>3,707</u>	<u>20,206</u>	<u>41,440</u>	<u>21,234</u>
Budgetary fund balances (deficits), July 1, 2004	(7,538)	(7,538)	-	252,193	252,193	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2005</b>	<u>\$ (11,665)</u>	<u>\$ (7,958)</u>	<u>\$ 3,707</u>	<u>\$ 272,399</u>	<u>\$ 293,633</u>	<u>\$ 21,234</u>

Total		
Final Budget	Actual	Variance Over (Under)
\$ 1,376,400	\$ 1,362,654	\$ (13,746)
947,300	868,127	(79,173)
1,392,000	1,390,257	(1,743)
18,964	17,228	(1,736)
3,696,736	3,603,810	(92,926)
315,879	304,496	(11,383)
2,729,198	2,654,368	(74,830)
97,310	97,310	-
1,900	1,900	-
22,171	18,281	(3,890)
3,166,458	3,076,355	(90,103)
530,278	527,455	(2,823)
1,235,290	1,235,290	-
(1,546,090)	(1,546,090)	-
(310,800)	(310,800)	-
219,478	216,655	(2,823)
411,796	411,796	-
\$ 631,274	\$ 628,451	\$ (2,823)

State of Illinois

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Elected Officials			Code Departments		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Income taxes				\$ 2,324,831	\$ 2,324,831	\$ -
Sales taxes				680,878	699,863	18,985
Motor fuel taxes						
Public utility taxes				281,457	280,642	(815)
Federal government	\$ 149,279	\$ 176,056	\$ 26,777	3,176,977	3,130,304	(46,673)
Other	271,599	274,958	3,359	5,439,589	5,253,434	(186,155)
Less:						
Refunds				1,416,275	1,405,316	(10,959)
<b>Total revenues</b>	<b>420,878</b>	<b>451,014</b>	<b>30,136</b>	<b>10,487,457</b>	<b>10,283,758</b>	<b>(203,699)</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services	415,094	408,789	(6,305)	5,790,705	5,106,933	(683,772)
Education	256,360	186,833	(69,527)			
General government	12,569	11,809	(760)	4,207,824	4,045,464	(162,360)
Transportation				389,444	316,160	(73,284)
Public protection and justice	16,901	16,901	-	100,334	45,415	(54,919)
Employment and economic development	5,568	3,508	(2,060)	515,642	313,446	(202,196)
Environment and business regulation	1,165	1,096	(69)	51,597	48,583	(3,014)
Capital outlays	3,803	1,824	(1,979)	3,131	1,224	(1,907)
<b>Total expenditures</b>	<b>711,460</b>	<b>630,760</b>	<b>(80,700)</b>	<b>11,058,677</b>	<b>9,877,225</b>	<b>(1,181,452)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(290,582)</b>	<b>(179,746)</b>	<b>110,836</b>	<b>(571,220)</b>	<b>406,533</b>	<b>977,753</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Proceeds from general and special obligation bond issues						
Operating transfers-in	469,371	469,371	-	3,053,941	3,053,941	-
Operating transfers-out	(344,109)	(344,109)	-	(3,648,243)	(3,648,243)	-
<b>Total other sources (uses) of financial resources</b>	<b>125,262</b>	<b>125,262</b>	<b>-</b>	<b>(594,302)</b>	<b>(594,302)</b>	<b>-</b>
<b>Budgetary funds-nonbudgeted accounts</b>						
<b>Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts</b>	<b>(165,320)</b>	<b>(54,484)</b>	<b>110,836</b>	<b>(1,165,522)</b>	<b>(187,769)</b>	<b>977,753</b>
Budgetary fund balances, July 1, 2004	366,312	366,312	-	622,454	622,454	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2005</b>	<b>\$ 200,992</b>	<b>\$ 311,828</b>	<b>\$ 110,836</b>	<b>\$ (543,068)</b>	<b>\$ 434,685</b>	<b>\$ 977,753</b>

Agencies, Boards & Commissions			Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ 18,141	\$ 18,906	\$ 765	\$ 2,324,831	\$ 2,324,831	\$ -
\$ 74,433	\$ 71,941	\$ (2,492)				699,019	718,769	19,750
120,869	125,277	4,408	32,230	34,649	2,419	74,433	71,941	(2,492)
130,511	206,862	76,351	125,746	92,714	(33,032)	434,556	440,568	6,012
420,567	312,866	(107,701)	862,614	710,919	(151,695)	3,582,513	3,605,936	23,423
						6,994,369	6,552,177	(442,192)
153	3	(150)	5,105	3,742	(1,363)	1,421,533	1,409,061	(12,472)
746,227	716,943	(29,284)	1,033,626	853,446	(180,180)	12,688,188	12,305,161	(383,027)
			263,597	189,082	(74,515)	6,469,396	5,704,804	(764,592)
7,093	84	(7,009)	98,177	70,131	(28,046)	361,630	257,048	(104,582)
199,003	58,724	(140,279)	270,725	197,681	(73,044)	4,690,121	4,313,678	(376,443)
			29,213	28,111	(1,102)	418,657	344,271	(74,386)
9,783	8,594	(1,189)	133,628	85,074	(48,554)	260,646	155,984	(104,662)
31,590	31,441	(149)	167,352	100,434	(66,918)	720,152	448,829	(271,323)
639,836	346,475	(293,361)	346,044	238,389	(107,655)	1,038,642	634,543	(404,099)
941	768	(173)	18,942	15,565	(3,377)	26,817	19,381	(7,436)
888,246	446,086	(442,160)	1,327,678	924,467	(403,211)	13,986,061	11,878,538	(2,107,523)
(142,019)	270,857	412,876	(294,052)	(71,021)	223,031	(1,297,873)	426,623	1,724,496
19	19	-				19	19	-
123,505	123,505	-	271,006	271,006	-	3,917,823	3,917,823	-
(317,354)	(317,354)	-	(301,497)	(301,497)	-	(4,611,203)	(4,611,203)	-
(193,830)	(193,830)	-	(30,491)	(30,491)	-	(693,361)	(693,361)	-
			(486)	(486)	-	(486)	(486)	-
(335,849)	77,027	412,876	(325,029)	(101,998)	223,031	(1,991,720)	(267,224)	1,724,496
514,245	514,245	-	611,131	611,131	-	2,114,142	2,114,142	-
\$ 178,396	\$ 591,272	\$ 412,876	\$ 286,102	\$ 509,133	\$ 223,031	\$ 122,422	\$ 1,846,918	\$ 1,724,496

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds - Elected Officials**

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Comptroller Budget Stabilization			Treasurer		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Federal government				\$ 149,279	\$ 176,056	\$ 26,777
Other				271,599	274,958	3,359
<b>Total revenues</b>				<b>420,878</b>	<b>451,014</b>	<b>30,136</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services				415,094	408,789	(6,305)
Education				256,360	186,833	(69,527)
General government				12,569	11,809	(760)
Public protection and justice				16,901	16,901	-
Employment and economic development				5,568	3,508	(2,060)
Environment and business regulation				1,165	1,096	(69)
Capital outlays				3,803	1,824	(1,979)
<b>Total expenditures</b>				<b>711,460</b>	<b>630,760</b>	<b>(80,700)</b>
<b>(Deficiency) of revenues (under) expenditures</b>				<b>(290,582)</b>	<b>(179,746)</b>	<b>110,836</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	\$ 275,704	\$ 275,704	\$ -	193,667	193,667	-
Operating transfers-out	(275,704)	(275,704)	-	(68,405)	(68,405)	-
<b>Total other sources (uses) of financial resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>125,262</b>	<b>125,262</b>	<b>-</b>
<b>(Deficiency) of revenues (under) expenditures and other sources (uses) of financial resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(165,320)</b>	<b>(54,484)</b>	<b>110,836</b>
Budgetary fund balances, July 1, 2004	275,705	275,705	-	90,607	90,607	-
<b>BUDGETARY FUND BALANCES, JUNE 30, 2005</b>	<b>\$ 275,705</b>	<b>\$ 275,705</b>	<b>\$ -</b>	<b>\$ (74,713)</b>	<b>\$ 36,123</b>	<b>\$ 110,836</b>

Total		
Final Budget	Actual	Variance Over (Under)
\$ 149,279	\$ 176,056	\$ 26,777
271,599	274,958	3,359
420,878	451,014	30,136

415,094	408,789	(6,305)
256,360	186,833	(69,527)
12,569	11,809	(760)
16,901	16,901	-
5,568	3,508	(2,060)
1,165	1,096	(69)
3,803	1,824	(1,979)
711,460	630,760	(80,700)
(290,582)	(179,746)	110,836

469,371	469,371	-
(344,109)	(344,109)	-
125,262	125,262	-

(165,320)	(54,484)	110,836
366,312	366,312	-
\$ 200,992	\$ 311,828	\$ 110,836

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds - State Treasurer**

For the Year Ended June 30, 2005 (Expressed in Thousands)

	State Pensions			Tobacco Settlement Recovery		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Federal government				\$ 149,279	\$ 176,056	\$ 26,777
Other				271,599	274,958	3,359
<b>Total revenues</b>				<b>420,878</b>	<b>451,014</b>	<b>30,136</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services				415,094	408,789	(6,305)
Education	\$ 256,360	\$ 186,833	\$ (69,527)			
General government	10,705	10,044	(661)	1,864	1,765	(99)
Public protection and justice	16,901	16,901	-			
Employment and economic development				5,568	3,508	(2,060)
Environment and business regulation				1,165	1,096	(69)
Capital outlays	49	47	(2)	3,754	1,777	(1,977)
<b>Total expenditures</b>	<b>284,015</b>	<b>213,825</b>	<b>(70,190)</b>	<b>427,445</b>	<b>416,935</b>	<b>(10,510)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(284,015)</b>	<b>(213,825)</b>	<b>70,190</b>	<b>(6,567)</b>	<b>34,079</b>	<b>40,646</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	168,567	168,567	-	25,100	25,100	-
Operating transfers-out				(68,405)	(68,405)	-
<b>Total other sources (uses) of financial resources</b>	<b>168,567</b>	<b>168,567</b>	<b>-</b>	<b>(43,305)</b>	<b>(43,305)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>(115,448)</b>	<b>(45,258)</b>	<b>70,190</b>	<b>(49,872)</b>	<b>(9,226)</b>	<b>40,646</b>
Budgetary fund balances, July 1, 2004	64,853	64,853	-	25,754	25,754	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2005</b>	<b>\$ (50,595)</b>	<b>\$ 19,595</b>	<b>\$ 70,190</b>	<b>\$ (24,118)</b>	<b>\$ 16,528</b>	<b>\$ 40,646</b>

Total		
Final Budget	Actual	Variance Over (Under)
\$ 149,279	\$ 176,056	\$ 26,777
271,599	274,958	3,359
420,878	451,014	30,136

415,094	408,789	(6,305)
256,360	186,833	(69,527)
12,569	11,809	(760)
16,901	16,901	-
5,568	3,508	(2,060)
1,165	1,096	(69)
3,803	1,824	(1,979)
711,460	630,760	(80,700)

(290,582)	(179,746)	110,836
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193,667	193,667	-
(68,405)	(68,405)	-
125,262	125,262	-

(165,320)	(54,484)	110,836
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90,607	90,607	-
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\$ (74,713)	\$ 36,123	\$ 110,836
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**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds - Code Departments**

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Central Management Services			Commerce and Economic Opportunity		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Income taxes						
Sales taxes						
Public utility taxes						
Federal government	\$ 165	\$ 843	\$ 678	\$ 173,171	\$ 164,978	\$ (8,193)
Other	1,601,707	1,558,729	(42,978)	-	165	165
Less:						
Refunds						
<b>Total revenues</b>	<b>1,601,872</b>	<b>1,559,572</b>	<b>(42,300)</b>	<b>173,171</b>	<b>165,143</b>	<b>(8,028)</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services						
General government	1,719,044	1,591,060	(127,984)	113	113	-
Transportation						
Public protection and justice						
Employment and economic development				382,520	185,226	(197,294)
Environment and business regulation						
Capital outlays	11	-	(11)	97	7	(90)
<b>Total expenditures</b>	<b>1,719,055</b>	<b>1,591,060</b>	<b>(127,995)</b>	<b>382,730</b>	<b>185,346</b>	<b>(197,384)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(117,183)</b>	<b>(31,488)</b>	<b>85,695</b>	<b>(209,559)</b>	<b>(20,203)</b>	<b>189,356</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	68,224	68,224	-	71,290	71,290	-
Operating transfers-out	(24,998)	(24,998)	-	(44,198)	(44,198)	-
<b>Total other sources (uses) of financial resources</b>	<b>43,226</b>	<b>43,226</b>	<b>-</b>	<b>27,092</b>	<b>27,092</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>(73,957)</b>	<b>11,738</b>	<b>85,695</b>	<b>(182,467)</b>	<b>6,889</b>	<b>189,356</b>
Budgetary fund balances (deficits), July 1, 2004	(87,967)	(87,967)	-	(2,292)	(2,292)	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2005</b>	<b>\$ (161,924)</b>	<b>\$ (76,229)</b>	<b>\$ 85,695</b>	<b>\$ (184,759)</b>	<b>\$ 4,597</b>	<b>\$ 189,356</b>

Natural Resources			Human Services			Public Aid		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
						\$ 80,137	\$ 79,322	\$ (815)
\$ 6,505	\$ 7,442	\$ 937	\$ 151,940	\$ 135,745	\$ (16,195)	2,379,475	2,319,798	(59,677)
24,308	70,114	45,806	26	197	171	2,032,097	1,915,740	(116,357)
1,150	1,031	(119)				4,750	41	(4,709)
29,663	76,525	46,862	151,966	135,942	(16,024)	4,486,959	4,314,819	(172,140)
			174,727	138,745	(35,982)	5,141,107	4,511,378	(629,729)
10	10	-	131	131	-	2,504	2,159	(345)
51,597	48,583	(3,014)						
803	674	(129)	14	-	(14)	1,972	335	(1,637)
52,410	49,267	(3,143)	174,872	138,876	(35,996)	5,145,583	4,513,872	(631,711)
(22,747)	27,258	50,005	(22,906)	(2,934)	19,972	(658,624)	(199,053)	459,571
(4,344)	(4,344)	-	14,001	14,001	-	1,469,567	1,469,567	-
(4,344)	(4,344)	-	(22)	(22)	-	(1,628,773)	(1,628,773)	-
(4,344)	(4,344)	-	13,979	13,979	-	(159,206)	(159,206)	-
(27,091)	22,914	50,005	(8,927)	11,045	19,972	(817,830)	(358,259)	459,571
52,115	52,115	-	(17,102)	(17,102)	-	447,038	447,038	-
\$ 25,024	\$ 75,029	\$ 50,005	\$ (26,029)	\$ (6,057)	\$ 19,972	\$ (370,792)	\$ 88,779	\$ 459,571

(continued)

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds - Code Departments**

For the Year Ended June 30, 2005 (Expressed in Thousands)

(continued)

	Revenue			Transportation		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Income taxes	\$ 2,324,831	\$ 2,324,831	\$ -			
Sales taxes	680,878	699,863	18,985			
Public utility taxes	201,320	201,320	-			
Federal government	14,760	14,760	-			
Other	1,768,748	1,691,611	(77,137)			
Less:						
Refunds	1,410,375	1,404,244	(6,131)			
<b>Total revenues</b>	<b>3,580,162</b>	<b>3,528,141</b>	<b>(52,021)</b>			
<b>EXPENDITURES:</b>						
Current:						
Health and social services	960	910	(50)			
General government	2,484,049	2,450,707	(33,342)			
Transportation				\$ 389,444	\$ 316,160	\$ (73,284)
Public protection and justice						
Employment and economic development	133,122	128,220	(4,902)			
Environment and business regulation						
Capital outlays	234	208	(26)			
<b>Total expenditures</b>	<b>2,618,365</b>	<b>2,580,045</b>	<b>(38,320)</b>	<b>389,444</b>	<b>316,160</b>	<b>(73,284)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>961,797</b>	<b>948,096</b>	<b>(13,701)</b>	<b>(389,444)</b>	<b>(316,160)</b>	<b>73,284</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	1,102,604	1,102,604	-	328,255	328,255	-
Operating transfers-out	(1,903,776)	(1,903,776)	-	(8,593)	(8,593)	-
<b>Total other sources (uses) of financial resources</b>	<b>(801,172)</b>	<b>(801,172)</b>	<b>-</b>	<b>319,662</b>	<b>319,662</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>160,625</b>	<b>146,924</b>	<b>(13,701)</b>	<b>(69,782)</b>	<b>3,502</b>	<b>73,284</b>
Budgetary fund balances (deficits), July 1, 2004	210,963	210,963	-	17,471	17,471	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2005</b>	<b>\$ 371,588</b>	<b>\$ 357,887</b>	<b>\$ (13,701)</b>	<b>\$ (52,311)</b>	<b>\$ 20,973</b>	<b>\$ 73,284</b>

Other Code Departments			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ 2,324,831	\$ 2,324,831	\$ -
			680,878	699,863	18,985
			281,457	280,642	(815)
\$ 450,961	\$ 486,738	\$ 35,777	3,176,977	3,130,304	(46,673)
12,703	16,878	4,175	5,439,589	5,253,434	(186,155)
			1,416,275	1,405,316	(10,959)
463,664	503,616	39,952	10,487,457	10,283,758	(203,699)
473,911	455,900	(18,011)	5,790,705	5,106,933	(683,772)
1,973	1,284	(689)	4,207,824	4,045,464	(162,360)
			389,444	316,160	(73,284)
100,334	45,415	(54,919)	100,334	45,415	(54,919)
			515,642	313,446	(202,196)
			51,597	48,583	(3,014)
			3,131	1,224	(1,907)
576,218	502,599	(73,619)	11,058,677	9,877,225	(1,181,452)
(112,554)	1,017	113,571	(571,220)	406,533	977,753
(33,539)	(33,539)	-	3,053,941	3,053,941	-
(33,539)	(33,539)	-	(3,648,243)	(3,648,243)	-
(33,539)	(33,539)	-	(594,302)	(594,302)	-
(146,093)	(32,522)	113,571	(1,165,522)	(187,769)	977,753
2,228	2,228	-	622,454	622,454	-
\$ (143,865)	\$ (30,294)	\$ 113,571	\$ (543,068)	\$ 434,685	\$ 977,753

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds - Central Management Services**

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Workers' Compensation			Health Insurance Reserve		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Federal government				\$ 165	\$ 843	\$ 678
Other	\$ 308	\$ 912	\$ 604	1,601,399	1,557,817	(43,582)
<b>Total revenues</b>	<b>308</b>	<b>912</b>	<b>604</b>	<b>1,601,564</b>	<b>1,558,660</b>	<b>(42,904)</b>
<b>EXPENDITURES:</b>						
Current:						
General government	76,787	68,080	(8,707)	1,642,257	1,522,980	(119,277)
Capital outlays	3	-	(3)	8	-	(8)
<b>Total expenditures</b>	<b>76,790</b>	<b>68,080</b>	<b>(8,710)</b>	<b>1,642,265</b>	<b>1,522,980</b>	<b>(119,285)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(76,482)</b>	<b>(67,168)</b>	<b>9,314</b>	<b>(40,701)</b>	<b>35,680</b>	<b>76,381</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	68,224	68,224	-			
Operating transfers-out				(24,998)	(24,998)	-
<b>Total other sources (uses) of financial resources</b>	<b>68,224</b>	<b>68,224</b>	<b>-</b>	<b>(24,998)</b>	<b>(24,998)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>(8,258)</b>	<b>1,056</b>	<b>9,314</b>	<b>(65,699)</b>	<b>10,682</b>	<b>76,381</b>
Budgetary fund balances (deficits), July 1, 2004	231	231	-	(88,198)	(88,198)	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2005</b>	<b>\$ (8,027)</b>	<b>\$ 1,287</b>	<b>\$ 9,314</b>	<b>\$ (153,897)</b>	<b>\$ (77,516)</b>	<b>\$ 76,381</b>

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Total		
Final Budget	Actual	Variance Over (Under)
\$ 165	\$ 843	\$ 678
1,601,707	1,558,729	(42,978)
1,601,872	1,559,572	(42,300)

1,719,044	1,591,060	(127,984)
11	-	(11)
1,719,055	1,591,060	(127,995)

(117,183)	(31,488)	85,695
68,224	68,224	-
(24,998)	(24,998)	-
43,226	43,226	-

(73,957)	11,738	85,695
(87,967)	(87,967)	-
\$ (161,924)	\$ (76,229)	\$ 85,695

State of Illinois

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds - Department of Commerce and Economic Opportunity

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Metropolitan Exposition Auditorium and Office Building			Tourism Promotion		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Federal government						
Other						
<b>Total revenues</b>						
<b>EXPENDITURES:</b>						
Current:						
General government				\$ 113	\$ 113	\$ -
Employment and economic development				32,520	29,940	(2,580)
Capital outlays				97	7	(90)
<b>Total expenditures</b>				32,730	30,060	(2,670)
<b>Excess (deficiency) of revenues over (under) expenditures</b>				(32,730)	(30,060)	2,670
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	\$ 37,923	\$ 37,923	\$ -	33,367	33,367	-
Operating transfers-out	(38,086)	(38,086)	-	(6,112)	(6,112)	-
<b>Total other sources (uses) of financial resources</b>	(163)	(163)	-	27,255	27,255	-
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	(163)	(163)	-	(5,475)	(2,805)	2,670
Budgetary fund balances (deficits), July 1, 2004	17,038	17,038	-	9,622	9,622	-
<b>BUDGETARY FUND BALANCES (DEFICIT), JUNE 30, 2005</b>	\$ 16,875	\$ 16,875	\$ -	\$ 4,147	\$ 6,817	\$ 2,670

Federal Workforce Training			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 173,171	\$ 164,978	\$ (8,193)	\$ 173,171	\$ 164,978	\$ (8,193)
-	165	165	-	165	165
173,171	165,143	(8,028)	173,171	165,143	(8,028)
350,000	155,286	(194,714)	382,520	185,226	(197,294)
			97	7	(90)
350,000	155,286	(194,714)	382,730	185,346	(197,384)
(176,829)	9,857	186,686	(209,559)	(20,203)	189,356
			71,290	71,290	-
			(44,198)	(44,198)	-
			27,092	27,092	-
(176,829)	9,857	186,686	(182,467)	6,889	189,356
(28,952)	(28,952)	-	(2,292)	(2,292)	-
\$ (205,781)	\$ (19,095)	\$ 186,686	\$ (184,759)	\$ 4,597	\$ 189,356

State of Illinois

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds - Department of Natural Resources

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Open Space Lands Acquisition and Development			Wildlife and Fish		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Federal government				\$ 6,505	\$ 7,442	\$ 937
Other	\$ -	\$ 37,440	\$ 37,440	24,308	32,674	8,366
Less:						
Refunds				1,150	1,031	(119)
<b>Total revenues</b>	<b>-</b>	<b>37,440</b>	<b>37,440</b>	<b>29,663</b>	<b>39,085</b>	<b>9,422</b>
<b>EXPENDITURES:</b>						
Current:						
General government				10	10	-
Environment and business regulation	18,280	18,199	(81)	33,317	30,384	(2,933)
Capital outlays				803	674	(129)
<b>Total expenditures</b>	<b>18,280</b>	<b>18,199</b>	<b>(81)</b>	<b>34,130</b>	<b>31,068</b>	<b>(3,062)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(18,280)</b>	<b>19,241</b>	<b>37,521</b>	<b>(4,467)</b>	<b>8,017</b>	<b>12,484</b>
<b>OTHER (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-out	(4,317)	(4,317)	-	(27)	(27)	-
<b>Total other (uses) of financial resources</b>	<b>(4,317)</b>	<b>(4,317)</b>	<b>-</b>	<b>(27)</b>	<b>(27)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>(22,597)</b>	<b>14,924</b>	<b>37,521</b>	<b>(4,494)</b>	<b>7,990</b>	<b>12,484</b>
Budgetary fund balances, July 1, 2004	36,378	36,378	-	15,737	15,737	-
<b>BUDGETARY FUND BALANCES, JUNE 30, 2005</b>	<b>\$ 13,781</b>	<b>\$ 51,302</b>	<b>\$ 37,521</b>	<b>\$ 11,243</b>	<b>\$ 23,727</b>	<b>\$ 12,484</b>

Total		
Final Budget	Actual	Variance Over (Under)
\$ 6,505	\$ 7,442	\$ 937
24,308	70,114	45,806
1,150	1,031	(119)
29,663	76,525	46,862
10	10	-
51,597	48,583	(3,014)
803	674	(129)
52,410	49,267	(3,143)
(22,747)	27,258	50,005
(4,344)	(4,344)	-
(4,344)	(4,344)	-
(27,091)	22,914	50,005
52,115	52,115	-
\$ 25,024	\$ 75,029	\$ 50,005

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds - Department of Human Services**

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Alcoholism and Substance Abuse Block Grant			Community Mental Health Medicaid Trust		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Federal government	\$ 66,809	\$ 61,248	\$ (5,561)	\$ 85,131	\$ 74,497	\$ (10,634)
Other	-	94	94	26	103	77
<b>Total revenues</b>	<b>66,809</b>	<b>61,342</b>	<b>(5,467)</b>	<b>85,157</b>	<b>74,600</b>	<b>(10,557)</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services	79,037	66,342	(12,695)	95,690	72,403	(23,287)
General government				131	131	-
Capital outlays	14	-	(14)			
<b>Total expenditures</b>	<b>79,051</b>	<b>66,342</b>	<b>(12,709)</b>	<b>95,821</b>	<b>72,534</b>	<b>(23,287)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>						
	(12,242)	(5,000)	7,242	(10,664)	2,066	12,730
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	1	1	-	14,000	14,000	-
Operating transfers-out	(16)	(16)	-	(6)	(6)	-
<b>Total other sources (uses) of financial resources</b>	<b>(15)</b>	<b>(15)</b>	<b>-</b>	<b>13,994</b>	<b>13,994</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>						
	(12,257)	(5,015)	7,242	3,330	16,060	12,730
Budgetary (deficits), July 1, 2004	(1,980)	(1,980)	-	(15,122)	(15,122)	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2005</b>	<b>\$ (14,237)</b>	<b>\$ (6,995)</b>	<b>\$ 7,242</b>	<b>\$ (11,792)</b>	<b>\$ 938</b>	<b>\$ 12,730</b>

Total		
Final Budget	Actual	Variance Over (Under)
\$ 151,940	\$ 135,745	\$ (16,195)
26	197	171
151,966	135,942	(16,024)
174,727	138,745	(35,982)
131	131	-
14	-	(14)
174,872	138,876	(35,996)
(22,906)	(2,934)	19,972
14,001	14,001	-
(22)	(22)	-
13,979	13,979	-
(8,927)	11,045	19,972
(17,102)	(17,102)	-
\$ (26,029)	\$ (6,057)	\$ 19,972

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds - Department of Public Aid**

For the Year Ended June 30, 2005 (Expressed in Thousands)

	University of Illinois Hospital Services			County Provider Trust		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Public utility taxes						
Federal government	\$ 110,000	\$ 108,594	\$ (1,406)	\$ 934,000	\$ 889,817	\$ (44,183)
Other	78,000	64,122	(13,878)	942,000	896,077	(45,923)
Less:						
Refunds				1,000	-	(1,000)
<b>Total revenues</b>	<b>188,000</b>	<b>172,716</b>	<b>(15,284)</b>	<b>1,875,000</b>	<b>1,785,894</b>	<b>(89,106)</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services	173,400	173,378	(22)	1,981,619	1,786,285	(195,334)
General government						
Capital outlays						
<b>Total expenditures</b>	<b>173,400</b>	<b>173,378</b>	<b>(22)</b>	<b>1,981,619</b>	<b>1,786,285</b>	<b>(195,334)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>14,600</b>	<b>(662)</b>	<b>(15,262)</b>	<b>(106,619)</b>	<b>(391)</b>	<b>106,228</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	44,700	44,700	-			
Operating transfers-out	(46,908)	(46,908)	-			
<b>Total other sources (uses) of financial resources</b>	<b>(2,208)</b>	<b>(2,208)</b>	<b>-</b>			
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>12,392</b>	<b>(2,870)</b>	<b>(15,262)</b>	<b>(106,619)</b>	<b>(391)</b>	<b>106,228</b>
Budgetary fund balances (deficits), July 1, 2004	2,893	2,893	-	(51,103)	(51,103)	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2005</b>	<b>\$ 15,285</b>	<b>\$ 23</b>	<b>\$ (15,262)</b>	<b>\$ (157,722)</b>	<b>\$ (51,494)</b>	<b>\$ 106,228</b>

Care Provider Fund for Persons with Developmental Disabilities			Long Term Care Provider			Hospital Provider		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 17,000	\$ 17,665	\$ 665	\$ 290,973	\$ 254,520	\$ (36,453)	\$ 448,000	\$ 507,837	\$ 59,837
17,000	20,716	3,716	322,360	265,935	(56,425)	560,000	637,094	77,094
1,000	-	(1,000)	2,750	41	(2,709)			
33,000	38,381	5,381	610,583	520,414	(90,169)	1,008,000	1,144,931	136,931
36,094	36,041	(53)	822,730	548,915	(273,815)	1,020,037	1,013,642	(6,395)
107	74	(33)						
36,201	36,115	(86)	822,730	548,915	(273,815)	1,020,037	1,013,642	(6,395)
(3,201)	2,266	5,467	(212,147)	(28,501)	183,646	(12,037)	131,289	143,326
1	1	-	14	14	-	978,516	978,516	-
(4,392)	(4,392)	-	(37)	(37)	-	(1,109,795)	(1,109,795)	-
(4,391)	(4,391)	-	(23)	(23)	-	(131,279)	(131,279)	-
(7,592)	(2,125)	5,467	(212,170)	(28,524)	183,646	(143,316)	10	143,326
7,667	7,667	-	47,401	47,401	-	-	-	-
\$ 75	\$ 5,542	\$ 5,467	\$ (164,769)	\$ 18,877	\$ 183,646	\$ (143,316)	\$ 10	\$ 143,326

(continued)

State of Illinois

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
Special State Funds - Department of Public Aid**

For the Year Ended June 30, 2005 (Expressed in Thousands)

(continued)

	Special Education Medicaid Matching			Health and Human Services Medicaid Trust		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Public utility taxes						
Federal government	\$ 150,000	\$ 116,428	\$ (33,572)	\$ 112,000	\$ 91,483	\$ (20,517)
Other						
Less:						
Refunds						
<b>Total revenues</b>	<b>150,000</b>	<b>116,428</b>	<b>(33,572)</b>	<b>112,000</b>	<b>91,483</b>	<b>(20,517)</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services	240,000	113,754	(126,246)	184,000	183,201	(799)
General government						
Capital outlays						
<b>Total expenditures</b>	<b>240,000</b>	<b>113,754</b>	<b>(126,246)</b>	<b>184,000</b>	<b>183,201</b>	<b>(799)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(90,000)</b>	<b>2,674</b>	<b>92,674</b>	<b>(72,000)</b>	<b>(91,718)</b>	<b>(19,718)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in				127,316	127,316	-
Operating transfers-out	(7)	(7)	-	(19,155)	(19,155)	-
<b>Total other sources (uses) of financial resources</b>	<b>(7)</b>	<b>(7)</b>	<b>-</b>	<b>108,161</b>	<b>108,161</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>(90,007)</b>	<b>2,667</b>	<b>92,674</b>	<b>36,161</b>	<b>16,443</b>	<b>(19,718)</b>
Budgetary fund balances (deficits), July 1, 2004	(7,135)	(7,135)	-	-	-	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2005</b>	<b>\$ (97,142)</b>	<b>\$ (4,468)</b>	<b>\$ 92,674</b>	<b>\$ 36,161</b>	<b>\$ 16,443</b>	<b>\$ (19,718)</b>

Medicaid Provider Relief			Supplemental Low Income Energy			Drug Rebate Fund		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ -	\$ 37,147	\$ 37,147	\$ 80,137	\$ 79,322	\$ (815)	\$ 211,500	\$ 211,095	\$ (405)
-	39	39	80,137	-	(80,137)	300	714	414
-	37,186	37,186	160,274	79,322	(80,952)	211,800	211,809	9
			88,748	83,448	(5,300)	427,000	427,000	-
			1	1	-			
			88,749	83,449	(5,300)	427,000	427,000	-
-	37,186	37,186	71,525	(4,127)	(75,652)	(215,200)	(215,191)	9
(433,828)	(433,828)	-	(38)	(38)	-	282,520	282,520	-
(433,828)	(433,828)	-	(38)	(38)	-	(6,770)	(6,770)	-
(433,828)	(396,642)	37,186	71,487	(4,165)	(75,652)	60,550	60,559	9
396,642	396,642	-	15,066	15,066	-	44,688	44,688	-
\$ (37,186)	\$ -	\$ 37,186	\$ 86,553	\$ 10,901	\$ (75,652)	\$ 105,238	\$ 105,247	\$ 9

(continued)

State of Illinois

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds - Department of Public Aid

For the Year Ended June 30, 2005 (Expressed in Thousands)

(continued)

	Child Support Administrative			Total		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Public utility taxes				\$ 80,137	\$ 79,322	\$ (815)
Federal government	\$ 106,002	\$ 85,212	\$ (20,790)	2,379,475	2,319,798	(59,677)
Other	32,300	31,043	(1,257)	2,032,097	1,915,740	(116,357)
Less:						
Refunds				4,750	41	(4,709)
<b>Total revenues</b>	<b>138,302</b>	<b>116,255</b>	<b>(22,047)</b>	<b>4,486,959</b>	<b>4,314,819</b>	<b>(172,140)</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services	167,479	145,714	(21,765)	5,141,107	4,511,378	(629,729)
General government	2,396	2,084	(312)	2,504	2,159	(345)
Capital outlays	1,972	335	(1,637)	1,972	335	(1,637)
<b>Total expenditures</b>	<b>171,847</b>	<b>148,133</b>	<b>(23,714)</b>	<b>5,145,583</b>	<b>4,513,872</b>	<b>(631,711)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(33,545)</b>	<b>(31,878)</b>	<b>1,667</b>	<b>(658,624)</b>	<b>(199,053)</b>	<b>459,571</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	36,500	36,500	-	1,469,567	1,469,567	-
Operating transfers-out	(7,843)	(7,843)	-	(1,628,773)	(1,628,773)	-
<b>Total other sources (uses) of financial resources</b>	<b>28,657</b>	<b>28,657</b>	<b>-</b>	<b>(159,206)</b>	<b>(159,206)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>(4,888)</b>	<b>(3,221)</b>	<b>1,667</b>	<b>(817,830)</b>	<b>(358,259)</b>	<b>459,571</b>
Budgetary fund balances (deficits), July 1, 2004	(9,081)	(9,081)	-	447,038	447,038	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2005</b>	<b>\$ (13,969)</b>	<b>\$ (12,302)</b>	<b>\$ 1,667</b>	<b>\$ (370,792)</b>	<b>\$ 88,779</b>	<b>\$ 459,571</b>

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**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
Special State Funds - Department of Revenue**

For the Year Ended June 30, 2005 (Expressed in Thousands)

	State Gaming			State and Local Sales Tax Reform		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Income taxes						
Sales taxes				\$ 195,264	\$ 188,044	\$ (7,220)
Public utility taxes						
Federal government						
Other	\$ 744,087	\$ 664,565	\$ (79,522)			
Less:						
Refunds	50	-	(50)			
<b>Total revenues</b>	<b>744,037</b>	<b>664,565</b>	<b>(79,472)</b>	<b>195,264</b>	<b>188,044</b>	<b>(7,220)</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services	960	910	(50)			
General government	124,661	117,135	(7,526)	39,733	38,939	(794)
Employment and economic development						
Capital outlays	35	30	(5)			
<b>Total expenditures</b>	<b>125,656</b>	<b>118,075</b>	<b>(7,581)</b>	<b>39,733</b>	<b>38,939</b>	<b>(794)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>618,381</b>	<b>546,490</b>	<b>(71,891)</b>	<b>155,531</b>	<b>149,105</b>	<b>(6,426)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in						
Operating transfers-out	(546,586)	(546,586)	-	(159,081)	(159,081)	-
<b>Total other sources (uses) of financial resources</b>	<b>(546,586)</b>	<b>(546,586)</b>	<b>-</b>	<b>(159,081)</b>	<b>(159,081)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>71,795</b>	<b>(96)</b>	<b>(71,891)</b>	<b>(3,550)</b>	<b>(9,976)</b>	<b>(6,426)</b>
Budgetary fund balances (deficits), July 1, 2004	(4,626)	(4,626)	-	34,110	34,110	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2005</b>	<b>\$ 67,169</b>	<b>\$ (4,722)</b>	<b>\$ (71,891)</b>	<b>\$ 30,560</b>	<b>\$ 24,134</b>	<b>\$ (6,426)</b>

Illinois Sports Facilities			Income Tax Refund			McCormick Place Expansion Project		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ 1,525,217	\$ 1,525,217	\$ -	\$ 96,991	\$ 123,196	\$ 26,205
			14,760	14,760	-			
\$ 36,131	\$ 33,000	\$ (3,131)						
			1,410,277	1,404,229	(6,048)			
36,131	33,000	(3,131)	129,700	135,748	6,048	96,991	123,196	26,205
36,131	33,000	(3,131)				96,991	95,220	(1,771)
36,131	33,000	(3,131)				96,991	95,220	(1,771)
-	-	-	129,700	135,748	6,048	-	27,976	27,976
			44	44	-			
			(46,875)	(46,875)	-	(21,622)	(21,622)	-
			(46,831)	(46,831)	-	(21,622)	(21,622)	-
			82,869	88,917	6,048	(21,622)	6,354	27,976
			50,395	50,395	-			
\$ -	\$ -	\$ -	\$ 133,264	\$ 139,312	\$ 6,048	\$ (21,622)	\$ 6,354	\$ 27,976

(continued)

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds - Department of Revenue**

For the Year Ended June 30, 2005 (Expressed in Thousands)

(continued)

	Local Government Distributive			State Lottery		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Income taxes						
Sales taxes						
Public utility taxes						
Federal government						
Other				\$ 901,521	\$ 907,037	\$ 5,516
Less:						
Refunds				48	15	(33)
<b>Total revenues</b>				<b>901,473</b>	<b>907,022</b>	<b>5,549</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services						
General government	\$ 1,001,006	\$ 999,004	\$ (2,002)	317,928	295,152	(22,776)
Employment and economic development						
Capital outlays				177	158	(19)
<b>Total expenditures</b>	<b>1,001,006</b>	<b>999,004</b>	<b>(2,002)</b>	<b>318,105</b>	<b>295,310</b>	<b>(22,795)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(1,001,006)</b>	<b>(999,004)</b>	<b>2,002</b>	<b>583,368</b>	<b>611,712</b>	<b>28,344</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	1,001,153	1,001,153	-	15,001	15,001	-
Operating transfers-out	(27)	(27)	-	(615,461)	(615,461)	-
<b>Total other sources (uses) of financial resources</b>	<b>1,001,126</b>	<b>1,001,126</b>	<b>-</b>	<b>(600,460)</b>	<b>(600,460)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>120</b>	<b>2,122</b>	<b>2,002</b>	<b>(17,092)</b>	<b>11,252</b>	<b>28,344</b>
Budgetary fund balances (deficits), July 1, 2004	(15,257)	(15,257)	-	9,417	9,417	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2005</b>	<b>\$ (15,137)</b>	<b>\$ (13,135)</b>	<b>\$ 2,002</b>	<b>\$ (7,675)</b>	<b>\$ 20,669</b>	<b>\$ 28,344</b>

Personal Property Tax Replacement			Build Illinois			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 799,614	\$ 799,614	\$ -				\$ 2,324,831	\$ 2,324,831	\$ -
			\$ 388,623	\$ 388,623	\$ -	680,878	699,863	18,985
201,320	201,320	-				201,320	201,320	-
						14,760	14,760	-
1,146	1,146	-	85,863	85,863	-	1,768,748	1,691,611	(77,137)
						1,410,375	1,404,244	(6,131)
1,002,080	1,002,080	-	474,486	474,486	-	3,580,162	3,528,141	(52,021)
						960	910	(50)
1,000,721	1,000,477	(244)				2,484,049	2,450,707	(33,342)
						133,122	128,220	(4,902)
22	20	(2)				234	208	(26)
1,000,743	1,000,497	(246)				2,618,365	2,580,045	(38,320)
1,337	1,583	246	474,486	474,486	-	961,797	948,096	(13,701)
46,940	46,940	-	39,466	39,466	-	1,102,604	1,102,604	-
(172)	(172)	-	(513,952)	(513,952)	-	(1,903,776)	(1,903,776)	-
46,768	46,768	-	(474,486)	(474,486)	-	(801,172)	(801,172)	-
48,105	48,351	246	-	-	-	160,625	146,924	(13,701)
136,924	136,924	-				210,963	210,963	-
\$ 185,029	\$ 185,275	\$ 246	\$ -	\$ -	\$ -	\$ 371,588	\$ 357,887	\$ (13,701)

**State of Illinois**

**Combining Schedule of Expenditures, Other Sources and Uses of Financial Resources  
and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
Special State Funds - Department of Transportation**

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Public Transportation			Downstate Public Transportation		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>EXPENDITURES:</b>						
Current:						
Transportation	\$ 334,000	\$ 272,793	\$ (61,207)	\$ 55,444	\$ 43,367	\$ (12,077)
<b>Total expenditures</b>	<b>334,000</b>	<b>272,793</b>	<b>(61,207)</b>	<b>55,444</b>	<b>43,367</b>	<b>(12,077)</b>
<b>(Deficiency) of revenues (under) expenditures</b>	<b>(334,000)</b>	<b>(272,793)</b>	<b>61,207</b>	<b>(55,444)</b>	<b>(43,367)</b>	<b>12,077</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	272,811	272,811	-	55,444	55,444	-
Operating transfers-out	(17)	(17)	-	(8,576)	(8,576)	-
<b>Total other sources (uses) of financial resources</b>	<b>272,794</b>	<b>272,794</b>	<b>-</b>	<b>46,868</b>	<b>46,868</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>(61,206)</b>	<b>1</b>	<b>61,207</b>	<b>(8,576)</b>	<b>3,501</b>	<b>12,077</b>
Budgetary fund balances (deficits), July 1, 2004	(1)	(1)	-	17,472	17,472	-
<b>BUDGETARY FUND BALANCES (DEFICIT), JUNE 30, 2005</b>	<b>\$ (61,207)</b>	<b>\$ -</b>	<b>\$ 61,207</b>	<b>\$ 8,896</b>	<b>\$ 20,973</b>	<b>\$ 12,077</b>

Total		
Final Budget	Actual	Variance Over (Under)
\$ 389,444	\$ 316,160	\$ (73,284)
389,444	316,160	(73,284)
(389,444)	(316,160)	73,284
328,255	328,255	-
(8,593)	(8,593)	-
319,662	319,662	-
(69,782)	3,502	73,284
17,471	17,471	-
\$ (52,311)	\$ 20,973	\$ 73,284

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds - Other Code Departments**

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Children and Family Services			Corrections		
	DCFS Children's Services			Corrections Reimbursements		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Federal government	\$ 432,013	\$ 463,502	\$ 31,489	\$ 18,948	\$ 23,236	\$ 4,288
Other	2,500	2,193	(307)	10,203	14,685	4,482
<b>Total revenues</b>	<b>434,513</b>	<b>465,695</b>	<b>31,182</b>	<b>29,151</b>	<b>37,921</b>	<b>8,770</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services	473,911	455,900	(18,011)			
General government	1,500	811	(689)	473	473	-
Public protection and justice				100,334	45,415	(54,919)
<b>Total expenditures</b>	<b>475,411</b>	<b>456,711</b>	<b>(18,700)</b>	<b>100,807</b>	<b>45,888</b>	<b>(54,919)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(40,898)</b>	<b>8,984</b>	<b>49,882</b>	<b>(71,656)</b>	<b>(7,967)</b>	<b>63,689</b>
<b>OTHER (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-out	(13,083)	(13,083)	-	(20,456)	(20,456)	-
<b>Total other (uses) of financial resources</b>	<b>(13,083)</b>	<b>(13,083)</b>	<b>-</b>	<b>(20,456)</b>	<b>(20,456)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other (uses) of financial resources</b>	<b>(53,981)</b>	<b>(4,099)</b>	<b>49,882</b>	<b>(92,112)</b>	<b>(28,423)</b>	<b>63,689</b>
Budgetary fund balances (deficits), July 1, 2004	(24,410)	(24,410)	-	26,638	26,638	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2005</b>	<b>\$ (78,391)</b>	<b>\$ (28,509)</b>	<b>\$ 49,882</b>	<b>\$ (65,474)</b>	<b>\$ (1,785)</b>	<b>\$ 63,689</b>

Total		
Final Budget	Actual	Variance Over (Under)
\$ 450,961	\$ 486,738	\$ 35,777
12,703	16,878	4,175
463,664	503,616	39,952

473,911	455,900	(18,011)
1,973	1,284	(689)
100,334	45,415	(54,919)
576,218	502,599	(73,619)

(112,554)	1,017	113,571
(33,539)	(33,539)	-
(33,539)	(33,539)	-

(146,093)	(32,522)	113,571
2,228	2,228	-
\$ (143,865)	\$ (30,294)	\$ 113,571

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds - Agencies, Boards and Commissions**

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Environmental Protection Agency			Other Agencies, Boards, and Commissions		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Motor fuel taxes	\$ 74,433	\$ 71,941	\$ (2,492)			
Public utility taxes				\$ 120,869	\$ 125,277	\$ 4,408
Federal government	95,000	107,418	12,418	35,511	99,444	63,933
Other	236,782	128,922	(107,860)	183,785	183,944	159
Less:						
Refunds	153	3	(150)			
<b>Total revenues</b>	<b>406,062</b>	<b>308,278</b>	<b>(97,784)</b>	<b>340,165</b>	<b>408,665</b>	<b>68,500</b>
<b>EXPENDITURES:</b>						
Current:						
Education				7,093	84	(7,009)
General government	4,314	3,333	(981)	194,689	55,391	(139,298)
Public protection and justice	2,930	2,299	(631)	6,853	6,295	(558)
Employment and economic development				31,590	31,441	(149)
Environment and business regulation	568,515	288,094	(280,421)	71,321	58,381	(12,940)
Capital outlays	380	260	(120)	561	508	(53)
<b>Total expenditures</b>	<b>576,139</b>	<b>293,986</b>	<b>(282,153)</b>	<b>312,107</b>	<b>152,100</b>	<b>(160,007)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(170,077)</b>	<b>14,292</b>	<b>184,369</b>	<b>28,058</b>	<b>256,565</b>	<b>228,507</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Proceeds from general and special obligation bond issues	19	19	-			
Operating transfers-in	30,000	30,000	-	93,505	93,505	-
Operating transfers-out	(33,842)	(33,842)	-	(283,512)	(283,512)	-
<b>Total other sources (uses) of financial resources</b>	<b>(3,823)</b>	<b>(3,823)</b>	<b>-</b>	<b>(190,007)</b>	<b>(190,007)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>(173,900)</b>	<b>10,469</b>	<b>184,369</b>	<b>(161,949)</b>	<b>66,558</b>	<b>228,507</b>
Budgetary fund balances, July 1, 2004	379,431	379,431	-	134,814	134,814	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2005</b>	<b>\$ 205,531</b>	<b>\$ 389,900</b>	<b>\$ 184,369</b>	<b>\$ (27,135)</b>	<b>\$ 201,372</b>	<b>\$ 228,507</b>

Total		
Final Budget	Actual	Variance Over (Under)
\$ 74,433	\$ 71,941	\$ (2,492)
120,869	125,277	4,408
130,511	206,862	76,351
420,567	312,866	(107,701)
153	3	(150)
746,227	716,943	(29,284)
7,093	84	(7,009)
199,003	58,724	(140,279)
9,783	8,594	(1,189)
31,590	31,441	(149)
639,836	346,475	(293,361)
941	768	(173)
888,246	446,086	(442,160)
(142,019)	270,857	412,876
19	19	-
123,505	123,505	-
(317,354)	(317,354)	-
(193,830)	(193,830)	-
(335,849)	77,027	412,876
514,245	514,245	-
\$ 178,396	\$ 591,272	\$ 412,876

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds - Environmental Protection Agency**

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Underground Storage Tank			Water Revolving		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Motor fuel taxes	\$ 74,433	\$ 71,941	\$ (2,492)			
Federal government				\$ 95,000	\$ 78,006	\$ (16,994)
Other	225	218	(7)	220,000	102,676	(117,324)
Less:						
Refunds	133	3	(130)			
<b>Total revenues</b>	<b>74,525</b>	<b>72,156</b>	<b>(2,369)</b>	<b>315,000</b>	<b>180,682</b>	<b>(134,318)</b>
<b>EXPENDITURES:</b>						
Current:						
General government	1,570	746	(824)	6	6	-
Public protection and justice	2,930	2,299	(631)			
Environment and business regulation	74,097	50,145	(23,952)	413,280	164,641	(248,639)
Capital outlays	220	219	(1)			
<b>Total expenditures</b>	<b>78,817</b>	<b>53,409</b>	<b>(25,408)</b>	<b>413,286</b>	<b>164,647</b>	<b>(248,639)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(4,292)</b>	<b>18,747</b>	<b>23,039</b>	<b>(98,286)</b>	<b>16,035</b>	<b>114,321</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Proceeds from general and special obligation bond issues				19	19	-
Operating transfers-in						
Operating transfers-out	(14,483)	(14,483)	-	(705)	(705)	-
<b>Total other sources (uses) of financial resources</b>	<b>(14,483)</b>	<b>(14,483)</b>	<b>-</b>	<b>(686)</b>	<b>(686)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>(18,775)</b>	<b>4,264</b>	<b>23,039</b>	<b>(98,972)</b>	<b>15,349</b>	<b>114,321</b>
Budgetary fund balances, July 1, 2004	665	665	-	354,970	354,970	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2005</b>	<b>\$ (18,110)</b>	<b>\$ 4,929</b>	<b>\$ 23,039</b>	<b>\$ 255,998</b>	<b>\$ 370,319</b>	<b>\$ 114,321</b>

Solid Waste Management			Vehicle Inspection			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ -	\$ 29,412	\$ 29,412	\$ 74,433	\$ 71,941	\$ (2,492)
\$ 16,557	\$ 25,896	\$ 9,339	-	132	132	236,782	128,922	(107,860)
20	-	(20)				153	3	(150)
16,537	25,896	9,359	-	29,544	29,544	406,062	308,278	(97,784)
1	1	-	2,737	2,580	(157)	4,314	3,333	(981)
						2,930	2,299	(631)
19,981	15,843	(4,138)	61,157	57,465	(3,692)	568,515	288,094	(280,421)
52	17	(35)	108	24	(84)	380	260	(120)
20,034	15,861	(4,173)	64,002	60,069	(3,933)	576,139	293,986	(282,153)
(3,497)	10,035	13,532	(64,002)	(30,525)	33,477	(170,077)	14,292	184,369
						19	19	-
			30,000	30,000	-	30,000	30,000	-
(18,127)	(18,127)	-	(527)	(527)	-	(33,842)	(33,842)	-
(18,127)	(18,127)	-	29,473	29,473	-	(3,823)	(3,823)	-
(21,624)	(8,092)	13,532	(34,529)	(1,052)	33,477	(173,900)	10,469	184,369
9,724	9,724	-	14,072	14,072	-	379,431	379,431	-
\$ (11,900)	\$ 1,632	\$ 13,532	\$ (20,457)	\$ 13,020	\$ 33,477	\$ 205,531	\$ 389,900	\$ 184,369

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds - Other Agencies, Boards and Commissions**

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Commerce Commission			Housing Development Authority		
	Wireless Service Emergency			Illinois Affordable Housing Trust		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Public utility taxes	\$ 30,411	\$ 34,123	\$ 3,712			
Federal government						
Other				\$ 49,386	\$ 61,462	\$ 12,076
<b>Total revenues</b>	<b>30,411</b>	<b>34,123</b>	<b>3,712</b>	<b>49,386</b>	<b>61,462</b>	<b>12,076</b>
<b>EXPENDITURES:</b>						
Current:						
Education						
General government				52,750	46,071	(6,679)
Public protection and justice						
Employment and economic development						
Environment and business regulation	44,800	33,760	(11,040)			
Capital outlays						
<b>Total expenditures</b>	<b>44,800</b>	<b>33,760</b>	<b>(11,040)</b>	<b>52,750</b>	<b>46,071</b>	<b>(6,679)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(14,389)</b>	<b>363</b>	<b>14,752</b>	<b>(3,364)</b>	<b>15,391</b>	<b>18,755</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in						
Operating transfers-out	(257)	(257)	-	(5,162)	(5,162)	-
<b>Total other sources (uses) of financial resources</b>	<b>(257)</b>	<b>(257)</b>	<b>-</b>	<b>(5,162)</b>	<b>(5,162)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>(14,646)</b>	<b>106</b>	<b>14,752</b>	<b>(8,526)</b>	<b>10,229</b>	<b>18,755</b>
Budgetary fund balances, July 1, 2004	640	640	-	26,614	26,614	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2005</b>	<b>\$ (14,006)</b>	<b>\$ 746</b>	<b>\$ 14,752</b>	<b>\$ 18,088</b>	<b>\$ 36,843</b>	<b>\$ 18,755</b>

Capital Development Board			Metropolitan Pier and Exposition Authority			Workers' Compensation Commission		
School Infrastructure			MFEA Improvement Bond			Illinois Workers' Compensation Commission Operations		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 90,458	\$ 91,154	\$ 696						
59,542	60,000	458				\$ 38,751	\$ 25,025	\$ (13,726)
150,000	151,154	1,154				38,751	25,025	(13,726)
93	84	(9)						
1,937	1,827	(110)						
			\$ 31,590	\$ 31,441	\$ (149)			
						16,262	14,824	(1,438)
						58	57	(1)
2,030	1,911	(119)	31,590	31,441	(149)	16,320	14,881	(1,439)
147,970	149,243	1,273	(31,590)	(31,441)	149	22,431	10,144	(12,287)
62,041	62,041	-	31,441	31,441	-	23	23	-
(215,321)	(215,321)	-				(11,468)	(11,468)	-
(153,280)	(153,280)	-	31,441	31,441	-	(11,445)	(11,445)	-
(5,310)	(4,037)	1,273	(149)	-	149	10,986	(1,301)	(12,287)
22,585	22,585	-	5	5	-	5,548	5,548	-
\$ 17,275	\$ 18,548	\$ 1,273	\$ (144)	\$ 5	\$ 149	\$ 16,534	\$ 4,247	\$ (12,287)

(continued)

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds - Other Agencies, Boards and Commissions**

For the Year Ended June 30, 2005 (Expressed in Thousands)

(continued)

	State Board of Elections			State Board of Education		
	Help Illinois Vote			School Technology Revolving Loan		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Public utility taxes						
Federal government	\$ 35,511	\$ 99,444	\$ 63,933			
Other	600	1,337	737	\$ 17,229	\$ 7,350	\$ (9,879)
<b>Total revenues</b>	<b>36,111</b>	<b>100,781</b>	<b>64,670</b>	<b>17,229</b>	<b>7,350</b>	<b>(9,879)</b>
<b>EXPENDITURES:</b>						
Current:						
Education				7,000	-	(7,000)
General government	140,000	7,491	(132,509)			
Public protection and justice						
Employment and economic development						
Environment and business regulation						
Capital outlays						
<b>Total expenditures</b>	<b>140,000</b>	<b>7,491</b>	<b>(132,509)</b>	<b>7,000</b>	<b>-</b>	<b>(7,000)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(103,889)</b>	<b>93,290</b>	<b>197,179</b>	<b>10,229</b>	<b>7,350</b>	<b>(2,879)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in						
Operating transfers-out				(50,361)	(50,361)	-
<b>Total other sources (uses) of financial resources</b>				<b>(50,361)</b>	<b>(50,361)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>(103,889)</b>	<b>93,290</b>	<b>197,179</b>	<b>(40,132)</b>	<b>(43,011)</b>	<b>(2,879)</b>
Budgetary fund balances, July 1, 2004	33,964	33,964	-	44,199	44,199	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2005</b>	<b>\$ (69,925)</b>	<b>\$ 127,254</b>	<b>\$ 197,179</b>	<b>\$ 4,067</b>	<b>\$ 1,188</b>	<b>\$ (2,879)</b>

Emergency Management Agency					
Nuclear Safety					
Emergency Preparedness			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ 120,869	\$ 125,277	\$ 4,408
			35,511	99,444	63,933
\$ 18,277	\$ 28,770	\$ 10,493	183,785	183,944	159
18,277	28,770	10,493	340,165	408,665	68,500
			7,093	84	(7,009)
2	2	-	194,689	55,391	(139,298)
6,853	6,295	(558)	6,853	6,295	(558)
			31,590	31,441	(149)
10,259	9,797	(462)	71,321	58,381	(12,940)
503	451	(52)	561	508	(53)
17,617	16,545	(1,072)	312,107	152,100	(160,007)
			660	12,225	11,565
			28,058	256,565	228,507
			93,505	93,505	-
(943)	(943)	-	(283,512)	(283,512)	-
(943)	(943)	-	(190,007)	(190,007)	-
			(283)	11,282	11,565
			(161,949)	66,558	228,507
1,259	1,259	-	134,814	134,814	-
\$ 976	\$ 12,541	\$ 11,565	\$ (27,135)	\$ 201,372	\$ 228,507

**Combining Schedule of Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
Bond Financed Funds**

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Commerce and Economic Opportunity Build Illinois Bond			Transportation		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>EXPENDITURES:</b>						
Current:						
Education	\$ 14,416	\$ 14,416	\$ -			
General government	4,948	4,701	(247)			
Transportation				\$ 518,902	\$ 418,209	\$ (100,693)
Public protection and justice						
Employment and economic development	41,673	41,238	(435)			
Environment and business regulation	3,168	3,168	-			
Capital outlays	12,805	9,331	(3,474)			
<b>Total expenditures</b>	<b>77,010</b>	<b>72,854</b>	<b>(4,156)</b>	<b>518,902</b>	<b>418,209</b>	<b>(100,693)</b>
<b>(Deficiency) of revenues (under) expenditures</b>	<b>(77,010)</b>	<b>(72,854)</b>	<b>4,156</b>	<b>(518,902)</b>	<b>(418,209)</b>	<b>100,693</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Proceeds from general obligation bond issues	260,000	212,484	(47,516)	625,000	434,927	(190,073)
Operating transfers-in						
Operating transfers-out				(55,875)	(55,875)	-
<b>Total other sources (uses) of financial resources</b>	<b>260,000</b>	<b>212,484</b>	<b>(47,516)</b>	<b>569,125</b>	<b>379,052</b>	<b>(190,073)</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>182,990</b>	<b>139,630</b>	<b>(43,360)</b>	<b>50,223</b>	<b>(39,157)</b>	<b>(89,380)</b>
Budgetary fund balances, July 1, 2004	24,154	24,154	-	92,640	92,640	-
<b>BUDGETARY FUND BALANCES, JUNE 30, 2005</b>	<b>\$ 207,144</b>	<b>\$ 163,784</b>	<b>\$ (43,360)</b>	<b>\$ 142,863</b>	<b>\$ 53,483</b>	<b>\$ (89,380)</b>

Capital Development Board			Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 6,110	\$ 5,655	\$ (455)				\$ 20,526	\$ 20,071	\$ (455)
302,764	302,079	(685)				307,712	306,780	(932)
107	-	(107)				519,009	418,209	(100,800)
68	68	-				68	68	-
18,455	18,090	(365)	\$ 1,000	\$ 1,000	\$ -	61,128	60,328	(800)
10,093	10,093	-	5,235	4,830	(405)	18,496	18,091	(405)
271,990	206,672	(65,318)	600	600	-	285,395	216,603	(68,792)
609,587	542,657	(66,930)	6,835	6,430	(405)	1,212,334	1,040,150	(172,184)
(609,587)	(542,657)	66,930	(6,835)	(6,430)	405	(1,212,334)	(1,040,150)	172,184
906,500	490,301	(416,199)	65,000	5,386	(59,614)	1,856,500	1,143,098	(713,402)
55,875	55,875	-				55,875	55,875	-
						(55,875)	(55,875)	-
962,375	546,176	(416,199)	65,000	5,386	(59,614)	1,856,500	1,143,098	(713,402)
352,788	3,519	(349,269)	58,165	(1,044)	(59,209)	644,166	102,948	(541,218)
1,010	1,010	-	7,186	7,186	-	124,990	124,990	-
\$ 353,798	\$ 4,529	\$ (349,269)	\$ 65,351	\$ 6,142	\$ (59,209)	\$ 769,156	\$ 227,938	\$ (541,218)

**State of Illinois**

**Combining Schedule of Expenditures, Other Sources and Uses of Financial Resources  
and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
Bond Financed Funds - Department of Transportation**

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Transportation Bond Series A			Transportation Bond Series B		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>EXPENDITURES:</b>						
Current:						
Transportation	\$ 343,762	\$ 343,762	\$ -	\$ 175,140	\$ 74,447	\$ (100,693)
<b>Total expenditures</b>	<b>343,762</b>	<b>343,762</b>	<b>-</b>	<b>175,140</b>	<b>74,447</b>	<b>(100,693)</b>
<b>(Deficiency) of revenues (under) expenditures</b>	<b>(343,762)</b>	<b>(343,762)</b>	<b>-</b>	<b>(175,140)</b>	<b>(74,447)</b>	<b>100,693</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Proceeds from general obligation bond issues	490,000	351,329	(138,671)	135,000	83,598	(51,402)
Operating transfers-out	(35,006)	(35,006)	-	(20,869)	(20,869)	-
<b>Total other sources (uses) of financial resources</b>	<b>454,994</b>	<b>316,323</b>	<b>(138,671)</b>	<b>114,131</b>	<b>62,729</b>	<b>(51,402)</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>111,232</b>	<b>(27,439)</b>	<b>(138,671)</b>	<b>(61,009)</b>	<b>(11,718)</b>	<b>49,291</b>
Budgetary fund balances, July 1, 2004	79,856	79,856	-	12,784	12,784	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2005</b>	<b>\$ 191,088</b>	<b>\$ 52,417</b>	<b>\$ (138,671)</b>	<b>\$ (48,225)</b>	<b>\$ 1,066</b>	<b>\$ 49,291</b>

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	Total		
Final Budget	Actual	Variance Over (Under)	

\$ 518,902	\$ 418,209	\$ (100,693)
518,902	418,209	(100,693)

(518,902)	(418,209)	100,693
625,000	434,927	(190,073)
(55,875)	(55,875)	-
569,125	379,052	(190,073)

50,223	(39,157)	(89,380)
92,640	92,640	-
<u>\$ 142,863</u>	<u>\$ 53,483</u>	<u>\$ (89,380)</u>

State of Illinois

**Combining Schedule of Expenditures, Other Sources and Uses of Financial Resources  
and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
Bond Financed Funds - Capital Development Board**

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Capital Development			School Construction		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>EXPENDITURES:</b>						
Current:						
Education	\$ 6,110	\$ 5,655	\$ (455)			
General government	14,588	13,903	(685)	\$ 288,176	\$ 288,176	\$ -
Transportation	107	-	(107)			
Public protection and justice	68	68	-			
Employment and economic development	18,455	18,090	(365)			
Environment and business regulation	10,093	10,093	-			
Capital outlays	271,990	206,672	(65,318)			
<b>Total expenditures</b>	<b>321,411</b>	<b>254,481</b>	<b>(66,930)</b>	<b>288,176</b>	<b>288,176</b>	<b>-</b>
<b>(Deficiency) of revenues (under) expenditures</b>	<b>(321,411)</b>	<b>(254,481)</b>	<b>66,930</b>	<b>(288,176)</b>	<b>(288,176)</b>	<b>-</b>
<b>OTHER SOURCES OF FINANCIAL RESOURCES:</b>						
Proceeds from general obligation bond issues	520,000	217,278	(302,722)	386,500	273,023	(113,477)
Operating transfers-in	46,450	46,450	-	9,425	9,425	-
<b>Total other sources of financial resources</b>	<b>566,450</b>	<b>263,728</b>	<b>(302,722)</b>	<b>395,925</b>	<b>282,448</b>	<b>(113,477)</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources of financial resources</b>	<b>245,039</b>	<b>9,247</b>	<b>(235,792)</b>	<b>107,749</b>	<b>(5,728)</b>	<b>(113,477)</b>
Budgetary fund balances (deficits), July 1, 2004	(4,718)	(4,718)	-	5,728	5,728	-
<b>BUDGETARY FUND BALANCES, JUNE 30, 2005</b>	<b>\$ 240,321</b>	<b>\$ 4,529</b>	<b>\$ (235,792)</b>	<b>\$ 113,477</b>	<b>\$ -</b>	<b>\$ (113,477)</b>

Total		
Final Budget	Actual	Variance Over (Under)
\$ 6,110	\$ 5,655	\$ (455)
302,764	302,079	(685)
107	-	(107)
68	68	-
18,455	18,090	(365)
10,093	10,093	-
271,990	206,672	(65,318)
609,587	542,657	(66,930)

(609,587)	(542,657)	66,930
906,500	490,301	(416,199)
55,875	55,875	-
962,375	546,176	(416,199)

352,788	3,519	(349,269)
1,010	1,010	-
\$ 353,798	\$ 4,529	\$ (349,269)

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
Debt Service Funds**

For the Year Ended June 30, 2005 (Expressed in Thousands)

	General Obligation Bond, Retirement and Interest			Build Illinois Bond, Retirement and Interest		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Federal government	\$ 150	\$ -	\$ (150)			
Other	10,408	140,998	130,590	\$ 71	\$ 71	-
<b>Total revenues</b>	<b>10,558</b>	<b>140,998</b>	<b>130,440</b>	<b>71</b>	<b>71</b>	<b>-</b>
<b>EXPENDITURES:</b>						
Current:						
Debt service:						
Principal	2,183,600	2,153,261	(30,339)	266,084	266,084	-
Interest	1,120,163	1,071,877	(48,286)			
<b>Total expenditures</b>	<b>3,303,763</b>	<b>3,225,138</b>	<b>(78,625)</b>	<b>266,084</b>	<b>266,084</b>	<b>-</b>
<b>(Deficiency) of revenues (under) expenditures</b>	<b>(3,293,205)</b>	<b>(3,084,140)</b>	<b>209,065</b>	<b>(266,013)</b>	<b>(266,013)</b>	<b>-</b>
<b>OTHER SOURCES OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	3,107,947	3,107,947	-	266,084	266,084	-
<b>Total other sources of financial resources</b>	<b>3,107,947</b>	<b>3,107,947</b>	<b>-</b>	<b>266,084</b>	<b>266,084</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources of financial resources</b>	<b>(185,258)</b>	<b>23,807</b>	<b>209,065</b>	<b>71</b>	<b>71</b>	<b>-</b>
Budgetary fund balances, July 1, 2004	610,954	610,954	-	2,240	2,240	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2005</b>	<b>\$ 425,696</b>	<b>\$ 634,761</b>	<b>\$ 209,065</b>	<b>\$ 2,311</b>	<b>\$ 2,311</b>	<b>-</b>

Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 400	\$ 351	\$ (49)	\$ 150	\$ -	\$ (150)
400	351	(49)	11,029	141,420	130,391

14,604	14,459	(145)	2,464,288	2,433,804	(30,484)
			1,120,163	1,071,877	(48,286)
14,604	14,459	(145)	3,584,451	3,505,681	(78,770)
(14,204)	(14,108)	96	(3,573,422)	(3,364,261)	209,161
14,008	14,008	-	3,388,039	3,388,039	-
14,008	14,008	-	3,388,039	3,388,039	-

(196)	(100)	96	(185,383)	23,778	209,161
10,627	10,627	-	623,821	623,821	-
\$ 10,431	\$ 10,527	\$ 96	\$ 438,438	\$ 647,599	\$ 209,161

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
Federal Trust Funds**

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Code Departments			Agencies, Boards & Commissions		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Federal government	\$ 1,109,943	\$ 1,164,357	\$ 54,414	\$ 2,472,774	\$ 1,888,136	\$ (584,638)
Other	76,688	97,126	20,438	36	12	(24)
Less:						
Refunds	1,650	187	(1,463)			
<b>Total revenues</b>	<b>1,184,981</b>	<b>1,261,296</b>	<b>76,315</b>	<b>2,472,810</b>	<b>1,888,148</b>	<b>(584,662)</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services	1,128,049	872,212	(255,837)	2,100	438	(1,662)
Education				2,209,490	1,800,277	(409,213)
General government	901	856	(45)	746	746	-
Transportation	131,244	131,225	(19)	2,688	2,688	-
Public protection and justice				393,338	128,753	(264,585)
Employment and economic development	473,861	243,193	(230,668)			
Environment and business regulation				57,392	34,377	(23,015)
Debt service:						
Interest						
Capital outlays	10,293	2,321	(7,972)	11,068	588	(10,480)
<b>Total expenditures</b>	<b>1,744,348</b>	<b>1,249,807</b>	<b>(494,541)</b>	<b>2,676,822</b>	<b>1,967,867</b>	<b>(708,955)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(559,367)</b>	<b>11,489</b>	<b>570,856</b>	<b>(204,012)</b>	<b>(79,719)</b>	<b>124,293</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	12,703	12,703	-			
Operating transfers-out	(17,481)	(17,481)	-	(22,751)	(22,751)	-
<b>Total other sources (uses) of financial resources</b>	<b>(4,778)</b>	<b>(4,778)</b>	<b>-</b>	<b>(22,751)</b>	<b>(22,751)</b>	<b>-</b>
<b>Budgetary funds-nonbudgeted accounts</b>	<b>(14,124)</b>	<b>(14,124)</b>	<b>-</b>	<b>(2)</b>	<b>(2)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts</b>	<b>(578,269)</b>	<b>(7,413)</b>	<b>570,856</b>	<b>(226,765)</b>	<b>(102,472)</b>	<b>124,293</b>
Budgetary fund balances (deficits), July 1, 2004						
as previously reported	(14,108)	(14,108)	-	(110,155)	(110,155)	-
Reclassifications between budgetary/nonbudgetary funds-net						
Budgetary fund balances (deficits), July 1, 2004, as reclassified	(14,108)	(14,108)	-	(110,155)	(110,155)	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2005</b>	<b>\$ (592,377)</b>	<b>\$ (21,521)</b>	<b>\$ 570,856</b>	<b>\$ (336,920)</b>	<b>\$ (212,627)</b>	<b>\$ 124,293</b>

Higher Education								
Illinois Student Assistance Commission			Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 71,500	\$ 60,773	\$ (10,727)	\$ 253,927	\$ 232,183	\$ (21,744)	\$ 3,908,144	\$ 3,345,449	\$ (562,695)
100,600	104,900	4,300	15,364	14,108	(1,256)	192,688	216,146	23,458
			940	20	(920)	2,590	207	(2,383)
172,100	165,673	(6,427)	268,351	246,271	(22,080)	4,098,242	3,561,388	(536,854)
			280,829	133,577	(147,252)	1,410,978	1,006,227	(404,751)
254,618	176,174	(78,444)	17,870	6,065	(11,805)	2,481,978	1,982,516	(499,462)
100	100	-	12,559	8,426	(4,133)	14,306	10,128	(4,178)
			9,597	9,597	-	143,529	143,510	(19)
			197,410	35,320	(162,090)	590,748	164,073	(426,675)
			45,844	28,043	(17,801)	519,705	271,236	(248,469)
			24,823	20,401	(4,422)	82,215	54,778	(27,437)
			10,000	2,000	(8,000)	10,000	2,000	(8,000)
529	222	(307)	1,523	419	(1,104)	23,413	3,550	(19,863)
255,247	176,496	(78,751)	600,455	243,848	(356,607)	5,276,872	3,638,018	(1,638,854)
(83,147)	(10,823)	72,324	(332,104)	2,423	334,527	(1,178,630)	(76,630)	1,102,000
(6,329)	(6,329)	-	5,051	5,051	-	17,754	17,754	-
(6,329)	(6,329)	-	(3,412)	(3,412)	-	(49,973)	(49,973)	-
			1,639	1,639	-	(32,219)	(32,219)	-
			(4,316)	(4,316)	-	(18,442)	(18,442)	-
(89,476)	(17,152)	72,324	(334,781)	(254)	334,527	(1,229,291)	(127,291)	1,102,000
70,001	70,001	-	5,489	5,489	-	(48,773)	(48,773)	-
			154	154	-	154	154	-
70,001	70,001	-	5,643	5,643	-	(48,619)	(48,619)	-
\$ (19,475)	\$ 52,849	\$ 72,324	\$ (329,138)	\$ 5,389	\$ 334,527	\$ (1,277,910)	\$ (175,910)	\$ 1,102,000

State of Illinois

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
Federal Trust Funds - Code Departments

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Commerce and Economic Opportunity			Human Services		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Federal government	\$ 71,130	\$ 70,156	\$ (974)	\$ 498,441	\$ 507,036	\$ 8,595
Other	-	3	3	59,175	66,974	7,799
Less:						
Refunds	470	-	(470)	205	147	(58)
<b>Total revenues</b>	<b>70,660</b>	<b>70,159</b>	<b>(501)</b>	<b>557,411</b>	<b>573,863</b>	<b>16,452</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services				701,717	578,846	(122,871)
General government				218	213	(5)
Transportation						
Employment and economic development	238,950	66,450	(172,500)			
Capital outlays	37	2	(35)	4,867	228	(4,639)
<b>Total expenditures</b>	<b>238,987</b>	<b>66,452</b>	<b>(172,535)</b>	<b>706,802</b>	<b>579,287</b>	<b>(127,515)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(168,327)</b>	<b>3,707</b>	<b>172,034</b>	<b>(149,391)</b>	<b>(5,424)</b>	<b>143,967</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in				12,703	12,703	-
Operating transfers-out	(2,323)	(2,323)	-			
<b>Total other sources (uses) of financial resources</b>	<b>(2,323)</b>	<b>(2,323)</b>	<b>-</b>	<b>12,703</b>	<b>12,703</b>	<b>-</b>
<b>Budgetary funds-nonbudgeted accounts</b>				<b>(6,496)</b>	<b>(6,496)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts</b>	<b>(170,650)</b>	<b>1,384</b>	<b>172,034</b>	<b>(143,184)</b>	<b>783</b>	<b>143,967</b>
Budgetary (deficits), July 1, 2004	(5,717)	(5,717)	-	(1,382)	(1,382)	-
<b>BUDGETARY (DEFICITS), JUNE 30, 2005</b>	<b>\$ (176,367)</b>	<b>\$ (4,333)</b>	<b>\$ 172,034</b>	<b>\$ (144,566)</b>	<b>\$ (599)</b>	<b>\$ 143,967</b>

Other Code Departments			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 540,372	\$ 587,165	\$ 46,793	\$ 1,109,943	\$ 1,164,357	\$ 54,414
17,513	30,149	12,636	76,688	97,126	20,438
975	40	(935)	1,650	187	(1,463)
556,910	617,274	60,364	1,184,981	1,261,296	76,315
426,332	293,366	(132,966)	1,128,049	872,212	(255,837)
683	643	(40)	901	856	(45)
131,244	131,225	(19)	131,244	131,225	(19)
234,911	176,743	(58,168)	473,861	243,193	(230,668)
5,389	2,091	(3,298)	10,293	2,321	(7,972)
798,559	604,068	(194,491)	1,744,348	1,249,807	(494,541)
(241,649)	13,206	254,855	(559,367)	11,489	570,856
(15,158)	(15,158)	-	12,703	12,703	-
(15,158)	(15,158)	-	(17,481)	(17,481)	-
(7,628)	(7,628)	-	(4,778)	(4,778)	-
(7,628)	(7,628)	-	(14,124)	(14,124)	-
(264,435)	(9,580)	254,855	(578,269)	(7,413)	570,856
(7,009)	(7,009)	-	(14,108)	(14,108)	-
\$ (271,444)	\$ (16,589)	\$ 254,855	\$ (592,377)	\$ (21,521)	\$ 570,856

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Uses of Financial Resources  
and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
Federal Trust Funds - Department of Commerce and Economic Opportunity**

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Community Services Block Grant			Community Development/ Small Cities Block Grant		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Federal government	\$ 30,224	\$ 29,913	\$ (311)	\$ 40,906	\$ 40,243	\$ (663)
Other				-	3	3
Less:						
Refunds	170	-	(170)	300	-	(300)
<b>Total revenues</b>	<b>30,054</b>	<b>29,913</b>	<b>(141)</b>	<b>40,606</b>	<b>40,246</b>	<b>(360)</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services						
Employment and economic development	75,900	28,980	(46,920)	163,050	37,470	(125,580)
Capital outlays	23	2	(21)	14	-	(14)
<b>Total expenditures</b>	<b>75,923</b>	<b>28,982</b>	<b>(46,941)</b>	<b>163,064</b>	<b>37,470</b>	<b>(125,594)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(45,869)</b>	<b>931</b>	<b>46,800</b>	<b>(122,458)</b>	<b>2,776</b>	<b>125,234</b>
<b>OTHER (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-out	(1,161)	(1,161)	-	(1,162)	(1,162)	-
<b>Total other (uses) of financial resources</b>	<b>(1,161)</b>	<b>(1,161)</b>	<b>-</b>	<b>(1,162)</b>	<b>(1,162)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other (uses) of financial resources</b>	<b>(47,030)</b>	<b>(230)</b>	<b>46,800</b>	<b>(123,620)</b>	<b>1,614</b>	<b>125,234</b>
Budgetary (deficits), July 1, 2004	(2,018)	(2,018)	-	(3,699)	(3,699)	-
<b>BUDGETARY (DEFICITS), JUNE 30, 2005</b>	<b>\$ (49,048)</b>	<b>\$ (2,248)</b>	<b>\$ 46,800</b>	<b>\$ (127,319)</b>	<b>\$ (2,085)</b>	<b>\$ 125,234</b>

Total		
Final Budget	Actual	Variance Over (Under)
\$ 71,130	\$ 70,156	\$ (974)
-	3	3
470	-	(470)
70,660	70,159	(501)

238,950	66,450	(172,500)
37	2	(35)
238,987	66,452	(172,535)
(168,327)	3,707	172,034

(2,323)	(2,323)	-
(2,323)	(2,323)	-

(170,650)	1,384	172,034
(5,717)	(5,717)	-
\$ (176,367)	\$ (4,333)	\$ 172,034

State of Illinois

Combining Schedule of Revenues, Expenditures, Other Sources of Financial Resources  
and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
Federal Trust Funds - Department of Human Services

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Vocational Rehabilitation			DHS Special Purpose Trust		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Federal government	\$ 109,262	\$ 108,254	\$ (1,008)	\$ 157,552	\$ 156,672	\$ (880)
Other	439	200	(239)	587	673	86
Less:						
Refunds	5	-	(5)			
<b>Total revenues</b>	<b>109,696</b>	<b>108,454</b>	<b>(1,242)</b>	<b>158,139</b>	<b>157,345</b>	<b>(794)</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services	126,216	104,117	(22,099)	219,472	158,634	(60,838)
General government	147	143	(4)	63	63	-
Capital outlays	2,755	67	(2,688)	13	3	(10)
<b>Total expenditures</b>	<b>129,118</b>	<b>104,327</b>	<b>(24,791)</b>	<b>219,548</b>	<b>158,700</b>	<b>(60,848)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(19,422)</b>	<b>4,127</b>	<b>23,549</b>	<b>(61,409)</b>	<b>(1,355)</b>	<b>60,054</b>
<b>OTHER SOURCES OF FINANCIAL RESOURCES:</b>						
Operating transfers-in				12,703	12,703	-
<b>Total other sources of financial resources</b>				<b>12,703</b>	<b>12,703</b>	<b>-</b>
<b>Budgetary funds-nonbudgeted accounts</b>				<b>(6,496)</b>	<b>(6,496)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures, other sources of financial resources and budgetary funds-nonbudgeted accounts</b>	<b>(19,422)</b>	<b>4,127</b>	<b>23,549</b>	<b>(55,202)</b>	<b>4,852</b>	<b>60,054</b>
Budgetary fund balances (deficits), July 1, 2004	225	225	-	762	762	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2005</b>	<b>\$ (19,197)</b>	<b>\$ 4,352</b>	<b>\$ 23,549</b>	<b>\$ (54,440)</b>	<b>\$ 5,614</b>	<b>\$ 60,054</b>

Old Age Survivors Insurance			USDA Women, Infants and Children			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 57,179	\$ 60,664	\$ 3,485	\$ 174,448	\$ 181,446	\$ 6,998	\$ 498,441	\$ 507,036	\$ 8,595
			58,149	66,101	7,952	59,175	66,974	7,799
			200	147	(53)	205	147	(58)
57,179	60,664	3,485	232,397	247,400	15,003	557,411	573,863	16,452
76,622	61,654	(14,968)	279,407	254,441	(24,966)	701,717	578,846	(122,871)
7	7	-	1	-	(1)	218	213	(5)
1,820	132	(1,688)	279	26	(253)	4,867	228	(4,639)
78,449	61,793	(16,656)	279,687	254,467	(25,220)	706,802	579,287	(127,515)
(21,270)	(1,129)	20,141	(47,290)	(7,067)	40,223	(149,391)	(5,424)	143,967
						12,703	12,703	-
						12,703	12,703	-
						(6,496)	(6,496)	-
(21,270)	(1,129)	20,141	(47,290)	(7,067)	40,223	(143,184)	783	143,967
(1,778)	(1,778)	-	(591)	(591)	-	(1,382)	(1,382)	-
\$ (23,048)	\$ (2,907)	\$ 20,141	\$ (47,881)	\$ (7,658)	\$ 40,223	\$ (144,566)	\$ (599)	\$ 143,967

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Federal Trust Funds - Other Code Departments**

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Employment Security			Public Health		
	Title III Social Security & Employment Service			Public Health Services		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Federal government	\$ 178,000	\$ 172,009	\$ (5,991)	\$ 91,990	\$ 128,622	\$ 36,632
Other	10,000	14,267	4,267	-	1,181	1,181
Less:						
Refunds	300	-	(300)	75	40	(35)
<b>Total revenues</b>	<b>187,700</b>	<b>186,276</b>	<b>(1,424)</b>	<b>91,915</b>	<b>129,763</b>	<b>37,848</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services				156,638	129,394	(27,244)
General government	453	413	(40)	230	230	-
Transportation						
Employment and economic development	234,911	176,743	(58,168)			
Capital outlays	4,106	1,745	(2,361)	1,137	339	(798)
<b>Total expenditures</b>	<b>239,470</b>	<b>178,901</b>	<b>(60,569)</b>	<b>158,005</b>	<b>129,963</b>	<b>(28,042)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(51,770)</b>	<b>7,375</b>	<b>59,145</b>	<b>(66,090)</b>	<b>(200)</b>	<b>65,890</b>
<b>OTHER (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-out	(15,035)	(15,035)	-	(38)	(38)	-
<b>Total other (uses) of financial resources</b>	<b>(15,035)</b>	<b>(15,035)</b>	<b>-</b>	<b>(38)</b>	<b>(38)</b>	<b>-</b>
<b>Budgetary funds-nonbudgeted accounts</b>						
<b>Excess (deficiency) of revenues over (under) expenditures, other (uses) of financial resources and budgetary funds-nonbudgeted accounts</b>	<b>(66,805)</b>	<b>(7,660)</b>	<b>59,145</b>	<b>(66,128)</b>	<b>(238)</b>	<b>65,890</b>
Budgetary fund balances (deficits), July 1, 2004	15,239	15,239	-	(12,596)	(12,596)	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2005</b>	<b>\$ (51,566)</b>	<b>\$ 7,579</b>	<b>\$ 59,145</b>	<b>\$ (78,724)</b>	<b>\$ (12,834)</b>	<b>\$ 65,890</b>

Transportation			Aging			Public Aid		
Federal/Local Airport			Services for Older Americans			Low Income Home Energy Block Grant		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 106,275	\$ 121,034	\$ 14,759	\$ 56,986	\$ 59,457	\$ 2,471	\$ 107,121	\$ 106,043	\$ (1,078)
7,513	14,701	7,188						
						600	-	(600)
113,788	135,735	21,947	56,986	59,457	2,471	106,521	106,043	(478)
			66,118	57,298	(8,820)	203,576	106,674	(96,902)
131,244	131,225	(19)						
			1	1	-	145	6	(139)
131,244	131,225	(19)	66,119	57,299	(8,820)	203,721	106,680	(97,041)
(17,456)	4,510	21,966	(9,133)	2,158	11,291	(97,200)	(637)	96,563
						(85)	(85)	-
						(85)	(85)	-
(5,036)	(5,036)	-	(2,592)	(2,592)	-			
(22,492)	(526)	21,966	(11,725)	(434)	11,291	(97,285)	(722)	96,563
4,384	4,384	-	(9,272)	(9,272)	-	(4,764)	(4,764)	-
\$ (18,108)	\$ 3,858	\$ 21,966	\$ (20,997)	\$ (9,706)	\$ 11,291	\$ (102,049)	\$ (5,486)	\$ 96,563

(continued)

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Federal Trust Funds - Other Code Departments**

For the Year Ended June 30, 2005 (Expressed in Thousands)

(continued)

	Total		
	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>			
Federal government	\$ 540,372	\$ 587,165	\$ 46,793
Other	17,513	30,149	12,636
Less:			
Refunds	975	40	(935)
<b>Total revenues</b>	<b>556,910</b>	<b>617,274</b>	<b>60,364</b>
<b>EXPENDITURES:</b>			
Current:			
Health and social services	426,332	293,366	(132,966)
General government	683	643	(40)
Transportation	131,244	131,225	(19)
Employment and economic development	234,911	176,743	(58,168)
Capital outlays	5,389	2,091	(3,298)
<b>Total expenditures</b>	<b>798,559</b>	<b>604,068</b>	<b>(194,491)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(241,649)</b>	<b>13,206</b>	<b>254,855</b>
<b>OTHER (USES) OF FINANCIAL RESOURCES:</b>			
Operating transfers-out	(15,158)	(15,158)	-
<b>Total other (uses) of financial resources</b>	<b>(15,158)</b>	<b>(15,158)</b>	<b>-</b>
<b>Budgetary funds-nonbudgeted accounts</b>	<b>(7,628)</b>	<b>(7,628)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures, other (uses) of financial resources and budgetary funds-nonbudgeted accounts</b>	<b>(264,435)</b>	<b>(9,580)</b>	<b>254,855</b>
Budgetary fund balances (deficits), July 1, 2004	(7,009)	(7,009)	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2005</b>	<b>\$ (271,444)</b>	<b>\$ (16,589)</b>	<b>\$ 254,855</b>

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**State of Illinois**

**Combining Schedule of Revenues, Expenditures and Changes  
in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
Federal Trust Funds - Agencies, Boards and Commissions**

For the Year Ended June 30, 2005 (Expressed in Thousands)

	State Board of Education			Other		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Federal government	\$ 2,214,757	\$ 1,734,670	\$ (480,087)	\$ 258,017	\$ 153,466	\$ (104,551)
Other				36	12	(24)
<b>Total revenues</b>	<b>2,214,757</b>	<b>1,734,670</b>	<b>(480,087)</b>	<b>258,053</b>	<b>153,478</b>	<b>(104,575)</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services				2,100	438	(1,662)
Education	2,209,490	1,800,277	(409,213)			
General government	11	11	-	735	735	-
Transportation				2,688	2,688	-
Public protection and justice				393,338	128,753	(264,585)
Environment and business regulation				57,392	34,377	(23,015)
Capital outlays	444	126	(318)	10,624	462	(10,162)
<b>Total expenditures</b>	<b>2,209,945</b>	<b>1,800,414</b>	<b>(409,531)</b>	<b>466,877</b>	<b>167,453</b>	<b>(299,424)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>4,812</b>	<b>(65,744)</b>	<b>(70,556)</b>	<b>(208,824)</b>	<b>(13,975)</b>	<b>194,849</b>
<b>OTHER (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-out	(21,533)	(21,533)	-	(1,218)	(1,218)	-
<b>Total other (uses) of financial resources</b>	<b>(21,533)</b>	<b>(21,533)</b>	<b>-</b>	<b>(1,218)</b>	<b>(1,218)</b>	<b>-</b>
Budgetary funds-nonbudgeted accounts				(2)	(2)	-
<b>(Deficiency) of revenues (under) expenditures, other (uses) of financial resources and budgetary funds-nonbudgeted accounts</b>	<b>(16,721)</b>	<b>(87,277)</b>	<b>(70,556)</b>	<b>(210,044)</b>	<b>(15,195)</b>	<b>194,849</b>
Budgetary (deficits), July 1, 2004	(102,142)	(102,142)	-	(8,013)	(8,013)	-
<b>BUDGETARY (DEFICITS), JUNE 30, 2005</b>	<b>\$ (118,863)</b>	<b>\$ (189,419)</b>	<b>\$ (70,556)</b>	<b>\$ (218,057)</b>	<b>\$ (23,208)</b>	<b>\$ 194,849</b>

Total		
Final Budget	Actual	Variance Over (Under)
\$ 2,472,774	\$ 1,888,136	\$ (584,638)
36	12	(24)
2,472,810	1,888,148	(584,662)

2,100	438	(1,662)
2,209,490	1,800,277	(409,213)
746	746	-
2,688	2,688	-
393,338	128,753	(264,585)
57,392	34,377	(23,015)
11,068	588	(10,480)
2,676,822	1,967,867	(708,955)

(204,012)	(79,719)	124,293
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(22,751)	(22,751)	-
(22,751)	(22,751)	-

(2)	(2)	-
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(226,765)	(102,472)	124,293
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(110,155)	(110,155)	-
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\$ (336,920)	\$ (212,627)	\$ 124,293
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**State of Illinois**

**Combining Schedule of Revenues, Expenditures and Changes  
in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
Federal Trust Funds - State Board of Education**

For the Year Ended June 30, 2005 (Expressed in Thousands)

	S.B.E. Federal Department of Agriculture			S.B.E. Federal Department of Education		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Federal government	\$ 459,446	\$ 436,308	\$ (23,138)	\$ 1,755,311	\$ 1,298,362	\$ (456,949)
<b>Total revenues</b>	<b>459,446</b>	<b>436,308</b>	<b>(23,138)</b>	<b>1,755,311</b>	<b>1,298,362</b>	<b>(456,949)</b>
<b>EXPENDITURES:</b>						
Current:						
Education	458,671	439,265	(19,406)	1,750,819	1,361,012	(389,807)
General government				11	11	-
Capital outlays	60	26	(34)	384	100	(284)
<b>Total expenditures</b>	<b>458,731</b>	<b>439,291</b>	<b>(19,440)</b>	<b>1,751,214</b>	<b>1,361,123</b>	<b>(390,091)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>715</b>	<b>(2,983)</b>	<b>(3,698)</b>	<b>4,097</b>	<b>(62,761)</b>	<b>(66,858)</b>
<b>OTHER (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-out				(21,533)	(21,533)	-
<b>Total other (uses) of financial resources</b>				<b>(21,533)</b>	<b>(21,533)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other (uses) of financial resources</b>	<b>715</b>	<b>(2,983)</b>	<b>(3,698)</b>	<b>(17,436)</b>	<b>(84,294)</b>	<b>(66,858)</b>
Budgetary fund (deficits), July 1, 2004	(29,888)	(29,888)	-	(72,254)	(72,254)	-
<b>BUDGETARY FUND (DEFICITS), JUNE 30, 2005</b>	<b>\$ (29,173)</b>	<b>\$ (32,871)</b>	<b>\$ (3,698)</b>	<b>\$ (89,690)</b>	<b>\$ (156,548)</b>	<b>\$ (66,858)</b>

Total		
Final Budget	Actual	Variance Over (Under)
\$ 2,214,757	\$ 1,734,670	\$ (480,087)
2,214,757	1,734,670	(480,087)
2,209,490	1,800,277	(409,213)
11	11	-
444	126	(318)
2,209,945	1,800,414	(409,531)
4,812	(65,744)	(70,556)
(21,533)	(21,533)	-
(21,533)	(21,533)	-
(16,721)	(87,277)	(70,556)
(102,142)	(102,142)	-
\$ (118,863)	\$ (189,419)	\$ (70,556)

**State of Illinois**

**Combining Schedule of Revenues, Expenditures and Changes  
in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
Federal Trust Funds - Other Agencies, Boards and Commissions**

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Environmental Protection Agency U. S. Environmental Protection			Criminal Justice Information Authority Criminal Justice Trust		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Federal government	\$ 43,800	\$ 38,381	\$ (5,419)	\$ 50,436	\$ 53,505	\$ 3,069
Other	-	1	1	36	11	(25)
<b>Total revenues</b>	<b>43,800</b>	<b>38,382</b>	<b>(5,418)</b>	<b>50,472</b>	<b>53,516</b>	<b>3,044</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services						
General government	637	637	-	96	96	-
Transportation						
Public protection and justice				100,171	55,687	(44,484)
Environment and business regulation	57,392	34,377	(23,015)			
Capital outlays	1,288	462	(826)			
<b>Total expenditures</b>	<b>59,317</b>	<b>35,476</b>	<b>(23,841)</b>	<b>100,267</b>	<b>55,783</b>	<b>(44,484)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(15,517)</b>	<b>2,906</b>	<b>18,423</b>	<b>(49,795)</b>	<b>(2,267)</b>	<b>47,528</b>
<b>OTHER (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-out	(969)	(969)	-	(160)	(160)	-
<b>Total other (uses) of financial resources</b>	<b>(969)</b>	<b>(969)</b>	<b>-</b>	<b>(160)</b>	<b>(160)</b>	<b>-</b>
<b>Budgetary funds-nonbudgeted accounts</b>						
<b>Excess (deficiency) of revenues over (under) expenditures, other (uses) of financial resources and budgetary funds-non budgeted accounts</b>	<b>(16,486)</b>	<b>1,937</b>	<b>18,423</b>	<b>(49,955)</b>	<b>(2,427)</b>	<b>47,528</b>
Budgetary fund balances (deficits), July 1, 2004	834	834	-	(2,326)	(2,326)	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2005</b>	<b>\$ (15,652)</b>	<b>\$ 2,771</b>	<b>\$ 18,423</b>	<b>\$ (52,281)</b>	<b>\$ (4,753)</b>	<b>\$ 47,528</b>

Illinois Emergency Management Federal Civil Preparedness Administration			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 163,781	\$ 61,580	\$ (102,201)	\$ 258,017	\$ 153,466	\$ (104,551)
			36	12	(24)
163,781	61,580	(102,201)	258,053	153,478	(104,575)

2,100	438	(1,662)	2,100	438	(1,662)
2	2	-	735	735	-
2,688	2,688	-	2,688	2,688	-
293,167	73,066	(220,101)	393,338	128,753	(264,585)
			57,392	34,377	(23,015)
9,336	-	(9,336)	10,624	462	(10,162)
307,293	76,194	(231,099)	466,877	167,453	(299,424)
(143,512)	(14,614)	128,898	(208,824)	(13,975)	194,849

(89)	(89)	-	(1,218)	(1,218)	-
(89)	(89)	-	(1,218)	(1,218)	-
(2)	(2)	-	(2)	(2)	-

(143,603)	(14,705)	128,898	(210,044)	(15,195)	194,849
(6,521)	(6,521)	-	(8,013)	(8,013)	-
\$ (150,124)	\$ (21,226)	\$ 128,898	\$ (218,057)	\$ (23,208)	\$ 194,849

State of Illinois

Combining Schedule of Revenues, Expenditures and Changes  
in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
Federal Trust Funds - Student Assistance Commission

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Federal Student Loan			Student Loan Operation		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Federal government	\$ 71,500	\$ 60,773	\$ (10,727)			
Other	58,500	69,449	10,949	\$ 42,100	\$ 35,451	\$ (6,649)
<b>Total revenues</b>	<b>130,000</b>	<b>130,222</b>	<b>222</b>	<b>42,100</b>	<b>35,451</b>	<b>(6,649)</b>
<b>EXPENDITURES:</b>						
Current:						
Education	190,000	142,129	(47,871)	64,618	34,045	(30,573)
General government				100	100	-
Capital outlays				529	222	(307)
<b>Total expenditures</b>	<b>190,000</b>	<b>142,129</b>	<b>(47,871)</b>	<b>65,247</b>	<b>34,367</b>	<b>(30,880)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(60,000)</b>	<b>(11,907)</b>	<b>48,093</b>	<b>(23,147)</b>	<b>1,084</b>	<b>24,231</b>
<b>OTHER (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-out				(6,329)	(6,329)	-
<b>Total other (uses) of financial resources</b>				<b>(6,329)</b>	<b>(6,329)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other (uses) of financial resources</b>	<b>(60,000)</b>	<b>(11,907)</b>	<b>48,093</b>	<b>(29,476)</b>	<b>(5,245)</b>	<b>24,231</b>
Budgetary fund balances, July 1, 2004	45,703	45,703	-	24,298	24,298	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2005</b>	<b>\$ (14,297)</b>	<b>\$ 33,796</b>	<b>\$ 48,093</b>	<b>\$ (5,178)</b>	<b>\$ 19,053</b>	<b>\$ 24,231</b>

Total		
Final Budget	Actual	Variance Over (Under)
\$ 71,500	\$ 60,773	\$ (10,727)
100,600	104,900	4,300
172,100	165,673	(6,427)

254,618	176,174	(78,444)
100	100	-
529	222	(307)
255,247	176,496	(78,751)

(83,147)	(10,823)	72,324
(6,329)	(6,329)	-
(6,329)	(6,329)	-

(89,476)	(17,152)	72,324
70,001	70,001	-
\$ (19,475)	\$ 52,849	\$ 72,324

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Revolving Funds**

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Central Management Services			Corrections Working Capital		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Federal government	\$ -	\$ 4,154	\$ 4,154			
Other	196,984	215,557	18,573	\$ 49,600	\$ 38,678	\$ (10,922)
Less:						
Refunds	7,883	1,366	(6,517)	20	12	(8)
<b>Total revenues</b>	<b>189,101</b>	<b>218,345</b>	<b>29,244</b>	<b>49,580</b>	<b>38,666</b>	<b>(10,914)</b>
<b>EXPENDITURES:</b>						
Current:						
General government	465,120	379,105	(86,015)	34	34	-
Transportation						
Public protection and justice				59,225	40,124	(19,101)
Capital outlays	1,186	601	(585)	3,950	1,472	(2,478)
<b>Total expenditures</b>	<b>466,306</b>	<b>379,706</b>	<b>(86,600)</b>	<b>63,209</b>	<b>41,630</b>	<b>(21,579)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(277,205)</b>	<b>(161,361)</b>	<b>115,844</b>	<b>(13,629)</b>	<b>(2,964)</b>	<b>10,665</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	147,993	147,993	-	14	14	-
Operating transfers-out	(18,553)	(18,553)	-	(15,977)	(15,977)	-
<b>Total other sources (uses) of financial resources</b>	<b>129,440</b>	<b>129,440</b>	<b>-</b>	<b>(15,963)</b>	<b>(15,963)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>(147,765)</b>	<b>(31,921)</b>	<b>115,844</b>	<b>(29,592)</b>	<b>(18,927)</b>	<b>10,665</b>
Budgetary fund balances, July 1, 2004	50,842	50,842	-	18,544	18,544	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2005</b>	<b>\$ (96,923)</b>	<b>\$ 18,921</b>	<b>\$ 115,844</b>	<b>\$ (11,048)</b>	<b>\$ (383)</b>	<b>\$ 10,665</b>

Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ -	\$ 4,154	\$ 4,154
\$ 4,087	\$ 25,757	\$ 21,670	250,671	279,992	29,321
10	-	(10)	7,913	1,378	(6,535)
4,077	25,757	21,680	242,758	282,768	40,010
69,600	22,528	(47,072)	534,754	401,667	(133,087)
800	575	(225)	800	575	(225)
			59,225	40,124	(19,101)
217	145	(72)	5,353	2,218	(3,135)
70,617	23,248	(47,369)	600,132	444,584	(155,548)
(66,540)	2,509	69,049	(357,374)	(161,816)	195,558
			148,007	148,007	-
(16,462)	(16,462)	-	(50,992)	(50,992)	-
(16,462)	(16,462)	-	97,015	97,015	-
(83,002)	(13,953)	69,049	(260,359)	(64,801)	195,558
15,436	15,436	-	84,822	84,822	-
\$ (67,566)	\$ 1,483	\$ 69,049	\$ (175,537)	\$ 20,021	\$ 195,558

State of Illinois

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Revolving Funds - Department of Central Management Services

For the Year Ended June 30, 2005 (Expressed in Thousands)

	State Garage			Statistical Services		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Federal government	\$ -	\$ 5	\$ 5	\$ 55,833	\$ 74,161	\$ 18,328
Other	29,202	32,670	3,468			
Less:						
Refunds	10	1	(9)	7,593	1,361	(6,232)
<b>Total revenues</b>	<b>29,192</b>	<b>32,674</b>	<b>3,482</b>	<b>48,240</b>	<b>72,800</b>	<b>24,560</b>
<b>EXPENDITURES:</b>						
Current:						
General government	35,142	33,338	(1,804)	126,997	86,216	(40,781)
Capital outlays	615	315	(300)	202	16	(186)
<b>Total expenditures</b>	<b>35,757</b>	<b>33,653</b>	<b>(2,104)</b>	<b>127,199</b>	<b>86,232</b>	<b>(40,967)</b>
<b>(Deficiency) of revenues (under) expenditures</b>	<b>(6,565)</b>	<b>(979)</b>	<b>5,586</b>	<b>(78,959)</b>	<b>(13,432)</b>	<b>65,527</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in				6,839	6,839	-
Operating transfers-out	(581)	(581)	-	(2,485)	(2,485)	-
<b>Total other sources (uses) of financial resources</b>	<b>(581)</b>	<b>(581)</b>	<b>-</b>	<b>4,354</b>	<b>4,354</b>	<b>-</b>
<b>(Deficiency) of revenues (under) expenditures and other sources (uses) of financial resources</b>	<b>(7,146)</b>	<b>(1,560)</b>	<b>5,586</b>	<b>(74,605)</b>	<b>(9,078)</b>	<b>65,527</b>
Budgetary fund balances (deficits), July 1, 2004	(2,123)	(2,123)	-	23,159	23,159	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2005</b>	<b>\$ (9,269)</b>	<b>\$ (3,683)</b>	<b>\$ 5,586</b>	<b>\$ (51,446)</b>	<b>\$ 14,081</b>	<b>\$ 65,527</b>

Communications			Facilities Management			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ -	\$ 4,149	\$ 4,149	\$ 169	\$ 453	\$ 284	\$ -	\$ 4,154	\$ 4,154
111,780	108,273	(3,507)				196,984	215,557	18,573
280	4	(276)				7,883	1,366	(6,517)
111,500	112,418	918	169	453	284	189,101	218,345	29,244
159,004	117,342	(41,662)	143,977	142,209	(1,768)	465,120	379,105	(86,015)
358	260	(98)	11	10	(1)	1,186	601	(585)
159,362	117,602	(41,760)	143,988	142,219	(1,769)	466,306	379,706	(86,600)
(47,862)	(5,184)	42,678	(143,819)	(141,766)	2,053	(277,205)	(161,361)	115,844
13,215	13,215	-	127,939	127,939	-	147,993	147,993	-
(15,487)	(15,487)	-				(18,553)	(18,553)	-
(2,272)	(2,272)	-	127,939	127,939	-	129,440	129,440	-
(50,134)	(7,456)	42,678	(15,880)	(13,827)	2,053	(147,765)	(31,921)	115,844
29,714	29,714	-	92	92	-	50,842	50,842	-
\$ (20,420)	\$ 22,258	\$ 42,678	\$ (15,788)	\$ (13,735)	\$ 2,053	\$ (96,923)	\$ 18,921	\$ 115,844

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
State Trust Funds**

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Code Departments			Other Agencies, Boards and Commissions State Employees Retirement System		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Sales taxes	\$ 564,550	\$ 564,550	\$ -			
Motor fuel taxes	30,763	30,763	-			
Public utility taxes	271,470	271,470	-			
Federal government	42,665	61,377	18,712			
Other	1,196,318	1,181,732	(14,586)	\$ 1,359,797	\$ 1,359,797	\$ -
Less:						
Refunds	198	96	(102)			
<b>Total revenues</b>	<b>2,105,568</b>	<b>2,109,796</b>	<b>4,228</b>	<b>1,359,797</b>	<b>1,359,797</b>	<b>-</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services	162,616	151,037	(11,579)			
General government	196,526	141,297	(55,229)	200,000	133,057	(66,943)
Public protection and justice						
Employment and economic development						
Environment and business regulation						
Capital outlays	992	17	(975)			
<b>Total expenditures</b>	<b>360,134</b>	<b>292,351</b>	<b>(67,783)</b>	<b>200,000</b>	<b>133,057</b>	<b>(66,943)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>1,745,434</b>	<b>1,817,445</b>	<b>72,011</b>	<b>1,159,797</b>	<b>1,226,740</b>	<b>66,943</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-out	(375,269)	(375,269)	-	(57)	(57)	-
<b>Total other sources (uses) of financial resources</b>	<b>(375,269)</b>	<b>(375,269)</b>	<b>-</b>	<b>(57)</b>	<b>(57)</b>	<b>-</b>
<b>Budgetary funds-nonbudgeted accounts</b>	<b>(1,459,275)</b>	<b>(1,459,275)</b>	<b>-</b>	<b>(1,104,933)</b>	<b>(1,104,933)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts</b>	<b>(89,110)</b>	<b>(17,099)</b>	<b>72,011</b>	<b>54,807</b>	<b>121,750</b>	<b>66,943</b>
Budgetary fund balances, July 1, 2004, as previously reported	106,657	106,657	-			
Reclassifications between budgetary-nonbudgetary funds-net	43,181	43,181	-	66,270	66,270	-
Budgetary fund balances July 1, 2004 as reclassified	149,838	149,838	-	66,270	66,270	-
<b>BUDGETARY FUND BALANCES, JUNE 30, 2005</b>	<b>\$ 60,728</b>	<b>\$ 132,739</b>	<b>\$ 72,011</b>	<b>\$ 121,077</b>	<b>\$ 188,020</b>	<b>\$ 66,943</b>

Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ 564,550	\$ 564,550	\$ -
			30,763	30,763	-
			271,470	271,470	-
\$ 29,068	\$ 31,616	\$ 2,548	71,733	92,993	21,260
25,599	29,934	4,335	2,581,714	2,571,463	(10,251)
			198	96	(102)
54,667	61,550	6,883	3,520,032	3,531,143	11,111
12,441	7,789	(4,652)	175,057	158,826	(16,231)
24,706	24,831	125	421,232	299,185	(122,047)
2,925	1,628	(1,297)	2,925	1,628	(1,297)
43	20	(23)	43	20	(23)
18,898	11,482	(7,416)	18,898	11,482	(7,416)
3	2	(1)	995	19	(976)
59,016	45,752	(13,264)	619,150	471,160	(147,990)
(4,349)	15,798	20,147	2,900,882	3,059,983	159,101
(3,471)	(3,471)	-	(378,797)	(378,797)	-
(3,471)	(3,471)	-	(378,797)	(378,797)	-
(11,418)	(11,418)	-	(2,575,626)	(2,575,626)	-
(19,238)	909	20,147	(53,541)	105,560	159,101
36,437	36,437	-	143,094	143,094	-
(55)	(55)	-	109,396	109,396	-
36,382	36,382	-	252,490	252,490	-
\$ 17,144	\$ 37,291	\$ 20,147	\$ 198,949	\$ 358,050	\$ 159,101

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
State Trust Funds - Code Departments**

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Central Management Services			Human Services		
	Final Budget	Actual	Variance Over (Under)	Early Intervention Services	Revolving	Variance Over (Under)
<b>REVENUES:</b>						
Sales taxes						
Motor fuel taxes						
Public utility taxes						
Federal government	\$ 4	\$ 21	\$ 17	\$ 32,737	\$ 51,432	\$ 18,695
Other	299,883	289,193	(10,690)	69,567	65,006	(4,561)
Less:						
Refunds				100	96	(4)
<b>Total revenues</b>	<b>299,887</b>	<b>289,214</b>	<b>(10,673)</b>	<b>102,204</b>	<b>116,342</b>	<b>14,138</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services				134,914	126,099	(8,815)
General government	195,523	140,340	(55,183)	16	16	-
Capital outlays	18	-	(18)			
<b>Total expenditures</b>	<b>195,541</b>	<b>140,340</b>	<b>(55,201)</b>	<b>134,930</b>	<b>126,115</b>	<b>(8,815)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>104,346</b>	<b>148,874</b>	<b>44,528</b>	<b>(32,726)</b>	<b>(9,773)</b>	<b>22,953</b>
<b>OTHER (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-out	(2,078)	(2,078)	-	(3,894)	(3,894)	-
<b>Total other (uses) of financial resources</b>	<b>(2,078)</b>	<b>(2,078)</b>	<b>-</b>	<b>(3,894)</b>	<b>(3,894)</b>	<b>-</b>
<b>Budgetary funds-nonbudgeted accounts</b>	<b>(146,638)</b>	<b>(146,638)</b>	<b>-</b>			
<b>Excess (deficiency) of revenues over (under) expenditures, other (uses) of financial resources and budgetary funds-nonbudgeted accounts</b>	<b>(44,370)</b>	<b>158</b>	<b>44,528</b>	<b>(36,620)</b>	<b>(13,667)</b>	<b>22,953</b>
Budgetary fund balances July 1, 2004, as previously reported	5,439	5,439	-	4,194	4,194	-
Reclassifications between budgetary/nonbudgetary funds-net						
Budgetary fund balance, July 1, 2004, as reclassified	5,439	5,439	-	4,194	4,194	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2005</b>	<b>\$ (38,931)</b>	<b>\$ 5,597</b>	<b>\$ 44,528</b>	<b>\$ (32,426)</b>	<b>\$ (9,473)</b>	<b>\$ 22,953</b>

Public Aid			Revenue			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ 564,550	\$ 564,550	\$ -	\$ 564,550	\$ 564,550	\$ -
			30,763	30,763	-	30,763	30,763	-
			271,470	271,470	-	271,470	271,470	-
\$ 9,924	\$ 9,924	\$ -				42,665	61,377	18,712
826,383	826,802	419	485	731	246	1,196,318	1,181,732	(14,586)
			98	-	(98)	198	96	(102)
836,307	836,726	419	867,170	867,514	344	2,105,568	2,109,796	4,228
27,702	24,938	(2,764)				162,616	151,037	(11,579)
3	3	-	984	938	(46)	196,526	141,297	(55,229)
974	17	(957)				992	17	(975)
28,679	24,958	(3,721)	984	938	(46)	360,134	292,351	(67,783)
807,628	811,768	4,140	866,186	866,576	390	1,745,434	1,817,445	72,011
(369,297)	(369,297)	-				(375,269)	(375,269)	-
(369,297)	(369,297)	-				(375,269)	(375,269)	-
(448,380)	(448,380)	-	(864,257)	(864,257)	-	(1,459,275)	(1,459,275)	-
(10,049)	(5,909)	4,140	1,929	2,319	390	(89,110)	(17,099)	72,011
9,980	9,980	-	87,044	87,044	-	106,657	106,657	-
43,181	43,181	-				43,181	43,181	-
53,161	53,161	-	87,044	87,044	-	149,838	149,838	-
\$ 43,112	\$ 47,252	\$ 4,140	\$ 88,973	\$ 89,363	\$ 390	\$ 60,728	\$ 132,739	\$ 72,011

State of Illinois

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
State Trust Funds - Department of Central Management Services

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Local Government Health Insurance Reserve			Group Insurance Premium		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Federal government				\$ 4	\$ 21	\$ 17
Other	\$ 84,927	\$ 68,285	\$ (16,642)	66,928	72,880	5,952
<b>Total revenues</b>	<b>84,927</b>	<b>68,285</b>	<b>(16,642)</b>	<b>66,932</b>	<b>72,901</b>	<b>5,969</b>
<b>EXPENDITURES:</b>						
Current:						
General government	116,140	69,926	(46,214)	77,721	69,325	(8,396)
Capital outlays	18	-	(18)			
<b>Total expenditures</b>	<b>116,158</b>	<b>69,926</b>	<b>(46,232)</b>	<b>77,721</b>	<b>69,325</b>	<b>(8,396)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(31,231)</b>	<b>(1,641)</b>	<b>29,590</b>	<b>(10,789)</b>	<b>3,576</b>	<b>14,365</b>
<b>OTHER (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-out	(2,009)	(2,009)	-	(8)	(8)	-
<b>Total other (uses) of financial resources</b>	<b>(2,009)</b>	<b>(2,009)</b>	<b>-</b>	<b>(8)</b>	<b>(8)</b>	<b>-</b>
<b>Budgetary funds-nonbudgeted accounts</b>						
<b>Excess (deficiency) of revenues over (under) expenditures, other (uses) of financial resources and budgetary funds-nonbudgeted accounts</b>	<b>(33,240)</b>	<b>(3,650)</b>	<b>29,590</b>	<b>(10,797)</b>	<b>3,568</b>	<b>14,365</b>
Budgetary fund balances (deficits), July 1, 2004	6,536	6,536	-	(4,397)	(4,397)	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2005</b>	<b>\$ (26,704)</b>	<b>\$ 2,886</b>	<b>\$ 29,590</b>	<b>\$ (15,194)</b>	<b>\$ (829)</b>	<b>\$ 14,365</b>

State Employees Deferred Compensation Plan			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ 4	\$ 21	\$ 17
\$ 148,028	\$ 148,028	\$ -	299,883	289,193	(10,690)
148,028	148,028	-	299,887	289,214	(10,673)
1,662	1,089	(573)	195,523	140,340	(55,183)
			18	-	(18)
1,662	1,089	(573)	195,541	140,340	(55,201)
146,366	146,939	573	104,346	148,874	44,528
(61)	(61)	-	(2,078)	(2,078)	-
(61)	(61)	-	(2,078)	(2,078)	-
(146,638)	(146,638)	-	(146,638)	(146,638)	-
(333)	240	573	(44,370)	158	44,528
3,300	3,300	-	5,439	5,439	-
\$ 2,967	\$ 3,540	\$ 573	\$ (38,931)	\$ 5,597	\$ 44,528

**Combining Schedule of Revenues, Expenditures and Changes  
in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
State Trust Funds - Department of Public Aid**

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Public Aid Recoveries Trust			Child Support Enforcement Trust		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Federal government	\$ 9,924	\$ 9,924	\$ -			
Other	681,707	681,707	-	\$ 144,676	\$ 145,095	\$ 419
<b>Total revenues</b>	<b>691,631</b>	<b>691,631</b>	<b>-</b>	<b>144,676</b>	<b>145,095</b>	<b>419</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services	27,702	24,938	(2,764)			
General government	3	3	-			
Capital outlays	974	17	(957)			
<b>Total expenditures</b>	<b>28,679</b>	<b>24,958</b>	<b>(3,721)</b>			
<b>Excess of revenues over expenditures</b>	<b>662,952</b>	<b>666,673</b>	<b>3,721</b>	<b>144,676</b>	<b>145,095</b>	<b>419</b>
<b>OTHER (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-out	(332,797)	(332,797)	-	(36,500)	(36,500)	-
<b>Total other (uses) of financial resources</b>	<b>(332,797)</b>	<b>(332,797)</b>	<b>-</b>	<b>(36,500)</b>	<b>(36,500)</b>	<b>-</b>
<b>Budgetary funds-nonbudgeted accounts</b>	<b>(335,957)</b>	<b>(335,957)</b>	<b>-</b>	<b>(112,423)</b>	<b>(112,423)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures, other (uses) of financial resources and budgetary funds-nonbudgeted accounts</b>	<b>(5,802)</b>	<b>(2,081)</b>	<b>3,721</b>	<b>(4,247)</b>	<b>(3,828)</b>	<b>419</b>
Budgetary fund balances July 1, 2004, as previously reported	9,980	9,980	-			
Reclassifications between budgetary/nonbudgetary funds-net				43,181	43,181	-
Budgetary fund balances, July 1, 2004, as reclassified	9,980	9,980	-	43,181	43,181	-
<b>BUDGETARY FUND BALANCES, JUNE 30, 2005</b>	<b>\$ 4,178</b>	<b>\$ 7,899</b>	<b>\$ 3,721</b>	<b>\$ 38,934</b>	<b>\$ 39,353</b>	<b>\$ 419</b>

Total		
Final Budget	Actual	Variance Over (Under)
\$ 9,924	\$ 9,924	\$ -
826,383	826,802	419
836,307	836,726	419
27,702	24,938	(2,764)
3	3	-
974	17	(957)
28,679	24,958	(3,721)
807,628	811,768	4,140
(369,297)	(369,297)	-
(369,297)	(369,297)	-
(448,380)	(448,380)	-
(10,049)	(5,909)	4,140
9,980	9,980	-
43,181	43,181	-
53,161	53,161	-
\$ 43,112	\$ 47,252	\$ 4,140

**State of Illinois**

**Combining Schedule of Revenues, Expenditures and Changes  
in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
State Trust Funds - Department of Revenue**

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Home Rule Municipal ROT			County Option Motor Fuel Tax		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Sales taxes	\$ 564,550	\$ 564,550	\$ -			
Motor fuel taxes				\$ 30,763	\$ 30,763	\$ -
Public utility taxes						
Other	399	645	246	86	86	-
Less:						
Refunds						
<b>Total revenues</b>	<b>564,949</b>	<b>565,195</b>	<b>246</b>	<b>30,849</b>	<b>30,849</b>	<b>-</b>
<b>EXPENDITURES:</b>						
Current:						
General government	398	387	(11)	586	551	(35)
<b>Total expenditures</b>	<b>398</b>	<b>387</b>	<b>(11)</b>	<b>586</b>	<b>551</b>	<b>(35)</b>
<b>Excess of revenues over expenditures</b>	<b>564,551</b>	<b>564,808</b>	<b>257</b>	<b>30,263</b>	<b>30,298</b>	<b>35</b>
<b>Budgetary funds-nonbudgeted accounts</b>	<b>(561,804)</b>	<b>(561,804)</b>	<b>-</b>	<b>(30,344)</b>	<b>(30,344)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and budgetary funds- nonbudgeted accounts</b>	<b>2,747</b>	<b>3,004</b>	<b>257</b>	<b>(81)</b>	<b>(46)</b>	<b>35</b>
Budgetary fund balances, July 1, 2004	44,225	44,225	-	5,504	5,504	-
<b>BUDGETARY FUND BALANCES, JUNE 30, 2005</b>	<b>\$ 46,972</b>	<b>\$ 47,229</b>	<b>\$ 257</b>	<b>\$ 5,423</b>	<b>\$ 5,458</b>	<b>\$ 35</b>

Municipal Telecommunications			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ 564,550	\$ 564,550	\$ -
			30,763	30,763	-
\$ 271,470	\$ 271,470	\$ -	271,470	271,470	-
			485	731	246
98	-	(98)	98	-	(98)
271,372	271,470	98	867,170	867,514	344
			984	938	(46)
			984	938	(46)
271,372	271,470	98	866,186	866,576	390
(272,109)	(272,109)	-	(864,257)	(864,257)	-
(737)	(639)	98	1,929	2,319	390
37,315	37,315	-	87,044	87,044	-
\$ 36,578	\$ 36,676	\$ 98	\$ 88,973	\$ 89,363	\$ 390

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# Statistical Section

State of Illinois

**Combined Statement of Revenues, Expenditures,  
and Changes in Fund Balances - GAAP Basis  
All Governmental Funds \*\***

For the Last Ten Fiscal Years (Expressed in Thousands)

	2005	2004	2003	2002	2001
<b>REVENUES</b>					
Income taxes.....	\$ 10,382,711	\$ 9,029,052	\$ 8,385,257	\$ 8,644,140	\$ 9,608,337
Sales taxes.....	9,146,970	8,943,652	8,350,521	8,306,372	8,325,208
Motor fuel taxes.....	1,425,776	1,408,961	1,377,995	1,355,665	1,357,756
Public utility taxes.....	1,523,083	1,489,459	1,613,052	1,537,288	1,593,448
Other taxes.....	3,489,815	2,651,400	2,602,379	2,319,230	3,301,888
Federal government.....	13,466,452	13,189,532	11,873,142	11,072,398	10,702,331
Licenses and fees.....	2,153,560	2,098,169	1,675,796	1,707,395	1,642,976
Interest and other investment income.....	143,944	90,767	124,535	223,729	661,425
Other.....	2,409,793	2,374,839	2,162,727	1,722,982	2,191,187
<b>Total revenues</b>	<b>44,142,104</b>	<b>41,275,831</b>	<b>38,165,404</b>	<b>36,889,199</b>	<b>39,384,556</b>
<b>EXPENDITURES</b>					
Current:					
Health and social services.....	18,925,077	17,530,543	16,052,959	15,474,137	14,494,886
Education.....	11,726,265	17,657,733	11,352,381	11,109,860	9,030,564
General government.....	2,184,325	2,334,178	2,215,205	5,614,361	5,624,824
Employment and economic development *.....	939,139	1,210,387	1,312,450	1,246,520	2,729,933
Social assistance.....					
Transportation.....	2,393,514	2,476,962	2,703,536	2,759,248	3,586,787
Public protection and justice.....	2,173,303	2,429,820	2,052,585	2,151,636	1,976,867
Environment and business regulation *.....	773,903	751,348	827,500	745,643	690,984
Natural resources and recreation.....					
Debt service:					
Principal.....	775,756	670,658	743,101	670,600	574,394
Interest.....	1,083,680	1,027,572	491,821	406,415	499,304
Capital outlays.....	1,397,108	1,629,097	1,754,708	1,787,562	581,110
Intergovernmental - revenue sharing.....	4,178,818	3,692,077	3,483,426		
<b>Total expenditures</b>	<b>46,550,888</b>	<b>51,410,375</b>	<b>42,989,672</b>	<b>41,965,982</b>	<b>39,789,653</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(2,408,784)</b>	<b>(10,134,544)</b>	<b>(4,824,268)</b>	<b>(5,076,783)</b>	<b>(405,097)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>					
General and special obligations bonds issued, including premiums (discounts).....	1,148,513	1,601,773	12,008,240	1,717,192	1,315,985
General and special obligation refunding bonds issued, including premiums (discounts).....		680,346	760,598	704,314	301,993
Transfers-in.....	10,013,285	10,483,919	7,483,702	5,332,536	5,682,812
Transfers from component units.....					588
Transfers-out.....	(9,327,291)	(9,887,809)	(6,954,991)	(4,799,657)	(5,198,969)
Transfers to component units.....					(1,762,903)
Capital lease financing.....	3,232	2,512	4,415	21,829	33,131
Payment to refunded bond escrow agent.....		(678,668)	(757,330)	(697,084)	(301,988)
Proceeds from certificates of participation.....					
Proceeds from other long-term obligations.....		6,542	8,778	7,080	24,858
<b>Net other sources (uses) of financial resources</b>	<b>1,837,739</b>	<b>2,208,615</b>	<b>12,553,412</b>	<b>2,286,210</b>	<b>95,507</b>
<b>Net change in fund balances</b>	<b>\$ (571,045)</b>	<b>(7,925,929)</b>	<b>\$ 7,729,144</b>	<b>\$ (2,790,573)</b>	<b>\$ (309,590)</b>

\* Functional expense categories were revised in fiscal year 2001.

\*\* Prior to fiscal year 2002, Expendable Trust Fund activity had been included.

	2000	1999	1998	1997	1996
\$	9,675,448	\$ 9,250,492	\$ 8,810,664	\$ 7,931,647	\$ 7,350,286
	8,209,197	7,688,996	7,167,852	6,823,157	6,520,321
	1,342,733	1,306,238	1,287,585	1,231,754	1,197,288
	1,492,889	1,437,604	1,207,894	1,092,681	1,047,020
	3,314,767	3,121,697	2,774,555	2,854,650	2,901,397
	10,139,165	9,355,944	8,950,849	8,909,679	8,409,885
	1,526,711	1,156,885	1,093,463	1,078,001	1,020,758
	647,980	586,270	421,478	359,404	351,718
	2,065,411	1,458,372	1,551,962	1,395,495	1,099,356
	<u>38,414,301</u>	<u>35,362,498</u>	<u>33,266,302</u>	<u>31,676,468</u>	<u>29,898,029</u>
	12,310,235	10,891,395	9,963,460	9,289,837	8,732,071
	8,667,910	7,540,069	6,785,608	6,131,774	5,752,793
	6,808,005	5,988,951	5,565,134	4,986,851	4,917,335
	2,675,866	3,233,091	3,539,969	3,873,387	4,131,674
	3,290,098	2,566,850	2,649,178	2,697,520	2,627,170
	2,011,188	1,899,057	1,678,187	1,613,345	1,481,413
	514,687	452,290	414,082	418,567	364,848
	529,512	531,373	522,953	501,299	456,350
	447,467	432,128	443,161	442,578	433,587
	544,757	344,516	342,900	374,703	366,518
	<u>37,799,725</u>	<u>33,879,720</u>	<u>31,904,632</u>	<u>30,329,861</u>	<u>29,263,759</u>
	614,576	1,482,778	1,361,670	1,346,607	634,270
	988,143	661,539	597,428	406,473	728,944
		173,179	308,738	84,803	318,040
	5,470,623	6,382,561	4,545,916	4,460,454	4,395,048
	174	15	247	777	18
	(4,934,893)	(5,866,140)	(4,040,335)	(3,876,480)	(3,790,475)
	(1,420,116)	(1,572,189)	(1,492,592)	(1,423,032)	(1,402,746)
	18,187	23,667	11,990	19,249	26,411
		(173,179)	(308,738)	(84,803)	(318,040)
	34,155				90,052
	156,273	(370,547)	(377,346)	(412,559)	47,252
\$	<u>770,849</u>	<u>\$ 1,112,231</u>	<u>\$ 984,324</u>	<u>\$ 934,048</u>	<u>\$ 681,522</u>

*State of Illinois*

**Ratio of Annual Debt Service for General and Special Obligation  
Debt to Total Revenues and Expenditures - GAAP Basis  
All Governmental Fund Types**

For the Last Ten Fiscal Years (Expressed in Thousands Except Ratio Data)

For the Year Ended June 30	Principal	Interest	Total Debt Service	Revenues	Ratio	Expenditures	Ratio
1996	\$ 440,080	\$ 352,906	\$ 792,986	\$ 29,945,854	2.65 %	\$ 29,281,140	2.71 %
1997	479,810	359,718	839,528	31,716,307	2.65	30,345,472	2.77
1998	496,882	357,405	854,287	33,318,487	2.56	31,918,915	2.68
1999	428,718	280,593	709,311	35,415,609	2.00	33,792,060	2.10
2000	505,168	389,608	894,776	38,469,758	2.33	37,818,547	2.37
2001	532,841	436,876	969,717	39,440,321	2.46	39,810,076	2.44
2002	640,206	394,287	1,034,493	36,889,199	2.80	41,965,982	2.47
2003	713,200	459,366	1,172,566	38,165,404	3.07	42,989,673	2.73
2004	632,382	994,066	1,626,448	41,275,831	3.94	51,410,375	3.16
2005	761,014	1,067,035	1,828,049	44,142,104	4.14	46,550,880	3.93

*State of Illinois*

**Ratio of General and Special Obligation Bonded Debt  
to Assessed Value and Net Bonded Debt Per Capita**

For the Last Ten Fiscal Years (Expressed in Thousands Except Ratio and Per Capita Data)

For the Year Ended June 30	Population	Equalized Assessed Value	General and Special Obligation Bond Debt			Net General and Special Obligation Bond Debt	
			Total	Less Debt Service Fund	Net	Ratio to Assessed Value	Per Capita
1996	11,847	\$ 165,443,101	\$ 7,537,521	\$ 499,319	\$ 7,038,202	4.25 %	\$ 594.09
1997	11,896	171,381,749	7,539,564	605,629	6,933,935	4.05	582.88
1998	12,045	173,812,593	7,718,410	708,468	7,009,942	4.03	581.98
1999	12,128	182,725,045	7,954,108	792,122	7,161,986	3.92	590.53
2000	12,419	192,393,890	8,482,788	900,685	7,582,103	3.94	610.52
2001	12,482	204,178,020	9,282,965	784,312	8,498,653	4.16	680.87
2002	12,601	220,330,253	10,408,790	624,798	9,783,992	4.44	776.45
2003	12,654	259,727,001	21,691,141	1,187,817	20,503,324	7.89	1,620.30
2004	12,714	277,806,609 e	22,680,528	779,363	21,901,165	7.88	1,722.60
2005	12,763 e	(a)	23,090,164	828,852	22,261,312		1,744.21

e-estimated

(a) equalized assessed value data is not available

**Source: Illinois Property Tax Statistics - Illinois Department of Revenue,  
U.S. Department of Commerce, Bureau of the Census.**

*State of Illinois*

**Revenue Bond Coverage  
Proprietary**

For the Last Ten Fiscal Years (Expressed in Thousands Except Coverage Data)

Fiscal Year	Gross Revenues	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
<b>PRIMARY GOVERNMENT</b>							
<b>Water Revolving Fund -</b>							
2002	(a) \$ 34,792	\$ 8,741	\$ 26,051	\$ --	\$ --	\$ --	-- %
2003	38,169	9,626	28,543	3,085	5,153	8,238	3.46
2004	38,018	11,580	26,438	8,350	7,423	15,773	1.68
2005	49,833	11,855	37,978	14,075	12,086	26,161	1.45
<b>Illinois Student Assistance Commission -</b>							
1996	\$ 124,164	(b) \$ 15,338	\$ 108,826	\$ 61,025	(b) \$ 47,692	\$ 108,717	1.00 %
1997	144,930	(c) 20,078	124,852	76,165	(c) 51,995	128,160	0.97
1998	107,397	(d) 21,125	86,272	29,995	(d) 57,604	87,599	0.98
1999	130,741	(e) 22,613	108,128	39,320	(e) 63,494	102,814	1.05
2000	149,636	(f) 24,956	124,680	39,765	(f) 21,832	61,597	2.02
2001	170,779	(g) 29,161	141,618	42,845	(g) 17,804	60,649	2.34
2002	130,634	(h) 37,869	92,765	44,405	(h) 49,855	94,260	0.98
2003	91,748	55,401	36,347	137,345	40,900	178,245	0.20
2004	139,577	(i) 65,449	74,128	130,875	(i) 31,478	162,353	0.46
2005	107,734	76,197	31,537	97,340	60,100	157,440	0.20
<b>COMPONENT UNITS</b>							
<b>Illinois Housing Development Authority -</b>							
1996	\$ 360,854	(j) \$ 174,136	\$ 186,718	\$ 173,146	(j) \$ 129,502	\$ 302,648	.62 %
1997	162,470	9,970	152,500	194,067	132,541	326,608	.47
1998	291,916	174,521	117,395	387,165	145,732	532,897	.22
1999	269,691	161,769	107,922	234,080	127,247	361,327	.30
2000	294,546	186,199	108,347	119,344	130,889	250,233	.43
2001	294,102	183,971	110,131	192,297	130,376	322,673	.34
2002	298,581	174,720	123,861	233,165	123,066	356,231	.35
2003	266,521	174,674	91,847	392,805	124,411	517,216	.18
2004	252,688	177,096	75,592	138,455	94,098	232,553	.33
2005	243,994	174,615	69,379	436,937	80,311	517,248	.13
<b>Illinois State Toll Highway Authority -</b>							
1996	\$ 325,410	\$ 167,580	\$ 157,830	\$ 25,750	\$ 54,354	\$ 80,104	1.97 %
1997	460,329	(k) 178,901	281,428	174,590	(k) 54,565	229,155	1.23
1998	330,713	124,470	206,243	26,610	51,553	78,163	2.64
1999	333,900	66,615	267,285	27,835	30,302	58,137	4.60
2000	342,681	146,725	195,956	33,580	46,258	79,838	2.45
2001	354,514	151,386	203,128	35,890	29,677	65,567	3.10
2002	365,506	160,687	204,819	37,575	38,068	75,643	2.71
2003	372,046	165,469	206,577	39,360	30,351	69,711	2.96
2004	433,495	195,703	237,792	41,235	26,373	67,608	3.52
2005	418,721	200,525	218,196	13,455	24,797	38,252	5.70

State of Illinois

Revenue Bond Coverage

Proprietary (continued)

For the Last Ten Fiscal Years (Expressed in Thousands Except Coverage Data)

Fiscal Year	Gross Revenue	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
<b>COMPONENT UNITS (continued)</b>							
<b>Illinois Finance Authority</b>							
1996	\$ 3,338	\$ 511	\$ 2,827	\$ 1,875	\$ 2,932	\$ 4,807	.59 %
1997	3,940	730	3,210	2,130	3,469	5,599	.57
1998	5,966	1,016	4,950	2,975	4,410	7,385	.67
1999	7,136	1,349	5,787	3,295	4,503	7,798	.74
2000	7,000	696	6,304	4,190	6,019	10,209	.62
2001	6,262	613	5,649	5,095	4,870	9,965	.57
2002	4,927	699	4,228	10,815	4,841	15,656	.27
2003	4,303	552	3,751	8,255	4,714	12,969	.29
2004	(l) 6,600	3,499	3,101	5,398	3,851	9,249	.34
2005	10,107	5,505	4,602	4,965	3,061	8,026	.57

- (a) The first year a Water Revolving Fund Bond was issued, dated June 27, 2002.
- (b) The Commission redeemed \$49.9 million of principal with bond issuance proceeds in February 1996.
- (c) The Commission redeemed \$68.0 million of principal with bond issuance proceeds of \$23.7 million in February 1997 and \$44.3 million in May 1997.
- (d) The Commission redeemed \$19.3 million of principal with bond issuance proceeds in February 1998.
- (e) The Commission redeemed \$34.6 million of principal with bond issuance proceeds in February 1999.
- (f) The Commission redeemed \$34.8 million of principal with bond issuance proceeds in February 2000.
- (g) The Commission redeemed \$29.5 million of principal with bond issuance proceeds in November 2000.
- (h) The Commission redeemed \$33.6 million of principal with bond issuance proceeds in January 2002.
- (i) The Commission redeemed \$50.5 million of principal with bond issuance proceeds in October 2003.
- (j) The Authority redeemed \$32.44 million of principal with bond proceeds in November 1995.
- (k) The Authority issued \$148.3 million of revenue bonds in October 1996, to current refund of \$144.3 million of revenue bonds.
- (l) The Illinois Finance Authority assumed the operations of the Illinois Rural Bond Bank on January 1, 2004. Included in the above are six months of operations of the Illinois Rural Bond Bank through December 31, 2003 and the six months of operations of the Illinois Finance Authority from January 1, 2004 through June 30, 2004.

Revenue Bond Coverage \*  
University

For the Last Ten Fiscal Years (Expressed in Thousands Except Coverage Data)

Fiscal Year	Revenues/ Other Additions	Expenditures/ Other Deductions	Net Revenue/ Additions Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1996	\$ 457,926	\$ 383,897	\$ 74,029	\$ 25,059	\$ 28,754	\$ 53,813	1.38 %
1997	787,489	685,854	101,635	28,161	32,229	60,390	1.68
1998	833,590	720,247	113,343	32,520	39,139	71,659	1.58
1999	809,991	716,821	93,170	31,375	39,189	70,564	1.32
2000	959,945	854,789	105,156	32,797	43,728	76,525	1.37
2001	927,126	816,287	110,839	39,398	45,371	84,769	1.31
2002	886,410	757,841	128,569	47,015	42,729	89,744	1.43
2003	944,366	800,749	143,617	38,430	44,474	82,904	1.73
2004	1,112,834	850,988	261,846	45,910	46,313	92,223	2.84
2005	1,068,328	921,587	146,741	48,395	46,948	95,343	1.54

\* Chicago State, Eastern Illinois, Northeastern Illinois, Western Illinois, Illinois State, Northern Illinois, Southern Illinois, and the University of Illinois. The above amounts do not include student tuition and fees which are generally available, if necessary, to cover bond debt service requirements. The tuition and fees amounts, if included, would significantly increase debt service coverage.

## State of Illinois

### Population by Age Group

	ILLINOIS			
	1990	Percent	2000	Percent
Under 5 years	848,141	7.4 %	876,549	7.0 %
5 - 19 years	2,451,088	21.5	2,728,957	22.0
20 - 44 years	4,553,416	39.8	4,646,387	37.5
45 - 64 years	2,141,412	18.7	2,667,375	21.5
65 years and over	1,436,545	12.6	1,500,025	12.0
Total	11,430,602	100.0 %	12,419,293	100.0 %

	UNITED STATES			
	1990	Percent	2000	Percent
Under 5 years	18,354,443	7.4 %	19,175,798	6.8 %
5 - 19 years	52,967,443	21.3	61,297,467	21.8
20 - 44 years	99,775,147	40.1	104,004,252	37.0
45 - 64 years	46,371,009	18.6	61,952,636	22.0
65 years and over	31,241,831	12.6	34,991,753	12.4
Total	248,709,873	100.0 %	281,421,906	100.0 %

**Sources:** *Illinois Governor's Office of Management and Budget, Data From 1990 Census*  
*Illinois Department of Commerce and Economic Opportunity, Data from 2000 Census*  
*U.S. Census Bureau - Data from 2000 Census*

## State of Illinois

### Total Personal Income

For the Last Ten Fiscal Years

Year	Amount (millions)	Percent Change	Per Capita Personal Income	
			Illinois	United States
1996	\$ 309,964	5.09 %	\$ 25,812	\$ 23,734
1997	328,470	5.97	27,142	24,908
1998*	349,131	6.29	28,651	26,283
1999*	367,468	5.25	29,944	27,602
2000*	386,466	5.17	31,270	29,083
2001*	405,993	5.05	32,690	30,638
2002*	410,387	1.08	32,783	30,861
2003*	418,880	2.07	33,284	31,216
2004*	434,364	3.70	34,340	32,363
2005*	450,664	3.75	35,447	34,065

\* Due to revisions in the Survey of Current Business, the results of the survey beginning in 1998 and after are not comparable to earlier reports.

**Source:** *Survey of Current Business,  
U.S. Department of Commerce*

*State of Illinois***Employment/Unemployed**

For the Last Ten Fiscal Years

Year	Total Employment	Unemployment	
		Unemployed	Rate (Percent)
1996	5,872,068	329,796	5.3 %
1997	5,948,756	315,822	5.0
1998	6,020,187	290,933	4.6
1999	6,094,211	281,120	4.4
2000	6,186,329	290,813	4.5
2001	6,158,841	314,467	4.9
2002	6,036,626	392,465	6.1
2003	5,931,313	421,303	6.6
2004	5,958,169	414,590	6.5
2005	6,051,550	383,830	6.0

*Source: U.S. Department of Labor, Bureau  
of Labor Statistics Employment  
and Earnings*

*State of Illinois***Employment by Industry**

For the Last Ten Fiscal Years (Expressed in Thousands)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Natural Resources and Mining	13	12	11	11	10	10	10	10	9	9
Construction	226	233	238	251	265	273	277	277	272	267
Manufacturing	896	900	907	893	878	851	778	735	700	696
Transportation Trade and Utilities	1,195	1,204	1,211	1,224	1,239	1,249	1,208	1,192	1,179	1,180
Information	138	142	145	145	145	149	143	131	124	118
Financial Activities	377	390	399	402	405	404	402	401	400	400
Professional and Business Services	676	710	760	806	830	839	801	783	786	807
Educational and Health Services	628	641	651	663	673	688	705	714	724	731
Leisure and Hospitality	456	458	465	478	483	490	490	495	502	515
Other Services	226	229	234	241	244	248	251	252	259	259
Government	803	808	811	820	834	843	859	859	846	842
Total	5,634	5,727	5,832	5,934	6,006	6,044	5,924	5,849	5,801	5,824

*Source: U.S. Department of Labor*

*State of Illinois*

**Contracts for Future Construction  
And Residential Building Activity**

For the Last Ten Fiscal Years

Year	Contracts For Future Construction (millions)	Residential Building Activity	
		Permits	Valuation (millions)
1996	\$ 12,079	49,461	\$ 4,915
1997	12,880	48,844	5,128
1998	13,547	46,225	5,398
1999	16,350	50,059	5,891
2000	16,897	53,809	6,244
2001	17,254	51,047	6,739
2002	21,154	55,371	7,324
2003	19,063	58,148	8,194
2004	20,661	61,145	9,437
2005	20,942	63,613	10,160

**Sources: Illinois Department of Commerce  
and Economic Opportunity**

**Dodge Division, McGraw Hill  
Information System Co.**

*State of Illinois*

**Annual Sales of All  
Retail Stores**

For the Last Ten Fiscal Years (Expressed in Millions)

Year	Illinois*	Percent of Change	
		Illinois*	United States
1996	\$ 107,867	6.2 %	4.9 %
1997	110,779	2.7	4.2
1998	116,793	5.4	4.8
1999	122,500	4.9	7.2
2000	131,295	7.2	9.2
2001	133,488	1.7	4.6
2002	136,097	1.95	3.7
2003	134,943	0.9	4.1
2004	137,537	1.9	7.2
2005	142,611	3.7	5.6

\* The U.S. Department of Commerce has discontinued their monthly state retail sales series. Fiscal years 1996, 1997, 1998 and 1999 were estimated, by the Illinois Department of Commerce and Economic Opportunity based on sales tax collections from the Illinois Department of Revenue. Fiscal years 2000 through 2005 amounts are actual.

**Source: Illinois Department of Commerce  
and Economic Opportunity**

*State of Illinois*

**Cash Receipts from  
Farm Marketings**

For the Last Ten Calendar Years (Expressed in Millions)

Year	Livestock					Crops					Total Livestock and Crops
	Cattle	Hogs	Dairy Products	Other Livestock and Products	Total Livestock and Products	Corn	Soybeans	Wheat	Other Crops	Total Crops	
1995	\$ 609	\$ 892	\$ 304	\$ 101	\$ 1,906	\$ 3,410	\$ 2,448	\$ 251	\$ 466	\$ 6,575	\$ 8,481
1996	536	1,055	332	116	2,039	3,274	2,534	170	465	6,443	8,482
1997	507	1,014	297	111	1,929	3,359	3,031	182	498	7,070	8,999
1998 *	474	679	317	103	1,573	3,034	2,782	159	455	6,430	8,003
1999 *	487	647	296	96	1,526	2,443	2,049	97	455	5,044	6,570
2000 *	532	826	255	98	1,711	2,691	2,129	139	458	5,417	7,128
2001 *	528	920	301	94	1,843	2,960	2,132	111	489	5,692	7,535
2002 *	506	722	242	92	1,562	3,106	2,256	102	460	5,924	7,486
2003 *	609	833	248	110	1,800	3,259	2,558	157	516	6,490	8,290
2004 *	487	1,028	309	115	1,939	4,121	2,945	173	530	7,769	9,708

\* Due to revisions in the Illinois Agricultural Statistics Service, the results of cash receipts from farm marketings statistics beginning in 1998 and after are not comparable to earlier reports.

Source: *Illinois Agricultural Statistics Service, U.S. Department of Agriculture*

*State of Illinois***Largest Manufacturers  
(Ranked by Number of Employees)**

Company	Number of Employees	Illinois Installations
Caterpillar Inc.	16,400	24
Abbott Laboratories	12,700	9
RR Donnelly & Sons Company	6,500	32
Tyson Foods, Inc.	6,200	8
Illinois Tool Works Inc.	6,200	63
Deere & Company	4,800	9
Ford Motor Company	4,400	3
Emerson Electric Co.	4,400	14
BP Corporation North America Inc.	3,900	11
Dr. Pepper-Seven Up Bottling Group Inc.	3,800	14
Hollinger International Inc.	3,600	29
Smurfit-Stone Container Corporation	3,600	33
Daimler Chrysler Corporation	3,500	1
Pactiv Corporation	3,500	15
Quebecor World (USA) Inc.	3,200	12
Honeywell International Inc.	3,200	17
SKF USA Inc.	3,100	3
Chicago Tribune Company	3,000	15
Kraft Foods, Inc.	2,800	23
Wells Lamont Industrial Products, Inc.	2,800	10
Archer Daniels Midland	2,600	92
Motorola, Inc.	2,500	26
Methode Electronics, Inc.	2,500	6
Siemens	2,400	26
General Electric Company	2,400	24

**Source: Illinois Department of Commerce  
and Economic Opportunity**

*State of Illinois***Annual Bituminous Coal Production**

For the Last Ten Calendar Years (Expressed in Millions of Tons)

Year	Surface	Underground	Total	Total of U.S.
1995	6,878	42,659	49,537	5.3 %
1996	7,600	39,700	47,300	4.0
1997	6,300	35,000	41,300	4.5
1998	4,415	39,224	43,639	3.8
1999	3,637	36,679	40,316	3.5
2000	3,810	29,731	33,541	3.1
2001	5,739	28,054	33,793	3.0
2002	6,382	27,064	33,446	3.1
2003	5,198	25,938	31,136	2.9
2004	4,963	27,316	32,279	2.9

**Source: Illinois Department of Natural Resources**